Allocating Grants for Title I

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I.   Program Overview

Title I of the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act (ESEA), is the U.S. government's largest educational program to assist disadvantaged children. Established in 1965 as a "War on Poverty" program, Title I now funds programs intended to improve learning for students at risk of educational failure. Such students include low-achieving children in our Nation's highest-poverty schools, English Learners, children of migrant workers, children with disabilities, Indian children, children who are neglected or delinquent, and young children and their parents who are in need of family-literacy services.

Title I funds are intended to provide instruction and instructional support for these disadvantaged children so that they can master challenging curricula and meet state standards in core academic subjects. The law does not stipulate how Title I funds are to be spent. Instead, Title I is an example of *flexible funding* that local and state educational agencies may use as they deem best. Title I funds are commonly used to support extended-day kindergarten programs; learning laboratories in mathematics, science, and computers; special after-school and summer programs to extend and reinforce the regular school curriculum; and other services to extend and accelerate academic progress. In addition, some Title I funds are also used to pay for additional teachers, professional development, and computers.

The U.S. Department of Education (ED) is responsible for the allocation of Title I funds to local education agencies (LEAs), states, U.S. territories, and other educational agencies. Each year ED determines the distribution of Title I funds, or the allocations of the various Title I grants.

Once ED has calculated all allocations, the department sends instructions for the distribution of Title I funds along with the actual funding to each of the states, the District of Columbia, and the Commonwealth of Puerto Rico (which, for administrative purposes, are referred to as "state" governments and to the Outlying Areas: American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the Virgin Islands).

What follows is a description of the various Title I grants; the requirements for LEAs, states, and territories to qualify for these grants; the formulas employed to calculate the allocation amount for each grant to qualifying LEAs, states, and territories; and NCES's method of calculation.

II. Outline of Title I Grants

Title I grants vary with respect to who can receive them and the disadvantaged populations they address.

A. Grants to Local Educational Agencies (LEAs)

Basic, Concentration, Targeted, and Education Finance Incentive Grants (Title I, Part A—Improving Basic Programs Operated by Local Education Agencies) constitute the core of Title I funding. These grants are intended to help elementary and secondary schools establish and maintain programs that will improve the educational opportunities of low-income and disadvantaged children.

These grants are made to LEAs in all states (including the District of Columbia and Puerto Rico) based on the number of children eligible for Title I support and the per-pupil cost of education. LEAs in the territories and under the Bureau of Indian Education (BIE) receive grants through a set-aside, described in part II.C.

- **Basic Grants** are the primary vehicle for Title I funding and are the easiest grants for which LEAs can qualify. They accounted for approximately $6.5 billion of Title I funds distributed in Fiscal Year 2015 (FY 15), or about 43 percent of the $14.4 billion allocated in FY 15.

- **Concentration Grants** provide additional funds to LEAs with especially large populations of low-income and disadvantaged children. They accounted for approximately $1.3 billion of the amount allocated in FY 15.

- **Targeted Grants** provide additional funds to LEAs according to a weighting system, which ensures that the greatest proportion of funding goes to LEAs with the greatest number of low-income and disadvantaged children. They accounted for approximately $3.3 billion of the amount allocated in FY 15.

- **Education Finance Incentive Grants (EFIG)** are made to states to provide LEAs with additional funding for low-income and disadvantaged children, the exact amount of which varies depending on measures of state equity and effort in funding public education. These grants accounted for approximately $3.3 billion of the total allocation for FY 15.

B. Grants to Specific Education Agencies (Set-asides)

- **The secretary of the interior, the Pacific Resources for Education and Learning, the Freely Associated States, and the Outlying Territories** (Title I, Part A, sec. 1121) share funding, reserved by the secretary of education, equal to 1 percent of the total Title I, Part A, appropriation. These funds are distributed as follows:
    (1) $5 million of these reserved funds pays for Part A grants to LEAs in the freely associated.
    (2) The remainder of the reserved funds pays for Part A grants to the BIE and Outlying Areas.

- **Family Literacy Programs for Migrant Children, Outlying Territories, and Indian Tribes** (Title I, Part B, sec. 1232(a)(1)) share funding, reserved by the secretary of education, equal to 5 percent of the total Title I, Part B (Even Start) appropriation (or, if the Even Start appropriated amount exceeds $200 million, then 6 percent of the amount will be reserved). This reserved amount pays for family literacy programs addressing the particular needs of migratory children, the outlying territories, and Indian tribes and tribal organizations. Since December 21, 2000, the secretary of education can also award a grant, on a competitive basis, to a program of high quality that can demonstrate the effectiveness of a family literacy program in a prison housing women and their preschool children.

- **Coordination of Migrant Education Activities** (Title I, Part C, sec. 1308) is funded an amount of not more than $10 million reserved by the secretary of education from the total allocation from Title I, Part C (Migratory Children). This reserved amount funds grants to or contracts with public and private nonprofit entities seeking to improve the interstate and

intrastate coordination of education for migratory children. The secretary awards not more than $3 million of this reserved amount (in individual amounts of not more than $250,000) to state educational agencies with consortium agreements.

III. Requirements for Title I, Part A Funds

To qualify for Title I funds, LEAs must meet a minimum eligibility count and/or must have a minimum percentage of its 5- to 17-year-old population to be eligible for Title I funding. There are no eligibility requirements for states to qualify for Title I funds; they are entitled to receive Title I funds, generally, in proportion to their eligibility count.

A. Eligibility Count

For funding purposes to determine the number of Title I-eligible children or the *eligibility count* of a given LEA or state, the Department of Education determines the number of children aged 5 to 17, inclusive, who live in

    (1) families with incomes at or below the poverty level (according to Department of Commerce);
    (2) families with incomes above the poverty level, but who receive local assistance through Part A of Title IV of the Social Security Act (i.e., Temporary Aid to Needy Families, or TANF) (according to Department of Health and Human Services);
    (3) institutions for neglected and delinquent children that local governments administer (according to Department of Education); and
    (4) foster homes in which the foster parents receive payments from a state or county for the children's support (according to Department of Health and Human Services).

Children may be counted in one or more of these four categories.

The eligibility counts of LEAs under the Bureau of Indian Affairs equal their school enrollment figures. The U.S. Census Bureau estimates of poverty in the outlying territories are used to calculate eligibility counts for LEAs in the outlying territories.

The secretary of education and the secretary of commerce together may determine that some or all of the data used to determine the eligibility count for an LEA are unreliable or inappropriate.

B. Qualifying for Specific Title I Grants

1. Basic Grants

To qualify for a Basic Grant, an LEA must have at least 10 children who are within one or more of the four categories of eligibility listed above <u>and</u> that number must represent greater than 2 percent of its 5- to 17-year-old population.

2. Concentration Grants

To qualify for a Concentration Grant, an LEA must meet the Basic Grant eligibility requirements and have an eligibility count of greater than 6,500 <u>or</u> 15 percent of its 5- to 17-year-old population in the LEA must be within one or more of the categories of eligibility listed above.

3. Targeted Grants

To qualify for a Targeted Grant, an LEA must have an eligibility count of at least 10 <u>and</u> that number must represent at least 5 percent of its 5- to 17-year-old population in the LEA. To qualify for the largest proportion of funds under the Targeted Grants' weighting system, an LEA must have an eligibility count of at least 35,514, <u>or</u> more than 38.24 percent of its 5- to 17-year-old population in the LEA must be within those categories of eligibility listed above.

4. Education Finance Incentive Grants (EFIG)

To qualify for an EFIG, an LEA must have an eligibility count of at least 10 <u>and</u> that number must represent at least 5 percent of its 5- to 17-year-old population.

5. Set-asides

Set-asides are legislatively mandated allocations for particular programs that are guaranteed or set-aside at the start of the allocation process. There are no eligibility requirements for these grants.

IV. Authorization and Allocation Amounts

The formulas for calculating Title I allocations differ from grant to grant, but most Title I grant formulas require calculating an *authorization amount* as a prerequisite for calculating the *allocation amount*. The distinction between these two amounts is essential for understanding the steps involved in the allocation process.

The amount of funding that an LEA or state is authorized or eligible to receive under Title I is its *authorization amount*. In general, this amount is based on (1) the number of Title I-eligible children in the LEA or state, (2) the per-pupil cost of education in the state, and (3) the percentage of the state's per-pupil cost that Congress will fund. Congress wrote Title I legislation so that the federal government pays approximately 40 cents on the dollar for educational services provided to disadvantaged children. The 40 cents per dollar, however, can vary, as explained below.

The amount of funding that is allocated to an LEA or state, once all Title I's provisions are considered, is its *allocation amount*. This amount is almost always different than the authorization amount because Congress does not appropriate funds equal to the total of all local and state authorized amounts.

The amount of Title I funding appropriated is divided among all LEAs or states according to the following formula. The amount each receives (or the allocation amount) is a proportion of the total Title I funding appropriation: the proportion of their authorization amount to the total of all authorized amounts. Graphically represented, this proportion is:

$$\frac{\text{Allocation amount}}{\text{Total Title I appropriations}} = \frac{\text{Authorization amount}}{\text{Sum total of all authorized amounts}}$$

A. Calculating the Authorization Amount for Grants

1. Formula for Basic Authorization

The authorization amount for a qualifying LEA equals its *eligibility count* (i.e., the number of Title I-eligible children within its jurisdiction) multiplied by the *adjusted state per-pupil expenditure* for the state in which the LEA is located.

a. Adjusted State Per-Pupil Expenditure (SPPE)

The per-pupil costs of education differ from state to state, so the federal government does not give every LEA the same amount of money per Title I-eligible child. Instead it attempts to provide an equitable distribution of Title I funds based on the state per-pupil expenditure, or SPPE.

Moreover, because Congress intended that LEAs should receive no more than 40 cents on the dollar for the educational services they provide under Title I to disadvantaged children, the SPPE is multiplied by 0.40 to determine the amount an LEA is entitled to receive per Title I-eligible child. This amount is an *adjusted state per-pupil expenditure* for the LEA. It may not, however, be the final Adjusted SPPE for the LEA.

Some states' SPPEs vary from the U.S. average SPPE, with the result that LEAs in those states have disproportionately high or low Adjusted SPPE relative to the U.S. average SPPE. To compensate for this, Title I legislation provides the following rules:

- *A State's Adjusted SPPE cannot be less than 32 percent of the U.S. average SPPE.*

- *A State's Adjusted SPPE cannot be more than 48 percent of the U.S. average SPPE.*

There are a few exceptions to these rules. For EFIG, the formula is the same except that 34 percent of the U.S. average SPPE is used as the minimum (instead of 32 percent)*,* and 46 percent of the U.S. average SPPE is used as the maximum (instead of 48 percent). The SPPEs for LEAs under the Bureau of Indian Affairs equal 0.48 percent of the U.S. average SPPE. The SPPEs for LEAs in the outlying territories are adjusted to remain within 80 and 120 percent of the outlying territories' average SPPE, not the U.S. average SPPE.

For further explanation of this formula, see Part V.A.4.

2. Formula for Concentration Authorization

The authorization amounts for Concentration Grants are calculated in the same way as Basic Grants.

3. Formula for Targeted Authorization

The authorization amount for Targeted Grants to a qualifying LEA equals that LEA's **weighted eligibility count** multiplied by its *Adjusted SPPE* (as defined in Part IV.A.1).

a. Weighted Eligibility Count

The weighted eligibility count ensures that the largest portion of Targeted funding goes to LEAs with the greatest needs and costs: i.e., LEAs with large numbers or large proportions of disadvantaged children.

Title I's weighting system accomplishes this by segmenting an LEA's "need" (as measured either by the number of disadvantaged children or by the percentage of the whole population of school-age children who are disadvantaged) into five categories and assigning a different weighting factor to each segment. Thus Title I-eligible children within a single category are weighted the same, but Title I-eligible children in different categories are weighted differently, according to the weighting factors of the categories.

An LEA's *weighted eligibility count* is the sum total of its weighted child counts in each applicable category. LEAs are entitled to have their eligibility count weighted by both the number and by the percentage of disadvantaged children in their jurisdiction. They receive the larger of the two weighted eligibility counts as their official count for the purposes of calculating their authorization amount. The categories and weighting factors for each are as follows:

A weighting factor of	applies to the number of Title I-eligible children in the LEA
1.0	from 1 to 691
1.5	from 692 to 2,262
2.0	from 2,263 to 7,851
2.5	from 7,852 to 35,514
3.0	in excess of 35,514.

A weighting factor of	applies to the number of Title I-eligible children in the LEA that constitutes
1.0	up to 15.58 percent of the school-age population
1.75	from 15.58 to 22.11 percent of the school-age population
2.5	from 22.11 to 30.16 percent of the school-age population
3.25	from 30.16 to 38.24 percent of the school-age population
4.0	at or above 38.24 percent of the school-age population.

It is important to recognize that this is not a system whereby a LEA with 35,515 Title I-eligible children multiplies each child by a weighting factor of 3.0. Only the number of Title I-eligible children in the LEA above 35,514 (the threshold for the fifth category) can be weighted (or multiplied) by 3.0. In this case, that is only one child (whose weighting factor is 3). For this LEA,

- the number of eligible children from 7,852 to 35,514 is weighted by 2.5:
  27,663 x 2.5 = 69,157.5.

- The number from 2,263 to 7,851 is weighted by 2.0:
  5,589 x 2 = 11,178.

- The number between 692 and 2,262 is weighted at 1.5:
  1,571 x 1.5 = 2,356.5.

- The first 691 children are weighted by 1.0:
  691 x 1 = 691.

Thus, the total weighted eligibility count for such an LEA would be 83,386:
  3 + 69,157.5 + 11,178+ 2,356.5 + 691 = 83,386.

4. Formula for Education Finance Incentive Authorization

The authorization amount for an EFIG to a state equals the product of that state's eligibility count multiplied by (a) its EFIG-*adjusted state per-pupil expenditure*, (b) its Effort factor, and (c) its Equity Factor.

Authorization amounts for EFIGs are not calculated for each LEA. Each LEA's portion of its state's EFIG allocation is calculated based on an equity factor after the state's allocation amount is determined (see Part IV.B.4 on p.12 of this document).

a. EFIG Adjusted State Per-pupil Expenditure (SPPE)

The EFIG Adjusted SPPE is calculated in the same way as the Basic Grants Adjusted SPPE (see Part IV.A.1 on p.6), except that a state's Adjusted SPPE cannot be less than 34 percent or more than 46 percent of the U.S. average SPPE.

b. Effort Factor

EFIG is designed to reward LEAs in states that devote a greater percentage of income per-capita to elementary and secondary education. EFIG's Effort factor ensures that states that devote a greater percentage of their resources to education receive more EFIG funding than states that spend a lesser percentage (but may spend a larger amount). The Effort factor is the quotient of a fraction, which cannot be less than 0.95 or greater than 1.05. The numerator of this fraction is the product of the 3-year average state per-pupil expenditure (n.b., this is the *unadjusted* SPPE, prior to the 32 and 48 percent floors with caps described above) in the state multiplied by the 3-year average per capita income in the United States. The denominator is the product of the 3-year average per capita income in the state multiplied by the 3-year average state per-pupil expenditure in the United States. As a formula it is:

$$\frac{(\text{3-year average state per-pupil expenditure of state}) \times (\text{3-year average per capita income of U.S.})}{(\text{3-year average per capita income of state}) \times (\text{3-year average state per-pupil expenditure of U.S.})}$$

For Puerto Rico, the effort factor is equal to the lowest factor calculated for any state.

c. Equity Factor

To calculate the equity factor, we first must obtain LEA level finance data from NCES' "F-33" file. The "Local Education Agency (School District) Finance Survey (F-33) Data" (or simply F-33) file is compiled by NCES every year and contains current expenditures and enrollment variables which are used to calculate the Current Expenditure Per Pupil (CEPP). The most recent F-33 data are used to calculate the CEPP as follows:

$$\text{CEPP} = \text{Current expenditures} / [\text{Fall Enrollment} + (.40 \times \text{Title I eligibility count})]$$

EFIG is also designed to reward LEAs in states that have the least amount of disparity between high-spending and low-spending LEAs. EFIG's Equity factor measures the average amount of difference within a state among each LEA's CEPP and the state average CEPP; EFIG's Equity factor ensures that LEAs in states with the least disparity receive more EFIG funding. The Equity Factor equals the pupil-weighted coefficient of variation between the state average CEPP and the CEPPs for all LEAs within the state that enroll more than 200 students. To compute the weighted coefficients of variation, the variation is weighted by the total number of students served by the LEA, with Title I-eligible children each counted as 1.4 (see Part III.A on p.5 of this document).

There is one exception to this rule: the coefficient of variation for states that (a) meet the disparity standard described in section 222.162 of title 34, *Code of Federal Regulations* or (b) have only one LEA (e.g., Hawaii and the District of Columbia) shall not be greater than 0.10.

There are no other authorization amounts for set-asides.

B. Calculating the Allocation Amount for Grants

1. Allocation Formula for Basic Grants

An LEA's allocation amount cannot be determined by a simple formula because it depends on

- the LEA's authorization amount,
- the total of authorized amounts for all LEAs,
- the amount of Title I funding appropriated that fiscal year,
- whether hold-harmless provisions apply, and
- whether provisions for Small State Minimum apply.

Thus several steps are required to determine the allocation amount for each LEA that has been authorized to receive a Basic Grant. First, it is necessary to calculate the ratio of every LEA's authorized amount to the total of all authorized amounts. Once those ratios are known, the total amount of Title I funding appropriated can be multiplied by these ratios to calculate each LEA's share of funding. Such a calculation is known as *ratably reducing* the authorization amount to an allocation amount. This single calculation, however, does not yield the final allocation amount for each LEA because requirements for *hold-harmless* provisions and *Small State Minimum* modify every LEA's allocation amount.

a. Hold-Harmless Provisions

The idea of a "hold-harmless" provision is that an LEA should not incur a loss of more than 15 percent of its preceding year's Title I funds because of a drop in its eligibility count for a given fiscal year. The following provisions apply to the Basic, Concentration, Target, and EFIG Grants.

- An LEA with an eligibility count less than 15 percent of the 5-to 17-year-old population is guaranteed a grant amount that is 85 percent of the LEA's prior year amount.

- An LEA with an eligibility count at least 15 percent but less than 30 percent of the 5-to 17-year-old population is guaranteed a grant amount that is 90 percent of the LEA's prior year amount.

- An LEA with an eligibility count at or above 30 percent of the 5-to 17-year-old population is guaranteed a grant amount that is 95 percent of the LEA's prior year amount.

The FY 2002 appropriation marked the first time that the Targeted Grants and EFIG formulas were funded, so there was no prior year amount to use as the hold-harmless base. Therefore, the 2002-03 school year allocations determined for Targeted Grants and EFIG were the first hold-harmless amounts used when the 2003-04 school year allocations were calculated under those formulas.

b. Small State Minimum

A Small State Minimum ensures that no state should receive less than a minimum threshold of funding, which is the smaller of two amounts:

(1) 0.25 percent of the total appropriations for that grant for the FY 2001, plus 0.35 percent of the total amount allocated to states in excess of the amount allocated for the grant in FY 2001, <u>or</u>

(2) the average of (a) the amount in point (1) above, and (b) the state's eligibility count multiplied by 150 percent of the national average per-pupil payment.

If the sum of LEA allocations for a state is less than the Small State Minimum, then that state receives the Small State Minimum. When this occurs, the entire schedule of allocations for all LEAs must be recalculated.

For this recalculation, the allocation amounts for LEAs in states qualifying for the Small State Minimum must be calculated separately from the allocation amounts for LEAs in states not eligible for the Small State Minimum. The allocation amounts for LEAs in states qualifying for the Small State Minimum are either:

- the amount guaranteed by hold-harmless provisions (if they are entitled to a hold-harmless amount), <u>or</u>

- a percentage of the funds remaining from the state's Small State Minimum after hold-harmless allocations have been set aside; this percentage equals the LEA's authorization amount divided by the total of authorization amounts for all LEAs that are both in the state and unaffected by hold-harmless provisions.

The allocation amounts for LEAs in states not eligible for the Small State Minimum are determined by *ratably reducing* the authorization amounts of these LEAs to the amount of funds remaining from the original appropriation after setting aside both (a) the amount to cover all LEA hold-harmless entitlements, and (b) the amount required for Small State Minimums.

For an illustration of these various steps, see Appendix A.

2. Allocation Formula for Concentration Grants

The allocation amount for a qualifying LEA is determined according to the same formula used to determine Basic Grant allocations, including the hold-harmless provision (see Part IV.B.1.a on p.10 of this document) and Small State Minimums (see Part IV.B.1.b on p.10 of this document), except the hold-harmless provision expires after 4 years and the Small State Minimum is calculated according to the formula below:

For Concentration Grants, the Small State Minimum is the smaller of the two following amounts:

(1) 0.25 percent of the total Concentration Grant appropriations for the FY 2001, plus 0.35 percent of the total amount allocated to states in excess of the amount allocated for the grant in FY 2001; <u>or</u>

(2) the average of (a) the amount in point (1) above and, (b) the greater of the following two amounts: (i) $340,000 or (ii) the eligibility count multiplied by 150 percent of the national average per-pupil payment.

For an illustration of these steps, see Appendix B.

3. Allocation Formula for Targeted Grants

The allocation amount for a qualifying LEA is determined according to the same formula used to determine Basic Grant allocations, including the hold-harmless provisions (see Part IV.B.1.a on p.10 of this document) and Small State Minimums (see Part IV.B.1.b on p.10 of this document), except that the Small State Minimum is calculated according to the formula below:

For Targeted Grants, the Small State Minimum is the smaller of the following two amounts:

(1) 0.35 percent of the total Targeted Grant appropriation for the fiscal year; or

(2) the average of (a) the amount in point (1) above, and (b) 150 percent of the national average targeted grant per eligible child without application of a weighting factor, multiplied by the state's eligibility count, also without application of a weighting factor.

For an illustration of these steps, see Appendix C.

4. Allocation Formula for Education Finance Incentive Grants

Before calculating the allocation amount for each LEA, the allocation amount for each state must be calculated. This amount depends on two factors: the Small State Minimum and the Maintenance of Effort, described below. If the authorization amount to a state is less than the Small State Minimum, then the authorization amount must be increased to compensate for the difference and arrive at an allocation amount. In addition, if the Maintenance of Effort of a state diminished from the previous year, the authorization amount to a state much also be reduced by the same amount in order to arrive at the final allocation amount.

a. Small State Minimum

The Small State Minimum is the smaller of the following two amounts:

(1) 0.35 percent of total EFIG appropriations; or
(2) the average of (a) 0.35 percent of the total EFIG appropriations for the fiscal year; and (b) 150 percent of the national average EFIG per eligible child, without application of a weighting factor, multiplied by the state's total eligibility count, also without application of a weighting factor.

b. Maintenance of Effort

This authorization amount is reduced if a state's support for education decreases from one year to the next. The secretary of education will reduce the allocation amount for EFIG to a state by the amount specified below if the following conditions are met:

If the secretary determines that either

(1) the combined fiscal effort; or
(2) the aggregate expenditure of the state on public education in the past year is less than 90 percent of (a) or (b) respectively 2 years ago, then the secretary shall reduce the allocation by the difference.

The allocation amount for a qualifying LEA varies according to the percentage of its state's Title I-eligible children that the LEA serves. The exact proportion of the state's total EFIG allocation that an LEA receives equals:

$$\frac{\text{The LEA's weighted eligibility count}}{\text{The total of the weighted eligibility count for all LEAs in the state}}$$

This allocation system follows the same logic as the Targeted Grant's weighted eligibility count. Dividing the allocation amount among LEAs according to the proportion of the state's Title I-eligible children that the LEA serves ensures that LEAs with the greatest need (i.e., the greatest number or proportions of disadvantaged children) receive the greatest proportion of EFIG funding. EFIG's weighting system ensures that in states with the most disparity, LEAs with the largest proportions of disadvantaged children receive disproportionately larger portions of EFIG funding than LEAs with the same proportion of disadvantaged children in states with less disparity. EFIG's weighting system accomplishes this by (1) classifying states into low, moderate, and high equity states and (2) segmenting an LEA's "need" (as measured either by the number of disadvantaged children or by the percentage of the whole population of school-age children who are disadvantaged) into five categories and assigning a different weighting factor to each segment. Thus, like the Targeted Grant's weighting system, Title I-eligible children within a single category are weighted the same, but Title I-eligible children in different categories are weighted differently, according to the weighting factors of the categories. Unlike the Targeted Grant's weighting system, however, LEAs with the same number or proportion of Title I-eligible children can have different weighted eligibility counts if they are in states with different classifications of equity.

c. Weighted Eligibility Count

An LEA's *weighted eligibility count* is the sum total of its weighted child count in each applicable category under the appropriate state equity classification (see below). LEAs are entitled to have their eligibility count weighted by both the number and by the percentage of disadvantaged children that they serve. LEAs receive the larger of the two weighted eligibility counts as their official count for the purposes of calculating their allocation. The categories and weighting factors for each of the state equity classifications are as follows:

(1) In states with an equity factor less than 0.10.

A weighting factor of	applies to the number of Title I-eligible children in the LEA
1.0	between 1 and 691
1.5	from 692 to 2,262
2.0	from 2,263 to 7,851
2.5	from 7,852 to 35,514
3.0	in excess of 35,514.

A weighting factor of	applies to the number of Title I-eligible children in the LEA that constitutes
1.0	up to 15.58 percent of the school-age population
1.75	from 15.58 and up to 22.11 percent of the school-age population
2.5	from 22.11 and up to 30.16 percent of the school-age population
3.25	from 30.16 and up to 38.24 percent of the school-age population

4.0	at or above 38.24 percent of the school-age population.

(2) In states with an equity factor greater than or equal to 0.10 and less than 0.20.

A weighting factor of	applies to the number of Title I-eligible children in the LEA
1.0	between 1 and 691
1.5	from 692 to 2,262
2.25	from 2,263 to 7,851
3.375	from 7,852 to 35,514
4.5	in excess of 35,514.

A weighting factor of	applies to the number of Title I-eligible children in the LEA that constitutes
1.0	up to 15.58 percent of the school-age population
1.5	from 15.58 and up to 22.11 percent of the school-age population
3.0	from 22.11 and up to 30.16 percent of the school-age population
4.5	from 30.16 and up to 38.24 percent of the school-age population
6.0	at or above 38.24 percent of the school-age population.

(3) In states with an equity factor greater than or equal to 0.20.

A weighting factor of	applies to the number of Title I-eligible children in the LEA
1.0	between 1 and 691
2.0	from 692 to 2,262
3.0	from 2,263 to 7,851
4.5	from 7,852 to 35,514
6.0	in excess of 35,514.

A weighting factor of	applies to the number of Title I-eligible children in the LEA that constitutes
1.0	up to 15.58 percent of the school-age population
2.0	from 15.58 and up to 22.11 percent of the school-age population
4.0	from 22.11 and up to 30.16 percent of the school-age population
6.0	from 30.16 and up to 38.24 percent of the school-age population
8.0	at or above 38.24 percent of the school-age population.

As with the Targeted Grant, it is important to note that this is not a system whereby an LEA with an equity factor greater than or equal to 0.20 and 35,515 Title I-eligible children multiplies each child by a weighting factor of 6.0. In this case, that is only one child (whose weighting factor is 6). For this LEA,

- The number of eligible children from 7,852 to 35,514 is weighted by 4.5:
  27,663 x 4.5 = 124,483.5.

- The number from 2,263 to 7,851 is weighted by 3.0:
  5,589 x 3.0 = 16,767.

- The number between 692 and 2,262 is weighted by 2.0:
    1,571 x 2.0 = 3,142.

- The first 691 are weighted by 1.0:
    691 x 1 = 691.

Thus, the total weighted eligibility count for such an LEA would be:
    6 + 124,483.5 + 16,767 + 3,142 + 691 = 145,089.5.

This same rule applies for the equity factors that are greater than or equal to 0.10 and less than 0.20 and for the equity factors that are less than 0.10.

The same hold-harmless provisions as applied to Basic, Concentration, and Targeted Grants (see Part IV.B.1.a on p.10 of this document) apply to EFIG.

For an illustration of these steps, see Appendix D.

V. Allocation Process

Once Congress has appropriated Title I funds for the fiscal year, ED's Budget Office determines the amount of money to be reserved for set-asides (refer to Part II.C. on p.4 of this document) and the amount to be distributed for each of the various grants. NCES determines the allocation amounts for each grant for LEAs, states, and territories.

NCES uses a SAS program to calculate the appropriate distribution for each of the grants of Title I funds to each LEA, state, and territory. This program determines Title I allocations by applying the Title I formulas for each grant to the appropriate data sets. What follows is a detailed explanation of NCES's data processing-procedures.

A. Data Preparation

1. Assembling Title I Data Sets

NCES receives the data needed to calculate Title I allocations from various government agencies.

a. STATE-LEVEL DATA*

Data Element	Data Source	Date Available From Source
State per-pupil expenditure (SPPE) for each state and territory	National Center for Education Statistics Department of Education Steven Cornman, (202) 245-7753	Annually December
Per capita income for each state and territory	Bureau of Economic Analysis William Sonnenberg, (202) 245-7673	Annually in September

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*Note that this data set includes data for all 50 states, the District of Columbia, Puerto Rico, and all U.S. territories.

b. LEA-LEVEL DATA

Data Element	Data Source	Date Available From Source
Children aged 5 – 17, inclusive		
living in families at or below the poverty level	Bureau of the Census, Population Division Department of Commerce Lucinda Dalzell, (301) 763-1680	Annually in December
living in families receiving Temporary Aid to Needy Families (TANF)	Office of State Support (OSS)* Department of Education Todd Stephenson, (202) 205-1645	Annually in February
in institutions for neglected and delinquent children	OSS Department of Education Todd Stephenson, (202) 205-1645	Annually in February
in foster homes	OSS* Department of Education Todd Stephenson, (202) 205-1645	Annually in February
in the population at large	Bureau of the Census, Population Division Department of Commerce Lucinda Dalzell, (301) 763-1680	Annually in December

(Continued on next page)

c. LEA-LEVEL DATA (continued)

Data Element	Data Source	Date Available From Source
Total resident population	Bureau of the Census, Population Division Department of Commerce Lucinda Dalzell, (301) 763-1680	Annually in December
Preceding year's Basic, Targeted, Concentration, and EFIG Grants	OSS Department of Education Todd Stephenson, (202) 205-1645	Annually in March
Current expenditure and fall Enrollment	Local Education Agency Finance Survey (F-33) Bureau of the Census, Governments Division Stephen Wheeler, (301) 763-9950	Annually in spring

_____

*Original data source is the Department of Health and Human Services.

2. Data Processing

When the data needed to calculate Title I allocations have been received they are entered into databases. (These databases are used by the SAS program that calculates all allocations.) Before these databases can be created, however, it is often necessary to reformat particular data sets so that they are in a format useable by the Title I SAS program. The following explains how and when this reformatting is done.

a. Preparing Data on State Per-Pupil Expenditure (SPPE)

When NCES does not receive the amount each state and territory spends to educate each pupil (known as the *state per-pupil expenditure* or SPPE) but instead receives only the basic data for computing the SPPE, it is necessary for NCES to calculate the SPPE.

The basic data for computing the SPPE are (a) the Current Net Expenditures, (b) the Total Exclusions of federal education monies, and (c) the average daily attendance as defined by state or territorial law, for each state and territory. Current Net Expenditures record the total amount spent on education within a given state or territory for a single fiscal year; Total Exclusions record the amount of federal funding for education received by a given state and territory.

- To calculate SPPE, each state's and territory's Total Exclusions are subtracted from their Current Net Expenditures to yield their annual spending on education. Dividing this amount by their average daily attendance yields the SPPE.

- Once computed (or when received already computed), the SPPE is recorded in whole dollars. (An Integer function is used to round the SPPE to whole dollars.)

b. Preparing Data on Poverty

When NCES does not receive the number of children aged 5-17, inclusive, at or below the poverty line aggregated by LEA, but instead receives such data for parts of an LEA (such as when an LEA crosses a county line and each county reports data for the schools or portion of the LEA within its jurisdiction), it is necessary for NCES to aggregate the data by LEA, or county, as directed by the legislation.

- To convert data for "county pieces" of LEAs into LEA-level data, a program such as SAS is used to sum the data received by its school district or LEA identification number.

c. Preparing Data on TANF, Neglected, Delinquent, and Foster Children

When NCES does not receive the number of TANF, Neglected, Delinquent, and Foster children by LEAs then:

- Data received for whole school districts or complete LEAs are merged with existing LEA-level data (e.g., data on poverty, population, etc.).

- Data received for parts of an LEA are pro-rated to create LEA-level data. Such data are then merged with existing LEA-level data.

3. Verifying Data

NCES compares all of its figures for state-level and school LEA-level data with data from the OSS, which records the same data. If any inconsistencies are found between these two units' data files, appropriate corrections are made.

- To verify data, NCES receives a copy of the data files created by the OSS (contact person: Todd Stephenson, (202) 205-1645) and combines these files with NCES's files. The columns in this combined file are then sorted so that columns with the same variables are next to each other. Data are visually compared from both sources to spot inconsistencies.

4. Determining the Adjusted SPPE for each State And Territory

As explained above (in Part IV.A.1.a. on p.7 of this document), Title I legislation requires that each state's and territory's SPPE be adjusted to ensure greater equity in Title I calculations. Thus once each state's and territory's SPPE has been verified, its Adjusted SPPE is determined by the following steps:

(1)   Each state's and each territory's SPPE is multiplied by 0.4 and rounded to the second decimal place (for dollars and cents).
(2)   The *U.S. Average SPPE* is then calculated. The sum of all 50 state's and the District of Columbia's Current Net Expenditures minus the sum of their Total Exclusions, divided by the sum of their average daily attendance figures and rounded to the second decimal, yields the *U.S. Average SPPE*.
(3)   The *U.S. Average SPPE* is multiplied by 0.32 (0.34 for EFIG) and rounded to the second decimal place to determine the lowest Adjusted SPPE permissible by law.
(4)   The *U.S. Average SPPE* is multiplied by 0.48 (0.46 for EFIG) and rounded to the second decimal place to determine the highest Adjusted SPPE permissible by law.
(5)   The rounded product of each state's and territory's SPPE x 0.4 is compared with the lowest legal Adjusted SPPE and the highest legal Adjusted SPPE.
(6)   If the rounded product of a given state's or territory's SPPE x 0.4 is less than the lowest legal Adjusted SPPE, then that state's or territory's Adjusted SPPE is set at the lowest legal Adjusted SPPE (i.e., 80 percent of the *U.S. Average SPPE*).
(7)   If the rounded product of a given state's or territory's SPPE x 0.4 is greater than the highest legal Adjusted SPPE, then that state's or territory's Adjusted SPPE is set at the highest legal Adjusted SPPE (i.e., 120 percent of the *U.S. Average SPPE*).
(8)   If the rounded product of a given state's or territory's SPPE x 0.4 is between the highest and lowest legal Adjusted SPPE, then that state's or territory's Adjusted SPPE is set at its SPPE x 0.4, rounded to the second decimal place.

- Once determined, each state's and territory's Adjusted SPPE is saved in a data file, with the first two digits recording the FIPS (Federal Interagency Panel on Statistics) state code, and the next six digits recording the Adjusted SPPE with decimals eliminated (i.e., the decimal is implied).

5. Creating Database Files

a. State-Level and School LEA-level Databases

Once NCES has received, verified, and corrected the state-level and school LEA-level data for every state and territory, NCES enters these data into two database files, saved in data file format,

and labeled respectively "State Data (current year)" and "School District Data (current year)." The variables entered in each of these databases and the coding system used to do so are as follows:

---

i) STATE DATA (Current Year)

Data Element	Columns	Data Type
State code	1 – 2	Numeric
Adjusted state per-pupil expenditure	3 – 8	Numeric*

_____

*two implied decimals in data.
**data for preceding year used.

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ii) SCHOOL DISTRICT DATA (Current Year)

Data Element	Columns	Data Type
State code	1 – 2	Numeric
District code	3 – 7	Numeric
District name	8 – 43	Alphanumeric
Poverty count	44 – 51	Numeric
TANF count	52 – 59	Numeric
Neglected count	60 – 67	Numeric
Delinquent count	68 – 75	Numeric
Foster count	84 – 91	Numeric
Population, aged 5 – 17, inclusive	92 – 99	Numeric
Preceding year Basic Grant	100 – 111	Numeric
Total resident population	112 – 119	Numeric
Preceding year Concentration Grant	120 – 134	Numeric
Birth year of Concentration Grant	135 – 140	Numeric
Preceding year Target Grant	141 – 152	Numeric
Preceding year EFIG Grant	153 – 164	Numeric

---

b. Allocation Database

In addition to these state-level and school LEA-level data, in order to calculate Title I allocations, the Title I SAS program needs the amount allocated by Congress for each grant. To provide these data for Title I, Part A, allocations, an allocation database is created as follows:

(1) Edit or create a file called TDOLSXXXX.DAT where XXXX is the year (e.g., 2007), in the "Title I" directory.
(2) Enter the amount allocated for Basic Grants on lines 1 and 2, utilizing 10 digits with no decimals.

(3)   Enter the amount allocated for Concentration Grants on line 3, utilizing 10 digits with no decimals.

(4)   Enter the amount allocated for Targeted Grants on line 4. If there is no congressional allocation for Targeted Grants, then enter a reasonable allocation (so the program does not crash) and omit the computation for Targeted Grants.

(5)   Enter last year's appropriation for Basic Grants on line 5, utilizing 10 digits with no decimals.

(6)   Enter last year's appropriation for Concentration Grants on line 6, utilizing 10 digits with no decimals.

(7)   Enter the amount allocated for EFIG Grants on line 7, utilizing 10 digits with no decimals.

(8)   Be certain to right justify dollar amounts in (2) through (7) above.

B. Running the Allocation Program for Basic, Concentrated, Targeted and EFIG Grants

As explained in the overview of this section, the actual calculations for each Title I grant program is done by a SAS program. When the program's respective SAS run is finished, the data are exported to Excel. The only modification ever necessary in the SAS program is if Congress stipulates that grant allocations are to occur with a 100 percent hold-harmless provision. In such case, the weight must be set to 1 before starting the run. Once the data have been exported to Excel spreadsheet files, they are edited for presentation.

C. Reporting Allocation Results

Forward the results of the allocation process for each grant via email to the Department of Education's Budget Office (contact persons: Ian Soper, (202) 401-0907) and the Office of Elementary and Secondary Education's Student Assistance and School Accountability Programs (contact person: Todd Stevenson, (202) 205-1645).

APPENDICES

APPENDIX A – ALLOCATION PROCESS FOR BASIC GRANTS

I.   For each LEA determine its Authorization Amount, using the formula:

(Eligibility Count) X (Adjusted SPPE) = Authorization Amount

II.   For each LEA determine X (i.e., the potential Allocation Amount for that LEA), using the formula:[1]

$$\frac{\text{Authorization Amount}}{\underset{\text{for all LEAs}}{\sum \text{Authorization Amount}}} = \frac{X}{\text{Total Appropriations}}$$

III.   For each LEA, check whether X is ≥ to its previous year's allocation. If an LEA's X is < its previous year's allocation, then reset its X according to the appropriate formula below:

A1.

If Congress appropriates Title I funding without special instructions regarding hold-harmless amounts, then for

- LEA's with an eligibility count < 15% of its total population aged 5 to 17, set X at 85% of its previous year's funding.

If Congress appropriates Title I funding without special instructions regarding hold-harmless amounts, then for

- LEA's with an eligibility count ≥ 15% but < 30% of its total population aged 5 to 17, set X at 90% of its previous year's funding.

- LEA's with an eligibility count ≥ 30% of its total population aged 5 to 17, set X at 95% of its previous year's funding.

---

[1] The expression "∑ Authorization Amount" reads as *the sum total of all Authorization Amounts for all LEAs*.
           for all LEAs

ALLOCATION PROCESS FOR BASIC GRANTS

A2.

If Congress appropriates Title I funding with special instructions setting hold-harmless amounts at P%, then for

- LEAs where X < its previous year's allocation, set X = at P% of its previous year's allocation.

B. Recalculate X for all LEAs unaffected by hold-harmless requirements, using the formula:

$$\frac{\text{Authorization Amount}}{\underset{\substack{\text{for all LEAs} \\ \text{unaffected by hold-harmless requirements}}}{\sum \text{Authorization Amount}}} = \frac{X}{\left(\text{Total Appropriation} - \underset{\substack{\text{for all LEAs} \\ \text{with X set in step III A.}}}{\sum} \text{Allocation Amount}\right)}$$

C. For each state and territory, sum the Xs for all LEAs in that state or territory.

1. If the sum of Xs for all LEAs in a state or territory is less than the Small State Minimum, then set the sum of Xs for all LEAs in that state or territory to the Small State Minimum. This step can be expressed by the formula:

If the $\underset{\substack{\text{for all LEAs} \\ \text{in a particular State} \\ \text{or Territory}}}{\sum X}$ < Small State Minimum

then set that state's or territory's $\underset{\substack{\text{for all LEAs} \\ \text{in that State} \\ \text{or Territory}}}{\sum X}$ = Small State Minimum

2. Recalculate X for all LEAs both unaffected by the hold-harmless requirement and not in states or territories eligible for the Small State Minimum, using the formula:

ALLOCATION PROCESS FOR BASIC GRANTS

$$\frac{\text{Authorization Amount}}{\sum \text{Authorization Amount}} = \frac{X}{(\text{Total Appropriation} - (\text{Small State Minimum}^X \ [\text{the number of states and territories eligible}]) - \sum \text{Allocation Amount})}$$

(under left denominator) for all LEAs both unaffected by hold-harmless and not in states or territories eligible for the Small State Minimum

(under right denominator) for all LEAs with X set in step III A.

3. Recalculate X for LEAs that are in states or territories eligible for the Small State Minimum and that are unaffected by the hold-harmless requirements of step III A, using the formula:

$$\frac{\text{Authorization Amount}}{\sum \text{Authorization Amount}} = \frac{X}{(\text{Small State Minimum Amount} - \sum \text{Allocation Amount})}$$

(under left denominator) for all LEAs in that particular state or territory

(under right denominator) for all LEAs with X set in step III A.

IV.   For each state and territory not eligible for the Small State Minimum, sum the Xs for all LEAs in that state or territory.

V.   Repeat steps III and IV until either:

A.   the sum of Xs for all LEAs in any given state and territory is equal to or greater than the Small State Minimum and no LEA entitled to a hold-harmless amount receives less than its hold-harmless entitlement;

      OR

B.   it is mathematically impossible to satisfy the conditions of step V.A. because of the hold-harmless requirements of step III A2, in which case repeat steps III and IV with hold-harmless percentages set as close as possible to P% (i.e., P% - .01% at first), repeating the steps as necessary with progressively smaller hold-harmless percentages until it is mathematically possible to satisfy the conditions of step V.A.

VI.   The final X for each LEA is its Allocation Amount.

APPENDIX B – ALLOCATION PROCESS FOR CONCENTRATION GRANTS

I.   For each LEA determine its Authorization Amount, using the formula:

(Eligibility Count) x (Adjusted SPPE) = Authorization Amount

II.   For each LEA determine X (i.e., the potential Allocation Amount for that LEA), using the formula:[2]

$$\frac{\text{Authorization Amount}}{\substack{\sum \text{Authorization Amount} \\ \text{for all LEAs}}} \quad = \quad \frac{X}{\text{Total Appropriation}}$$

III.   If Congress appropriates Title I funding with special instructions setting hold-harmless Amounts at P%, then follow the procedures of step III A. If Congress appropriates Title I funding without hold-harmless provisions, proceed to step III B.

A. For each LEA, check whether X is ≥ to its previous year's allocation. If an LEA's X is < its previous year's allocation, reset its X = at P% of its previous year's allocation. Then recalculate X for all LEAs unaffected by hold-harmless Requirements, using the formula:

$$\frac{\text{Authorization Amount}}{\substack{\sum \text{Authorization Amount} \\ \text{for all LEAs} \\ \text{unaffected by hold-harmless} \\ \text{requirements}}} \quad = \quad \frac{X}{\left(\text{Total Appropriation} - \substack{\sum \text{Allocation Amount} \\ \text{for all LEAs} \\ \text{with X set in step III.A.}}\right)}$$

B. For each state and territory, sum the Xs for all LEAs in that state or territory.

C.

    1. If the sum of Xs for all LEAs in a state or territory is less than the Small State Minimum, allocate to the state or territory the difference between the Small State Minimum and the sum of Xs for all LEAs in the state or territory.

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[2] The expression "∑Authorization Amount" reads as *the sum total of all Authorization Amounts for all LEAs*.
        for all LEAs

ALLOCATION PROCESS FOR CONCENTRATION GRANTS

    2.   Recalculate X for all LEAs that are <u>both</u> unaffected by the hold-harmless requirement of step III.A. <u>and</u> not in states or territories eligible for the Small State Minimum, using the formula:

$$\frac{\text{Authorization Amount}}{\sum \text{Authorization Amount}} = \frac{X}{(\text{Total Appropriation} - (\text{Small State Minimum} \times [\text{the number of states and territories eligible}]) - \sum \text{Allocation Amount})}$$

for all LEAs both
unaffected by hold-harmless <u>and</u>
not in states or territories eligible
for the Small State Minimum

for all LEAs
with X set in step III A.

III.   For each state and territory not eligible for the Small State Minimum in the previous step, sum the Xs for all LEAs in that state and territory.

IV.   Repeat steps III and IV until either :

A.   the sum of Xs for all LEAs in any given state and territory is equal to or greater than the Small State Minimum <u>and</u> no LEA entitled to a hold-harmless amount receives less than its hold-harmless entitlement;

    <u>OR</u>

B.   it is mathematically impossible to satisfy the conditions of step V.A. because of the hold-harmless requirements of step III.A., in which case repeat steps III and IV with hold-harmless percentages set as close as possible to P% (i.e., P% - .01% at first), repeating the steps as necessary with progressively smaller hold-harmless percentages until it is mathematically possible to satisfy the conditions of step V.A.

VI.   The final X for each LEA is its Allocation Amount.

APPENDIX C – ALLOCATION PROCESS FOR TARGETED GRANTS

I. For each LEA determine a weighted child count by percentage and by number.

A. An LEA's weighted child count, determined by number, equals Z, using the formula:

"LEA Total" equals the total number of children aged 5-17, inclusive, in the LEA.

Step 1.
- For an LEA with an Eligibility Count ≤ 691, set Z = (Eligibility Count x 1.0).
- For an LEA with an Eligibility Count > 691, set $Y_1 = 691$, and go to the next step.

Step 2.
- For an LEA with an Eligibility Count $\leq 2,262$, set Y_2 = (Eligibility Count – 691), and set $Z = [(Y_1 \text{ x } 1.0) + (Y_2 \text{ x } 1.5)]$.
- For an LEA with an Eligibility Count $> 2,262$, set $Y_2 = (2,262 – 691) = 1,571$, and go to the next step.

Step 3.
- For an LEA with an Eligibility Count $\leq 7,851$, set Y_3 = (Eligibility Count – 2,262), and set $Z = [(Y_1 \text{ x } 1.0) + (Y_2 \text{ x } 1.5) + (Y_3 \text{ x } 2.0)]$
- For an LEA with an Eligibility Count $> 7,851$, set $Y_3 = (7,851 – 2,262) = 5,589$, and go to the next step.

Step 4.
- For an LEA with an Eligibility Count $\leq 35,514$, set Y_4 = (Eligibility Count – 7,851), and set $Z = [(Y_1 \text{ x } 1.0) + (Y_2 \text{ x } 1.5) + (Y_3 \text{ x } 2.0) + (Y_4 \text{ x } 2.5)]$
- For an LEA with an Eligibility Count $> 35,514$, set $Y_4 = (35,514 – 7,851) = 27,663$, set Y_5 = (Eligibility Count – 35,514), and set $Z = [(Y_1 \text{ x } 1.0) + (Y_2 \text{ x } 1.5) + (Y_3 \text{ x } 2.0) + (Y_4 \text{ x } 2.5) + (Y_5 \text{ x } 3.0)]$.

TARGETED GRANT ALLOCATION PROCESS

B.   An LEA's weighted child count, determined by percentage, equals Z, using the formula:

"LEA Total" equals the total number of children aged 5-17, inclusive, in the LEA.

Step 1.
- For an LEA with an Eligibility Count $\leq$ (.1558 x LEA Total), set Z = (Eligibility Count x 1.0).
- For an LEA with an Eligibility Count > (.1558 x LEA Total), set Y_1 = (.1558 x LEA Total), and go to the next step.

Step 2.
- For an LEA with an Eligibility Count $\leq$ (.2211 x LEA Total), set Y_2 = [Eligibility Count – (.1558 x LEA Total)], and set Z = [(Y_1 x 1.0) + (Y_2 x 1.75)].
- For an LEA with an Eligibility Count > (.2211 x LEA Total), set Y_2 = [(.2211 x LEA Total) – (.1558 x LEA Total)], and go to the next step.

Step 3.
- For an LEA with an Eligibility Count $\leq$ (.3016 x LEA Total), set Y_3 = [Eligibility Count – (.2211 x LEA Total)], and set Z = [(Y_1 x 1.0) + (Y_2 x 1.75) + (Y_3 x 2.5)]
- For an LEA with an Eligibility Count > (.3016 x LEA Total), set Y_3 = [(.3016 x LEA Total) – (.2211 x LEA Total)], and go to the next step.

Step 4.
- For an LEA with an Eligibility Count $\leq$ (.3824 x LEA Total), set Y_4 = [Eligibility Count – (.3016 x LEA Total)], and set Z = [(Y_1 x 1.0) + (Y_2 x 1.75) + (Y_3 x 2.5) + (Y_4 x 3.25)]
- For an LEA with an Eligibility Count > (.3824 x LEA Total), set Y_4 = [(.3824 x LEA Total) – (.3016 x LEA Total)], set Y_5 = [Eligibility Count - (.3824 x LEA Total)], and set Z = [(Y_1 x 1.0) + (Y_2 x 1.75) + (Y_3 x 2.5) + (Y_4 x 3.25) + (Y_5 x 4.0)]

II.   For each LEA, compare its weighted child count determined by percentage with its weighted child count determined by number. Set each LEA's Weighted Eligibility Count equal to the larger of the two counts. However, if an LEA is in Puerto Rico, its Weighted Eligibility Count can not be greater than its eligibility count multiplied by 1.82.

APPENDIX C

TARGETED GRANT ALLOCATION PROCESS

III.   For each LEA determine its Authorization Amount, using the formula:

(Weighted Eligibility Count) X (Adjusted SPPE) = Authorization Amount

IV.   For each LEA determine X (i.e., the potential Allocation Amount for that LEA), using the formula:[3]

$$\frac{\text{Authorization Amount}}{\sum \text{Authorization Amount}} = \frac{X}{\text{Total Appropriation}}$$
for all LEAs

V.   If Congress appropriates Title I funding with special instructions setting hold-harmless amounts at P%, then follow the procedures of step III.A. If Congress appropriates Title I funding without hold-harmless provisions, proceed to step III B.

A.   For each LEA, check whether X is ≥ to its previous year's allocation. If an LEA's X is < its previous year's allocation, reset its X = at P% of its previous year's allocation. Then recalculate X for all LEAs unaffected by hold-harmless requirements, using the formula:

$$\frac{\text{Authorization Amount}}{\sum \text{Authorization Amount}} = \frac{X}{\left(\text{Total Appropriation} - \sum \text{Allocation Amount}\right)}$$
for all LEAs unaffected by hold-harmless requirements   for all LEAs with X set in step III.A.

B.   For each state and territory, sum the Xs for all LEAs in that state or territory.

C.

    1. If the sum of Xs for all LEAs in a state or territory is less than the Small State Minimum, then set the sum of Xs for all LEAs in that state or territory to the Small State Minimum. This step can be expressed by the formula:

---

[3] The expression "$\sum$ Authorization Amount" reads as *the sum total of all Authorization Amounts for all LEAs*.
for all LEAs

TARGETED GRANT ALLOCATION PROCESS

If the $\sum X$ $<$ Small State Minimum

for all LEAs
in a particular State
or Territory

then set that state's or territory's $\sum X$ $=$ Small State Minimum

for all LEAs
in that State
or Territory

2. Recalculate X for all LEAs that are <u>both</u> unaffected by the hold-harmless requirement of step III A <u>and</u> not in states or territories eligible for the Small State Minimum, using the formula:

$$\frac{\text{Authorization Amount}}{\sum \text{Authorization Amount}} = \frac{X}{(\text{Total Appropriation} - (\text{Small State Minimum}^{\,X}\,[\text{the number of}}$$

for all LEAs both
unaffected by hold-harmless <u>and</u>
not in states or territories eligible
for the Small State Minimum

states and territories eligible]) - $\sum$ Allocation Amount)

for all LEAs
with X set in step III.A.

3. Recalculate X for LEAs that are in states or territories eligible for the Small State Minimum <u>and</u> that are unaffected by the hold-harmless requirements of step III.A, using the formula:

$$\frac{\text{Authorization Amount}}{\sum \text{Authorization Amount}} = \frac{X}{(\text{Small State Minimum} - \sum \text{Allocation Amount})}$$

for all LEAs
in that particular state or territory

for all LEAs
with X set in step III A.

VI. For each state and territory not eligible for the Small State Minimum, sum the Xs for all LEAs in that state and territory.

VII. Repeat steps III and IV until either:

A. the sum of Xs for all LEAs in any given state and territory is equal to or greater than the Small State Minimum <u>and</u> no LEA entitled to a hold-harmless Amount receives less than its hold-harmless entitlement;

TARGETED GRANT ALLOCATION PROCESS

OR

B.	it is mathematically impossible to satisfy the conditions of step V.A because of the hold-harmless requirements of step III A, in which case repeat steps III and IV with hold-harmless percentages set as close as possible to P% (i.e., P% - .01% at first), repeating these two steps as necessary with progressively smaller hold-harmless percentages until it is mathematically possible to satisfy the conditions of step V A.

VIII.	The final X for each LEA is its Allocation Amount.

APPENDIX D – ALLOCATION PROCESS FOR EFIG

I.   For each state determine its Authorization Amount, using the formula:

(Eligibility Count) x (Adjusted SPPE) x (Effort Factor) x (Equity Factor) = Authorization Amount

A.   For each state determine its Effort Factor using the formula:

$$\frac{\text{3-year average } \textit{unadjusted} \text{ per-pupil expenditure of state}}{\text{3-year average per capita income of state}} \times \frac{\text{3-year average per capita income of U.S.}}{\text{3-year average } \textit{unadjusted} \text{ per-pupil expenditure of U.S.}} = \text{Effort Factor}$$

B.   For each State determine its Equity Factor using the following seven-step algorithm:

1.   Calculate the state average Current Expenditure Per Pupil (CEPP) using the formula:

$$\frac{\sum \text{Current expenditures}^{4} \text{ for all LEAs with 200 or more regular public school students}^{5}}{\sum [\text{total public school fall enrollment} + (.40 \times \text{Title I eligibility count})] \text{ for all LEAs with 200 or more regular public school students}}$$

2.   Calculate the CEPP for each LEA with over 200 regular public school students using the formula:

$$\frac{\text{LEA's Current expenditures}}{\text{total number public school fall enrollment in LEA} + (0.4 \times \text{Title I eligibility count in LEA})}$$

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[4] The expression "$\sum$ Current Expenditures for all LEAs with 200 or more regular public school students" reads as *the sum total of all Current Expenditures for all LEAs with 200 or more regular public school students*.

[5] Vocational, technical, special education, and other intermediate units are not included in the count of regular public school students.

EFIG ALLOCATION PROCESS

3. For each LEA with over 200 regular public school students, subtract its CEPP from the state average CEPP. This gives you the difference for each LEA.

4. For each state, square the difference for each LEA, multiply the difference by the denominator used to calculate the LEA CEPP, and sum the differences.

5. Divide the total in step 4 by the denominator used to calculate that state's CEPP, and then take its square root. The result is the standard deviation for that state.

6. Take the standard deviation calculated in step 5 and divide it by the state CEPP. The result is the coefficient of variation.

7. Subtracting the coefficient of variation from 1.3 equals the Equity Factor for the state.
    a. The Equity Factor is fixed by legislation for some states[6]:
        i. The Equity Factor is fixed at 1.2 for Alaska, Louisiana, and New Mexico.
        ii. The Equity Factor is fixed at 1.3 for the District of Columbia, Hawaii, and Puerto Rico.

II. For each state determine X (i.e., the potential Allocation Amount for that state), using the formula:

$$\frac{\text{Authorization Amount}}{\sum_{\text{for all states}} \text{Authorization Amount}} = \frac{X}{\text{Total Appropriation for EFIG}}$$

A. Check that the state's potential Allocation Amount does not fall below the Small State Minimum.

1. If X for any state or territory is less than the Small State Minimum, then set X for that state or territory to the Small State Minimum.

2. Recalculate X for all states and territories not eligible for the Small State Minimum, using the formula:

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[6] See section 1125A(3)(b)(3)(B). Note that there is a typo in this section: the legislation says the *equity factor* (when it means the *coefficient of variation*) for certain defined states "shall not be greater than 0.10." Were the equity factor and not the coefficient of variation set at 0.10, the EFIG formula would essentially eliminate these states from the allocation process.

EFIG ALLOCATION PROCESS

$$\frac{\text{Authorization Amount}}{\sum \text{Authorization Amount}} = \frac{X}{(\text{Total Appropriation} - \sum \text{Small State Minimum})}$$

for all states not eligible
for the Small State Minimum

for all states eligible to receive
the Small State Minimum

3. Repeat steps 1 and 2, and continue to do so until X for all states and territories is equal to or greater than its Small State Minimum.

B. The final X for each state is its final Allocation Amount, unless the state's support for education, measured by its maintenance of effort, has decreased by a specified amount from one year to the next (see Part IV.B).

III. For each LEA determine Y (i.e., the proportion of the state's final Allocation Amount to which the LEA is entitled), using the formula:

$$\frac{\text{LEA's weighted child count}}{\sum \text{weighted child count}} = \frac{Y}{\text{Total State Allocation Amount}}$$

for all LEAs

A. For each LEA determine two weighted child counts, one by percentage and one by number, based on the total number of children aged 5-17, inclusive in the LEA.[7]   The greater of these two counts is the LEA's weighted child count.

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1. An LEA's weighted child count, determined by percentage, equals Z, using the formula:

"LEA Total" equals the total number of children aged 5-17, inclusive, in the LEA.

a. If the LEA has an Equity Factor less than 0.1, follow the next four steps. Otherwise go to (b).

Step 1.
- For an LEA with an Eligibility Count ≤ (.1558 x LEA Total), set Z = (Eligibility Count x 1.0).
- For an LEA with an Eligibility Count > (.1558 x LEA Total), set Y_1 = (.1558 x LEA Total), and go to the next step.

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[7] If the secretary of education chooses to use county population data instead of LEA population data, the percentage and numerical cut points presented here need to be adjusted for the county percentage and numerical cut points. See sec. 1124(A)(d).

EFIG ALLOCATION PROCESS

Step 2.
- For an LEA with an Eligibility Count $\leq$ (.2211 x LEA Total), set Y_2 = [Eligibility Count – (.1558 x LEA Total)], and set Z = [(Y_1 x 1.0) + (Y_2 x 1.75)].
- For an LEA with an Eligibility Count > (.2211 x LEA Total), set Y_2 = [(.2211 x LEA Total) – (.1558 x LEA Total)], and go to the next step.

Step 3.
- For an LEA with an Eligibility Count $\leq$ (.3016 x LEA Total), set Y_3 = [Eligibility Count – (.2211 x LEA Total)], and set Z = [(Y_1 x 1.0) + (Y_2 x 1.75) + (Y_3 x 2.5)]
- For an LEA with an Eligibility Count > (.3016 x LEA Total), set Y_3 = [(.3016 x LEA Total) – (.2211 x LEA Total)], and go to the next step.

Step 4.
- For an LEA with an Eligibility Count $\leq$ (.3824 x LEA Total), set Y_4 = [Eligibility Count – (.3016 x LEA Total)], and set Z = [(Y_1 x 1.0) + (Y_2 x 1.75) + (Y_3 x 2.5) + (Y_4 x 3.25)]
- For an LEA with an Eligibility Count > (.3824 x LEA Total), set Y_4 = [(.3824 x LEA Total) – (.3016 x LEA Total)], set Y_5 = [Eligibility Count - (.3824 x LEA Total)], and set Z = [(Y_1 x 1.0) + (Y_2 x 1.75) + (Y_3 x 2.5) + (Y_4 x 3.25) + (Y_5 x 4.0)]

b. If the LEA has an Equity Factor greater than or equal to 0.1 and less than 0.20, follow the next four steps. Otherwise, go to (c).

Step 1.
- For an LEA with an Eligibility Count $\leq$ (.1558 x LEA Total), set Z = (Eligibility Count x 1.0).
- For an LEA with an Eligibility Count > (.1558 x LEA Total), set Y_1 = (.1558 x LEA Total), and go to the next step.

Step 2.
- For an LEA with an Eligibility Count $\leq$ (.2211 x LEA Total), set Y_2 = [Eligibility Count – (.1558 x LEA Total)], and set Z = [(Y_1 x 1.0) + (Y_2 x 1.5)].

EFIG ALLOCATION PROCESS

- For an LEA with an Eligibility Count > (.2211 x LEA Total), set $Y_2 = [(.2211$ x LEA Total) – (.1558 x LEA Total)], and go to the next step.

Step 3.
- For an LEA with an Eligibility Count ≤ (.3016 x LEA Total), set $Y_3 = $ [Eligibility Count – (.2211 x LEA Total)], and set $Z = [(Y_1$ x 1.0) + $(Y_2$ x 1.5) + $(Y_3$ x 3.0)]
- For an LEA with an Eligibility Count > (.3016 x LEA Total), set $Y_3 = [(.3016$ x LEA Total) – (.2211 x LEA Total)], and go to the next step.

Step 4.
- For an LEA with an Eligibility Count ≤ (.3824 x LEA Total), set $Y_4 = $ [Eligibility Count – (.3016 x LEA Total)], and set $Z = [(Y_1$ x 1.0) + $(Y_2$ x 1.5) + $(Y_3$ x 3.0) + $(Y_4$ x 4.5)]
- For an LEA with an Eligibility Count > (.3824 x LEA Total), set $Y_4 = [(.3824$ x LEA Total) – (.3016 x LEA Total)], set $Y_5 = $ [Eligibility Count - (.3824 x LEA Total)], and set $Z = [(Y_1$ x 1.0) + $(Y_2$ x 1.5) + $(Y_3$ x 3.0) + $(Y_4$ x 4.5) + $(Y_5$ x 6.0)]

c. If the LEA has an Equity Factor greater than or equal to 0.20, follow the next four steps:

Step 1.
- For an LEA with an Eligibility Count ≤ (.1558 x LEA Total), set $Z = $ (Eligibility Count x 1.0).
- For an LEA with an Eligibility Count > (.1558 x LEA Total), set $Y_1 = $ (.1558 x LEA Total), and go to the next step.

Step 2.
- For an LEA with an Eligibility Count ≤ (.2211 x LEA Total), set $Y_2 = $ [Eligibility Count – (.1558 x LEA Total)], and set $Z = [(Y_1$ x 1.0) + $(Y_2$ x 2.0)].
- For an LEA with an Eligibility Count > (.2211 x LEA Total), set $Y_2 = [(.2211$ x LEA Total) – (.1558 x LEA Total)], and go to the next step.

Step 3.
- For an LEA with an Eligibility Count ≤ (.3016 x LEA Total), set $Y_3 = $ [Eligibility Count – (.2211 x LEA Total)], and set $Z = [(Y_1$ x 1.0) + $(Y_2$ x 2.0) + $(Y_3$ x 4.0)]

- For an LEA with an Eligibility Count $> (.3016 \times$ LEA Total), set $Y_3 = [(.3016 \times$ LEA Total$) - (.2211 \times$ LEA Total$)]$, and go to the next step.

Step 4.
- For an LEA with an Eligibility Count $\leq (.3824 \times$ LEA Total), set $Y_4 = [$Eligibility Count $- (.3016 \times$ LEA Total$)]$, and set $Z = [(Y_1 \times 1.0) + (Y_2 \times 2.0) + (Y_3 \times 4.0) + (Y_4 \times 6.0)]$
- For an LEA with an Eligibility Count $> (.3824 \times$ LEA Total), set $Y_4 = [(.3824 \times$ LEA Total$) - (.3016 \times$ LEA Total$)]$, set $Y_5 = [$Eligibility Count $- (.3824 \times$ LEA Total$)]$, and set $Z = [(Y_1 \times 1.0) + (Y_2 \times 2.0) + (Y_3 \times 4.0) + (Y_4 \times 6.0) + (Y_5 \times 8.0)]$

2. An LEA's weighted child count, determined by number, equals Z, using the formula:

"LEA Total" equals the total number of children aged 5-17, inclusive, in the LEA.

a. If the LEA has an Equity Factor less than 0.1, follow the next four steps. Otherwise go to (b).

Step 1.
- For an LEA with an Eligibility Count ≤ 691, set $Z = ($Eligibility Count $\times 1.0)$.
- For an LEA with an Eligibility Count > 691, set $Y_1 = 691$, and go to the next step.

Step 2.
- For an LEA with an Eligibility Count $\leq 2,262$, set $Y_2 = ($Eligibility Count $- 691)$, and set $Z = [(Y_1 \times 1.0) + (Y_2 \times 1.5)]$.
- For an LEA with an Eligibility Count $> 2,262$, set $Y_2 = (2,262 - 691) = 1,571$, and go to the next step.

Step 3.
- For an LEA with an Eligibility Count $\leq 7,851$, set $Y_3 = ($Eligibility Count $- 2,262)$, and set $Z = [(Y_1 \times 1.0) + (Y_2 \times 1.5) + (Y_3 \times 2.0)]$
- For an LEA with an Eligibility Count $> 7,851$, set $Y_3 = (7,851 - 2,262) = 5,589$, and go to the next step.

Step 4.

EFIG ALLOCATION PROCESS

- For an LEA with an Eligibility Count ≤ 35,514, set Y_4 = (Eligibility Count – 7,851), and set Z = [(Y_1 x 1.0) + (Y_2 x 1.5) + (Y_3 x 2.0) + (Y_4 x 2.5)]
- For an LEA with an Eligibility Count > 35,514, set Y_4 = (35,514 – 7,851) = 27,663, set Y_5 = (Eligibility Count – 35,514), and set Z = [(Y_1 x 1.0) + (Y_2 x 1.5) + (Y_3 x 2.0) + (Y_4 x 2.5) + (Y_5 x 3.0)]

b. If the LEA has an Equity Factor greater than or equal to 0.1 and less than 0.2, follow the next four steps. Otherwise go to (c).

Step 1.
- For an LEA with an Eligibility Count ≤ 691, set Z = (Eligibility Count x 1.0).
- For an LEA with an Eligibility Count > 691, set Y_1 = 691, and go to the next step.

Step 2.
- For an LEA with an Eligibility Count ≤ 2,262, set Y_2 = (Eligibility Count – 691), and set Z = [(Y_1 x 1.0) + (Y_2 x 1.5)].
- For an LEA with an Eligibility Count > 2,262, set Y_2 = (2,262 – 691) = 1,571, and go to the next step.

Step 3.
- For an LEA with an Eligibility Count ≤ 7,851, set Y_3 = (Eligibility Count – 2,262), and set Z = [(Y_1 x 1.0) + (Y_2 x 1.5) + (Y_3 x 2.25)]
- For an LEA with an Eligibility Count > 7,851, set Y_3 = (7,851 – 2,262) = 5,589, and go to the next step.

Step 4.
- For an LEA with an Eligibility Count ≤ 35,514, set Y_4 = (Eligibility Count – 7,851), and set Z = [(Y_1 x 1.0) + (Y_2 x 1.5) + (Y_3 x 2.25) + (Y_4 x 3.375)]
- For an LEA with an Eligibility Count > 35,514, set Y_4 = (35,514 – 7,851) = 27,663, set Y_5 = (Eligibility Count – 35,514), and set Z = [(Y_1 x 1.0) + (Y_2 x 1.5) + (Y_3 x 2.25) + (Y_4 x 3.75) + (Y_5 x 4.5)]

c. If the LEA has an Equity Factor greater or equal to 0.2, then follow the next four steps:

Step 1.

EFIG ALLOCATION PROCESS

- For an LEA with an Eligibility Count ≤ 691, set Z = (Eligibility Count x 1.0).
- For an LEA with an Eligibility Count > 691, set Y_1 = 691, and go to the next step.

Step 2.
- For an LEA with an Eligibility Count ≤ 2,262, set Y_2 = (Eligibility Count – 691), and set Z = [(Y_1 x 1.0) + (Y_2 x 2.0)].
- For an LEA with an Eligibility Count > 2,262, set Y_2 = (2,262 – 691) = 1,571, and go to the next step.

Step 3.
- For an LEA with an Eligibility Count ≤ 7,851, set Y_3 = (Eligibility Count – 2,262), and set Z = [(Y_1 x 1.0) + (Y_2 x 2.0) + (Y_3 x 3.0)]
- For an LEA with an Eligibility Count > 7,851, set Y_3 = (7,851 – 2,262) = 5,589, and go to the next step.

Step 4.
- For an LEA with an Eligibility Count ≤ 35,514, set Y_4 = (Eligibility Count – 7,851), and set Z = [(Y_1 x 1.0) + (Y_2 x 2.0) + (Y_3 x 3.0) + (Y_4 x 4.5)]
- For an LEA with an Eligibility Count > 35,514, set Y_4 = (35,514 – 7,851) = 27,663, set Y_5 = (Eligibility Count – 35,514), and set Z = [(Y_1 x 1.0) + (Y_2 x 2.0) + (Y_3 x 3.0) + (Y_4 x 4.5) + (Y_5 x 6.0)]

B. For each LEA, compare its weighted child count determined by percentage with its weighted child count determined by number. Set each LEA's weighted child count equal to the larger of the two counts.

IV. The Y calculated in III for each LEA is the LEA's Allocation Amount, unless Congress appropriates Title I funding with special instructions setting hold-harmless amounts at P%. If there are hold-harmless amounts, then perform the following step.

A. For each LEA, check whether Y is ≥ to its previous year's allocation. If an LEA's Y is < its previous year's allocation, reset its Y = P% of its previous year's allocation.

B. Recalculate Y for all LEAs unaffected by hold-harmless requirements, using the formula:

EFIG ALLOCATION PROCESS

$$\frac{\text{Authorization Amount}}{\underset{\substack{\text{for all LEAs} \\ \text{unaffected by hold-harmless requirements}}}{\sum \text{Authorization Amount}}} = \frac{Y}{\underset{\substack{\text{for all LEAs} \\ \text{with Y set in step IV A.}}}{(\text{Total Appropriation} - \sum \text{Allocation Amount})}}$$

C.   Repeat steps A and B, and continue to do so until no LEA is less than its previous year's allocation. The final Y then is the LEA's Allocation Amount.