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History of the ESEA Title I-A Formulas

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Summary

The Elementary and Secondary Education Act (ESEA) is the primary source of federal aid to K-12 education. The ESEA was last reauthorized by the Every Student Succeeds Act (ESSA; P.L. 114-95) in 2015. The Title I-A program has always been the largest grant program authorized under the ESEA. Title I-A grants provide supplementary educational and related services to low-achieving and other students attending elementary and secondary schools with relatively high concentrations of students from low-income families.

The U.S. Department of Education (ED) determines Title I-A grants to local educational agencies (LEAs) based on four separate funding formulas: Basic Grants, Concentration Grants, Targeted Grants, and Education Finance Incentive Grants (EFIG). The current four formula strategy has evolved over time, beginning with the Basic Grant formula when the ESEA was originally enacted in 1965. The Concentration Grant formula was added in the 1970s in an attempt to provide additional funding for LEAs with high concentrations of poverty. During consideration of ESEA reauthorization in the early 1990s, there was an attempt by the Senate to replace the two existing formulas with a new formula (Education Finance Incentive Grant (EFIG) formula) that would better target Title I-A funds to concentrations of poverty. A compromise on a single new formula was not reached; nor was there agreement on eliminating the existing formulas or only adding one of the new formulas created by the House (Targeted Grant formula) and the Senate (EFIG formula). As a result, funds are allocated through four formulas under current law.

This report begins with an overview of key policy issues and underlying tensions that have factored into the evolution of the Title I-A formulas. These include issues related to the selection of poverty measures and identification of formula children, determination of the role state expenditures on public K-12 education would play in allocations, the use of state minimum grant and LEA hold harmless provisions, determination of the relative emphasis to place on percentages versus counts of formula children when targeting Title I-A funds on areas with high concentrations of poverty, and the tradeoff between transparency and complexity with respect to the formulas.

The report then traces the evolution of the Title I-A formulas and identifies the reasons offered for changes to them, as expressed in committee reports, floor debates, and to a limited extent, congressional hearings. The report concludes with three appendices. **Appendix A** provides historical appropriations data for the Title I-A formulas dating back to FY1980. **Appendix B** provides a summary of major changes that have been made to the factors that comprise each of the four Title I-A formulas that are currently authorized from their initial enactment through the ESSA. **Appendix C** provides a list of selected acronyms used in this report.

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Introduction

The Elementary and Secondary Education Act (ESEA) is the primary source of federal aid to K-12 education. The ESEA was last reauthorized by the Every Student Succeeds Act (ESSA; P.L. 114-95) in 2015.[1] The Title I-A program has always been the largest grant program authorized under the ESEA and was funded at $15.5 billion for FY2017. Since its enactment in 1965, Title I-A has provided assistance to meet the special needs of educationally disadvantaged children. Title I-A grants provide supplementary educational and related services to low-achieving and other students attending elementary and secondary schools with relatively high concentrations of poverty. In recent years, Title I-A has also become a vehicle to which a number of requirements affecting broad aspects of public K-12 education for all students have been attached as conditions for receiving Title I-A grants.

The U.S. Department of Education (ED) determines Title I-A grants to local educational agencies (LEAs) based on four separate funding formulas: Basic Grants, Concentration Grants, Targeted Grants, and Education Finance Incentive Grants (EFIG). The Title I-A formulas have somewhat distinct allocation patterns, providing varying shares of allocated funds to different types of LEAs or states (e.g., LEAs with high poverty rates or states with comparatively equal levels of spending per pupil among their LEAs).[2] The Basic Grant formula is the original Title I-A formula, and has received appropriations each year since FY1966. The Basic Grant formula is the primary vehicle for providing Title I-A funds: it is the formula under which the largest share of Title I-A funds are allocated (42% of FY2017 appropriations) and under which the largest proportion of LEAs participate. Over time, the Concentration Grant, Targeted Grant, and EFIG formulas have been added to Title I-A to provide additional funds to areas with high numbers or percentages of children from low-income families. As the share of Title I-A funds allocated under these three formulas has grown, Title I-A grants have become increasingly targeted on concentrations of poverty.

This report begins with an overview of key issues that have factored prominently in the evolution of the Title I-A formulas. This part of the report highlights underlying tensions related to the allocation of funds that have surfaced as the Title I-A formulas have evolved. The report then traces, in detail, the evolution of the Title I-A formulas in statute and identifies the reasons offered for changes to them, as expressed in committee reports, floor debates, and, to a limited extent, congressional hearings.[3] Please note that the term "Title I-A" is used to refer to various incarnations of programs that are similar in purpose and scope to the program currently referred to as Title I-A of the ESEA.[4]

The report concludes with three appendices. **Appendix A** provides historical appropriations data for the Title I-A formulas dating back to FY1980. **Appendix B** provides a summary of major changes that have been made to the factors that comprise each of the four Title I-A formulas that

[1] For more information on the ESSA, see CRS Report R44297, *Reauthorization of the Elementary and Secondary Education Act: Highlights of the Every Student Succeeds Act*, by Rebecca R. Skinner and Jeffrey J. Kuenzi.

[2] For more information on the allocation patterns for each formula, see CRS Report R44486, *FY2016 State Grants Under Title I-A of the Elementary and Secondary Education Act (ESEA)*, by Rebecca R. Skinner and Leah Rosenstiel.

[3] For information on the votes taken in the House and Senate in the committees of jurisdiction and on the House and Senate floors prior to and following conference proceedings for the ESEA of 1965 and subsequent major reauthorizations, see CRS Report R43761, *House and Senate Floor and Committee Action to Reauthorize the Elementary and Secondary Education Act: 1966 to Present*, by Rebecca R. Skinner and Shannon S. Loane.

[4] For example, the Education Consolidation and Improvement Act of 1981 changed the name of the program from Title I-A to Chapter 1.

are currently authorized from their initial enactment through the ESSA. **Appendix C** provides a list of selected acronyms used in this report.

Key Issues Related to the Title I-A Formulas

Since the program's inception, Title I-A funds were intended to serve poor children in both public and private schools. Congress initially accomplished this by allocating Title I-A funds through one formula—Basic Grants. Over time, Congress added three additional formulas that essentially provide supplemental funding to LEAs that serve concentrations of students from low-income families. That is, Congress has tried to target funds to areas with higher concentrations of poverty, first through the Concentration Grant formula, which provided supplemental funds to areas with a high number or percentage of children from low-income families; and later through the Targeted Grant and EFIG formulas, which provide more funding per formula child (i.e., children included in the grant determination process) to LEAs with higher numbers or percentages of children from low-income families.

Since FY1966, every formula under the program has included some type of population factor and expenditure factor. Over the years, the children included in the determination of the population factor (referred to as formula children) have changed. The expenditure factors have changed as well. Changes in both areas have substantial implications for state and LEA grant amounts. In addition, while continuing to focus on the targeting of Title I-A dollars on areas with the greatest concentrations of poverty, Congress has periodically taken steps to help provide smaller states with additional funding to run Title I-A programs through state minimum grant provisions. Congress has also modified the Title I-A allocation formulas over time to include hold harmless provisions to prevent LEAs from receiving less than a certain amount of funding from year-to-year, provided appropriations are sufficient to make hold harmless payments. The inclusion of state minimum grant and hold harmless provisions does not necessarily further the overarching goal of targeting Title I-A funds on areas with concentrations of poverty, but it does allow Congress to address other issues that are considered important to many locales.

This section of the report provides a synthesis of themes identified through a CRS review of historical materials. A more in-depth depiction of the materials reviewed and of the formula-related amendments to the ESEA is provided in the following section, "Historical Overview of the Title I-A Formulas."

Measuring Poverty and Identifying Formula Children

Throughout the history of the Title I-A program, its focus has remained on providing funds to areas with concentrations of poverty. Thus, Congress has needed to identify which children should be considered children living in poor or low-income families. This has required determining a definition of poverty, identifying a data source to use to measure poverty, and deciding which "other" categories of children, if any, should be included in the determination of Title I-A grants. These choices all have implications for state and LEA grant amounts.

During initial consideration of the ESEA, there was debate about whether to rely solely on the 1960 Decennial Census data or also include children in certain families receiving Aid to Families with Dependent Children (AFDC) in grant determinations.[5] Ultimately, Congress decided to

[5] See "Legislative Debate" section under "Initial Enactment of the ESEA (P.L. 89-10, 1965)."

include both children identified as low-income via the Census data and children in families receiving AFDC in the determination of grant amounts.[6] One year later, Congress expanded the formula child eligibility criteria to include neglected, delinquent, and foster children and increased the threshold at which a child would be considered living in a poor family.[7] While these changes increased the number of formula children, they also raised concerns about the potential increase in the cost of the program. Over the next several decades, debates over the structure of the formula child count continued as Congress changed the poverty threshold,[8] changed when new poverty thresholds could be applied, altered when new Decennial Census data could be applied, and used data in addition to the Census data in determining counts.

While the data issues and debate over measures of poverty have diminished over time, particularly with the use of LEA-level estimates of poverty from the Census Bureau's Small Area Income and Poverty Estimates (SAIPE) data in 1999, issues related to which areas may be favored by a particular formula child definition have not. More specifically, there has been an ongoing debate about whether the Title I-A formulas are more favorable to more or less densely populated areas. For example, changes made to the count of AFDC children used in the determination of the number of formula children in the 1970s was a direct response to this debate when the counts were initially viewed as favoring urban areas (resulting in two-thirds of the actual number of AFDC children being counted) and then subsequently viewed as being unfavorable to urban areas (resulting in a full count of AFDC children).[9]

In addition to the debate about which data to use to construct poverty measures, a debate over the relative emphasis that should be placed on the percentage versus the count of formula children in an LEA has persisted and continues under the current formulas. Under current law, two formula child weighting scales are used in the determination of grants under the Targeted Grant and EFIG formulas: one based on formula child rates (determined by dividing an LEA's number of formula children by the number of children ages 5-17 residing in the LEA), the other based on formula child counts. Higher weights are applied to the LEAs with the highest formula child rates than are applied to the LEAs with the highest formula child counts. As intended, these weighting schemes result in LEAs that have a high formula child count, a high formula child rate, or both receiving more funding per formula child. Based on the statutorily specified weights used in determining weighted child counts, the weighting process would appear to favor LEAs with higher formula child rates (often rural LEAs) over LEAs with higher numbers of formula children (typically urban LEAs). However, due in part to the way the weights are applied, LEAs with high numbers of formula children often receive more funding per formula child than LEAs with a high formula child rate.[10]

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[6] Ibid.

[7] See the "Summary of Changes to the Title I-A Formulas" section under "Elementary and Secondary Education Amendments of 1966 (P.L. 89-750, 1966)."

[8] The poverty threshold discussed with respect to the Title I-A formulas is not the official U.S. poverty threshold. Rather, it references the poverty eligibility criteria established by Congress for purposes of the Title I-A formulas.

[9] See discussion of "Education Amendments of 1974 (P.L. 93-380, 1974)" and "Education Amendments of 1978 (P.L. 95-561, 1978)

[10] This occurs due, in part, to the application of the aforementioned weights in a stepwise manner, rather than the highest relevant weight being applied to all formula children in the LEA. For more information, see CRS Report R44461, *Allocation of Funds Under Title I-A of the Elementary and Secondary Education Act*, by Rebecca R. Skinner and Leah Rosenstiel. Also see CRS Report R40672, *Education for the Disadvantaged: Analysis of Issues for the ESEA Title I-A Allocation Formulas*, by Rebecca R. Skinner.

State Expenditures on Public Education: High Spending States Versus Low Spending States

Every Title I-A formula includes a factor that accounts for how much money states spend on public K-12 education. This expenditure factor has consistently been based on state average per pupil expenditures (APPE) or national APPE since the initial enactment of the ESEA.[11] When initially debated, proponents of the inclusion of an expenditure factor argued that the factor was needed to compensate states where the cost of educating a child was higher.[12] The expenditure factor was also intended to compensate states with a higher cost of living.[13] Opponents argued that the inclusion of an expenditure factor disproportionately benefitted wealthy states and counties.[14] In part, the debate also focused on whether Title I-A funds should be spread broadly across the country or concentrated in the areas of greatest need.[15] It was also a debate that pitted the higher spending states that argued their costs of education and living were higher than those in other states against lower spending states that argued they could not afford to spend more on education and, therefore, needed more Title I-A funding.[16]

In the mid-1970s, Congress put bounds on the expenditure factor that increased the expenditure factor used in grant determinations for low-spending states and reduced the expenditure factor used in grant determinations for high-spending states.[17] This change effectively provided a benefit to lower spending states, as it raised their expenditure factor for purposes of grant determinations, and penalized higher spending states, as their expenditure factor could not exceed the upper bound.[18] It did not, however, end the debate regarding if and how to account for spending on public K-12 education in Title I-A formulas.

In 1994, Congress created two additional Title I-A formulas (Targeted Grant and EFIG formulas) that were intended to target Title I-A funds more effectively on LEAs with concentrations of poverty. When the EFIG formula was initially enacted, it did not include that same expenditure factor that was included in the other three formulas. Rather, the EFIG formula included an effort factor and an equity factor. The effort factor is based on a state's education spending relative to personal income, essentially considering the share of available resources a state is dedicating to public K-12 education. The equity factor is based on variation in education spending among LEAs within a state. The more equitable spending is among LEAs in a given state, the higher a

[11] Under current law, the expenditure factor for all four Title I-A formulas is based on state APPE. State APPE for Title I-A purposes is calculated by dividing aggregate "current expenditures" for all LEAs in the state and any direct "current expenditures" made by the state for the operation of those agencies by the average daily attendance in that state. Current expenditures are the total federal, state, and local expenditures for public education in a state minus expenditures for community services, capital outlay, and debt service and expenditures made from ESEA Title I funds. "Average daily attendance," "APPE," and "current expenditures" are defined in Section 8101 of the ESEA.

[12] See discussion of "Initial Enactment of the ESEA (P.L. 89-10, 1965)."

[13] Ibid.

[14] Ibid.

[15] Ibid.

[16] Ibid.

[17] See discussion of "Education Amendments of 1974 (P.L. 93-380, 1974)."

[18] The APPE used in a state's expenditure factor calculation could not be less than 80% of national APPE or more than 120% of national APPE. If a state's APPE was less than 80% of the national APPE, the state's APPE was automatically raised to 80% of the national APPE. If a state's APPE was more than 120% of the national APPE, the state's APPE was automatically reduced to 120% of the national APPE. After adjustments, should they be needed, a state's APPE was multiplied by 0.40. Different provisions applied to the calculation of the expenditure factor for Puerto Rico.

state's grant will be.[19] These factors were included in the formulas due to concerns about disparities in funds and resources among LEAs in many states and to provide an incentive for states to reduce those disparities.[20]

The new EFIG formula was enacted in tandem with the new Targeted Grant formula, which included the same expenditure factor that was being used in the determination of Basic Grants and Concentration Grants. However, concerns were raised that the new formulas disadvantaged the southern states (traditionally lower spending states).[21] In addition, prior to funding the Targeted Grant and EFIG formulas in FY2002, the EFIG formula was changed to include an expenditure factor similar to that of the other three formulas. Thus, the EFIG formula incorporates state spending on public K-12 education in three ways (expenditure, equity, and effort factors), while the other three formulas account for it only through an expenditure factor.

More recently, during consideration of ESSA in the Senate, a fifth formula was proposed that would have been similar to the EFIG formula in several ways but would have changed the expenditure factor from being based on state APPE to national APPE, essentially eliminating the expenditure factor.[22] Similar to the addition of bounds on the expenditure factor, this change would have assisted states that spend less on public K-12 education as lower spending states would have had their expenditure factor raised to the national APPE, while higher spending states would have had their expenditure factor lowered to the national APPE. The fifth formula ultimately was not included in the bill, but it demonstrated that accounting for state spending on public K-12 education in the Title I-A formulas continues to be a congressional concern.

State Minimum Grants and LEA Hold Harmless Provisions

Under current law, all of the formulas include both state minimum grant provisions and LEA hold harmless provisions that have been added over time. State minimum grant provisions serve to increase the amount of funding that is provided to small states to operate Title I-A programs. State minimum grant provisions are funded by reducing the amount of funding provided to all the other states in order to support the smaller states. LEA hold harmless provisions prevent LEAs from losing more than a certain percentage of funding from year-to-year, which provides some stability in grant amounts. As with the state minimum grant provision, LEAs that receive grants in excess of their hold harmless amount have their grant amounts reduced to provide other LEAs with a hold harmless grant amount. These provisions have also been included in formulas to mitigate losses to states and LEAs that may result from changes in the Title I-A formula factors. For example, the first hold harmless provision was added to Basic Grants by the 1974 amendments[23] to help offset any losses that could result from changes made to the expenditure factor. Subsequently, when Concentration Grants were added to Title I-A in the 1978 amendments,[24] the Senate Committee on Human Resources added a requirement that no state receive less than 0.25% of the amount appropriated for Concentration Grants to protect the amount of funding received by rural districts.

[19] In making this determination, an extra weight (1.4 versus 1.0) is applied to estimated counts of formula children. The effect of including this additional weight is that grants would be maximized for a state where expenditures per formula child are 40% higher than expenditures per non-formula child.

[20] See discussion of "Improving America's Schools Act (IASA, P.L. 103-382, 1994)"

[21] Senator Kassebaum, "Improving America's Schools Act of 1994—Conference Report," Senate debate, *Congressional Record*, vol. 140, part 20 (October 5, 1994), p. 27845.

[22] See discussion of the "Every Student Succeeds Act (ESSA, P.L. 114-95, 2015)"

[23] See discussion of the "Education Amendments of 1974 (P.L. 93-380, 1974)."

[24] See discussion of the "Education Amendments of 1978 (P.L. 95-561, 1978)."

By shifting the distribution of funds under the formulas, especially under the Concentration Grant, Targeted Grant, and EFIG formulas, the inclusion of state minimum grant and LEA hold harmless provisions may reduce the targeting of funds on LEAs with higher concentrations of poverty by reducing grant amounts to LEAs that would have otherwise received more funding. That is, state minimum grant provisions and LEA hold harmless provisions disrupt the formula provisions that were enacted to target funds on LEAs with higher concentrations of poverty. At the same time, however, these provisions may serve other purposes valued by Congress, including providing small states with a larger grant than they would have otherwise received to run their Title I-A programs and providing LEAs with stability from year to year. In addition, both types of provisions have been used to gain support for changes to the Title I-A formulas by helping to mitigate any losses that may result from the changes.

Targeting Title I-A Funds on Concentrations of Poverty

Since its initial enactment, the Title I-A program has been intended to serve poor children in both public and private schools. As previously discussed, there were issues related to how to count poor and other disadvantaged children and how to factor in state spending on public K-12 education when determining grant amounts. Another issue that has consistently attracted substantial attention is how to target Title I-A funds more effectively on LEAs with concentrations of poverty (either in terms of having a high number or a high percentage of formula children). While there are clearly some concerns about whether having a high number or high percentage of formula children should result in larger LEA grants per formula child, as evidenced by the current urban versus rural LEA debate discussed above, there has also been a more global debate about how best to target Title I-A funds on areas with concentrations of poverty. This debate has played out over several decades through the addition of three formulas to the original Basic Grant formula.

The Education Amendments of 1978 (P.L. 95-561) added the Grants to LEAs in Counties with Especially High Concentrations of Children from Low Income Families. These grants are more commonly known as Concentration Grants and were modeled on an earlier Title I-A grant program that essentially had the same purpose.[25] As the title indicates, this formula was added to Title I-A to provide additional funding to areas with high concentrations of children from low-income families. In adding the formula to Title I-A, proponents argued that areas with concentrations of poverty needed "more intensive remedial effort than the average school district."[26]

Two additional formulas were added to the ESEA in 1994. The House Committee on Education and Labor added the Targeted Grants formula to target Title I-A funds more effectively on areas with concentrations of poverty, but it retained the Basic Grant and Concentration Grant formulas to continue to provide funding to "other less poor but still needy communities."[27] The Senate Committee on Labor and Human Resources took a different approach, arguing that the Basic Grant and Concentration Grant formulas should be replaced by a new formula (EFIG) that would better target funding on concentrations of poverty. Ultimately, both the Targeted Grant and EFIG

[25] Special Grants were authorized under the 1969 and 1974 amendments. These grants were similar in purpose to Concentration Grants and are considered a direct predecessor to Concentration Grants for the purposes of this report. For more information on Special Grants, see the next section of this report.

[26] Representative Weiss, "Education Amendments of 1978," House debate, *Congressional Record*, vol. 124, part 15 (July 12, 1978), p. 20535.

[27] Representative Roemer, "Improving America's Schools Act of 1994," House debate, *Congressional Record*, vol. 140, part 3 (February 24, 1994), p. 2941.

formulas were added to the ESEA and the Basic Grant and Concentration Grant formulas were retained.

Historical Overview of the Title I-A Formulas

Title I-A was enacted in 1965 as part of the "War on Poverty." The program was intended to address a national problem that was reflected in men being rejected by the military draft, employment and manpower retraining problems, low levels of education for many adults, high unemployment rates for 18 to 24 year olds, and concerns expressed by institutions of higher education and vocational and technical educators regarding the quality of elementary and secondary education.[28] According to House Report 89-143, which accompanied H.R. 2362 (the bill that ultimately became the Elementary and Secondary Education Act of 1965), "[t]he heart of the problem lies in our elementary and secondary school systems where there are concentrations of America's children of poverty."[29] Title I (now referred to as Title I-A) was viewed as another tool to eradicate "poverty and its effects."[30] The committee report stated the following:

> The major thrust of this legislation is contained in title I where it is proposed that approximately $1.06 billion be provided to local school districts for the purpose of broadening and strengthening public school programs in the schools where there are concentrations of educationally disadvantaged children.[31]

As initially enacted, Title I-A funds were allocated to LEAs via the Basic Grant formula, which was based on (1) the number of children from low-income families (commonly referred to as formula children) and (2) each state's APPE for public K-12 education. The Concentration Grant formula was added in the 1970s in an attempt to provide additional funding for LEAs with concentrations of poverty. During the consideration of ESEA reauthorization in the early 1990s, the House and the Senate proposed formulas (Targeted Grants and EFIG, respectively) intended to target concentrations of poverty more effectively by providing more funding per child to LEAs with higher numbers or percentages of formula children. As both of these formulas were enacted into law, and the Basic Grant and Concentration Grant formulas were retained, funds are allocated through four formulas under current law. Title I-A has also periodically included a Special Incentive Grant formula, intended to incentivize state and local education spending on elementary and secondary education. This formula was last funded in FY1975.[32]

Figure 1 shows the years in which each of the formulas was authorized and funded. Additionally, **Figure 1** indicates the ESEA reauthorizations that made substantial changes to the Title I-A formulas. In some instances, formulas have been funded every year they have been authorized to receive appropriations, and in years in which the authorization of appropriations has expired (e.g., Basic Grants).[33] In other instances, formulas were not funded until a subsequent reauthorization of the ESEA made substantial changes to the originally enacted formulas (e.g., EFIG).

[28] H.Rept. 89-143, pp. 1-2.

[29] H.Rept. 89-143, p. 2.

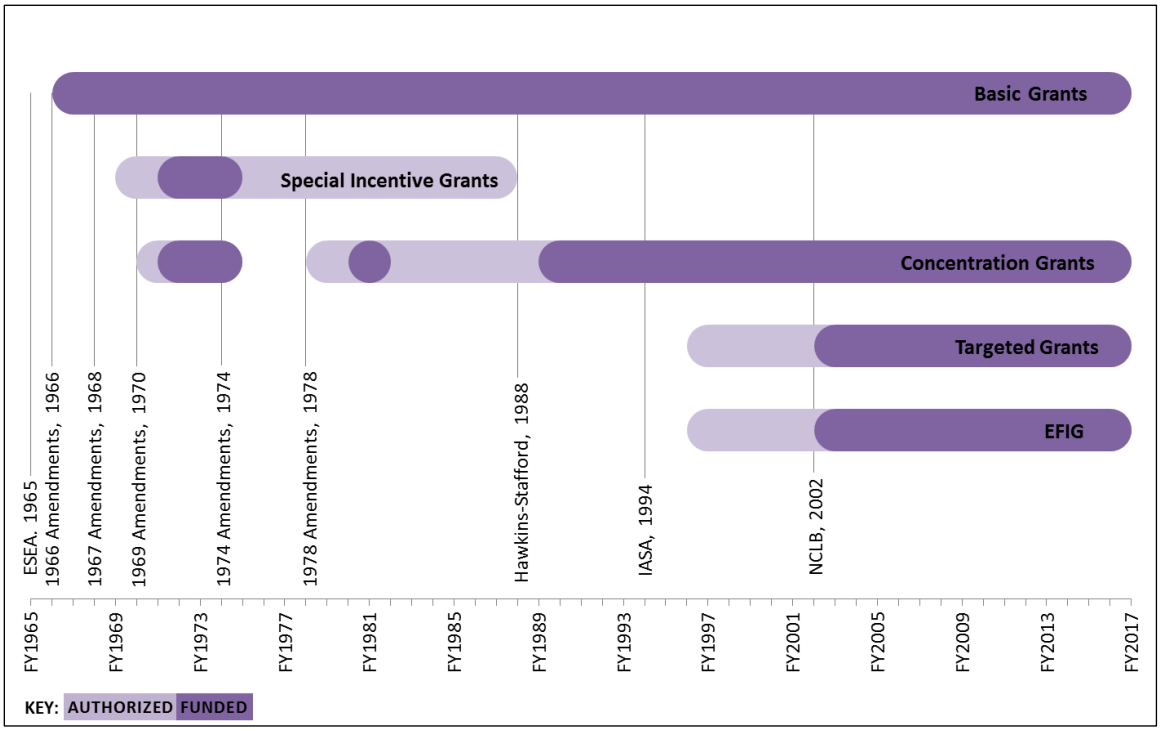
[30] H.Rept. 89-143, p. 3.

[31] Ibid. S.Rept. 89-146 also included similar language.

[32] While the Special Incentive Grant formula last received appropriations in FY1975, it was authorized through FY1988.

[33] For example, the authorization of appropriations for the Title I-A program expired in FY2008 and the ESEA was not reauthorized until December 10, 2015. However, during this time all four Title I-A formulas (Basic Grants, Concentration Grants, Targeted Grants, and EFIG) continued to receive annual appropriations and were considered to be implicitly authorized.

Figure 1. Title I-A Formulas: Years in Which Appropriations Were Authorized and Appropriations Were Provided, FY1965 to FY2017



Source: Figure prepared by Congressional Research Service (CRS) based on CRS analysis of the Elementary and Secondary Education Act (ESEA) and appropriations laws.

Notes: The figure indicates reauthorizations of the ESEA that made substantial changes to the Title I-A formulas. The ESEA originally authorized Special Incentive Grants for FY1967; however, this authorization was repealed in the 1966 amendments and is thus not included in the figure. Additionally, from FY1970 through FY1975, the ESEA included a Special Grant program similar in purpose and scope to the Concentration Grant program. Thus, for the purposes of this figure, Special Grants are considered to be the same program as Concentration Grants. While the Every Student Succeeds Act (ESSA; P.L. 114-95) most recently comprehensively amended the ESEA in 2015, it did not make substantial changes to the Title I-A formulas.

The figure reads, for example, Targeted Grants and Education Finance Incentive Grants (EFIG) were initially authorized in FY1996; however, no funds were appropriated for these formulas until FY2002, after the No Child Left Behind Act of 2001 (NCLB) made changes to the formulas.

As with the original Basic Grant formula, grant amounts under each formula in current law are generally determined by multiplying a "formula child count," consisting primarily of estimated numbers of school-age children in poor families, by an "expenditure factor" based on state APPE.[34] After initial grant awards are calculated, grant amounts are reduced to equal the level of available appropriations for each formula, taking into account a variety of state and LEA minimum grant and hold harmless provisions.[35] Initial grant amounts have had to be reduced every year except FY1966 to equal the level of available appropriations. LEAs must also have a minimum number and/or percentage of formula children to be eligible to receive a grant under a

[34] In some formulas, additional factors are multiplied by the formula child count and expenditure factor.

[35] Hold harmless provisions stipulate that a state or LEA's grant amount cannot decrease by a certain percentage as compared to the prior year or a base year. For example, a 95% prior year hold harmless for LEAs would mean that no LEA could receive less than 95% of what it received in the prior year. A 90% FY1990 hold harmless for LEAs would mean that no LEA could receive less than 90% of what it received in FY1990.

specific formula. Grants have always been allocated by ED[36] to LEAs via state educational agencies (SEAs).[37] However, prior to FY1999 sufficient data were not available for ED to calculate grants at the LEA level, so ED calculated grants at the county level and SEAs suballocated county totals to LEAs.[38] LEAs receiving grants subsequently distribute funds to schools, often based on the percentage of children in each school eligible for free or reduced-price lunch.[39]

This section of the report describes the Title I-A formulas as initially enacted by the ESEA and changes made to the formulas by major ESEA reauthorization bills.[40] Additionally, a short description of the debates surrounding the formulas is included for reauthorizations that made substantial changes to the formulas. For a timeline of changes to the formula factors and the factors used in the current Title I-A formula see **Appendix B**.

Initial Enactment of the ESEA (P.L. 89-10, 1965)

In 1965, Congress passed and President Johnson signed the ESEA, which authorized the first federal general aid to elementary and secondary education. Prior to the enactment of the ESEA, there were two main federal programs for elementary and secondary education: (1) funding under Aid to Federally Impacted Areas (hereinafter referred to as Impact Aid) to offset the impacts that military bases and tax-exempt federal property had on LEAs,[41] and (2) funding under the National Defense Education Act of 1958 (NDEA),[42] which was intended to strengthen math and science education after the launch of the Soviet satellite Sputnik.[43] After World War II, Congress introduced a number of bills to provide general federal aid to schools, but they were all defeated

[36] The Department of Education was created in 1979 by the Department of Education Organization Act (P.L. 96-88). Prior to FY1980, Title I-A grants were allocated by the Department of Health, Education, and Welfare (HEW). For more information, see http://www2.ed.gov/about/overview/focus/what_pg2.html.

[37] Under current law, ED determines Title I-A grants to LEAs under each of the Title I-A formulas. After calculating grants, ED provides each state with information on the grants calculated for the LEAs in the state. The state then makes specific adjustments to the grant amounts, including reserving funds for administration and school improvement and determining grants for charter schools that are their own LEAs. After making adjustments to the grant amounts calculated by ED, the state then provides funds to the LEAs.

[38] For more information see https://www2.ed.gov/offices/OUS/title1desc.html.

[39] Historically, Title I-A funds have been distributed to schools in areas where high concentrations of children from low-income families reside. Following the enactment of the Improving American's Schools Act (P.L. 103-382), LEAs have generally been required to rank their public schools by their percentages of students from low-income families, and serve them in rank order. After serving schools with more than 75% of their students from low-income families, LEAs can choose to serve schools by specific grade levels (e.g., only serve elementary schools in order of their percentages of children from low-income families). Changes to the allocation of Title I-A funds to the school level made under the ESSA provided LEAs with the option to serve high schools with more than 50% of their students from low-income families before choosing to serve schools by specific grade levels.

[40] The formulas described are those used to calculate initial grant amounts. After initial grant awards are calculated, grant amounts are reduced to equal the level of available appropriations for each formula, taking into account a variety of state and LEA minimum grant and hold harmless provisions. LEAs must also have a minimum number and/or percentage of formula children to be eligible to receive a grant under a specific formula.

[41] P.L. 81-815 and P.L. 81-874.

[42] P.L. 85-864.

[43] For more information on the federal role in K-12 education prior to the ESEA, see David A. Gamson, Kathryn A. McDermott, and Douglas S. Reed, "The Elementary and Secondary Education Act at Fifty: Aspirations, Effects, and Limitations," *The Russell Sage Foundation Journal of the Social Sciences*, vol. 1, no. 3 (December 17, 2015).

over concerns about aid to private schools, aid to segregated schools, or federal control over K-12 education.[44]

The first major step toward the passage of the ESEA came in 1964, when the Civil Rights Act banned federal funding to segregated programs. With respect to elementary and secondary education, this meant that federal funds could not be provided to segregated schools.[45] Thus, the issue of aid to segregated schools was no longer an obstacle to the passage of a federal education bill providing general aid. Soon thereafter, the Johnson Administration came up with a compromise on the private school issue whereby aid would be targeted to children in poor families, regardless of the type of school they attended.[46] The aid would be provided to the public schools, but also be available to benefit both public and private school students. Due to the resolution of the segregation and private school issues, the ESEA passed through Congress relatively quickly. In addition, the ESEA had the advantage of spreading funds to every state and a majority of congressional districts, thereby undercutting much of the opposition to the bill.[47]

Initial Title I-A Formulas[48]

The central component of the ESEA—the Title I-A program—was intended to meet the "special educational needs of children from low-income families" and to address "the impact that concentrations of low-income families have on the ability of local educational agencies to support adequate educational programs." Title I-A funds were to be allocated to LEAs via the Basic Grant formula for FY1966 and the Basic Grant and Special Incentive Grant formulas for FY1967 and FY1968. However, the Special Incentive Grant formula was never funded.[49]

Title I-A grants could be used for projects designed to meet the special educational needs of educationally deprived students,[50] including for the acquisition of equipment and, where

[44] For more information, see "First General School Aid Bill Enacted," in *CQ Almanac 1965*, 21st ed. (Washington, DC: Congressional Quarterly, 1966); Julie Roy Jeffrey, *Education for Children of the Poor: A Study of Origins and Implementation of the Elementary and Secondary Education Act* (Columbus: Ohio State University Press, 1978); David A. Gamson, Kathryn A. McDermott, and Douglas S. Reed, "The Elementary and Secondary Education Act at Fifty: Aspirations, Effects, and Limitations," *The Russell Sage Foundation Journal of the Social Sciences*, vol. 1, no. 3 (December 1, 2015), pp. 1-29; Patrick McGuinn, "Education Policy from the Great Society to 1980: The Expansion and Institutionalization of the Federal Role in Schools," in *Conservatism and American Political Development*, ed. Brian Glenn and Steven Teles (New York: Oxford University Press, 2009); and Gary Orfield, "Lyndon Johnson and American Education," in *LBJ's Neglected Legacy: How Lyndon Johnson Reshaped Domestic Policy and Government*, ed. Robert H. Wilson, Norman J. Glickman, and Laurence E. Lynn, Jr. (Austin: University of Texas Press, 2015), pp. 187-234.

[45] As a result of the Civil Rights Act, receipt of Title I-A funds was contingent on nondiscrimination. President Johnson enforced this, which arguably may have hastened the end of school segregation. This is considered to be part of Title I-A's legacy. Elizabeth Cascio and Sarah Reber, "Chapter 3: The K-12 Education Battle," in *Legacies of the War on Poverty*, ed. Martha J. Bailey and Sheldon Danziger (New York: Russell Sage Foundation, 2013), pp. 66-92.

[46] According to one of his colleagues, U.S. Commissioner of Education Francis Keppel reasoned, "suppose that a Federal-aid program could be put together in which the money would go to the public schools but the services it purchased would be available to all pupils, no matter where they went to school, whether in public institutions or nonpublic. The benefit would be to the pupil, not to the school." Quoted in Julie Roy Jeffrey, *Education for Children of the Poor: A Study of Origins and Implementation of the Elementary and Secondary Education Act* (Columbus: Ohio State University Press, 1978).

[47] Ibid.

[48] The Title I-A program was initially authorized as both Title I of ESEA and Title II of P.L. 81-874, which authorized the Impact Aid program. The idea behind this was reportedly to tie the ESEA to the Impact Aid program, as it had strong congressional support. Ibid.

[49] The statutory authority for the Special Incentive Grant formula was repealed by the ESEA Amendments of 1966.

[50] The initial law and subsequent amendments to the ESEA referred to children to be served under the Title I-A

necessary, the construction of school facilities. LEAs were required to develop procedures, including objective measures of educational achievement, for annually evaluating the effectiveness of the program. Recipient LEAs were also required to provide, from state and local sources, a level of funding for public elementary and secondary education for the preceding fiscal year that was at least as much as the level of funding provided in FY1964. This type of requirement is commonly referred to as "maintenance of effort" (MOE).[51]

In addition, LEAs were required to provide services on an equitable basis to students attending private schools (commonly referred to as equitable participation). Title I-A funding for and the provision of these services remained under public control; the funds were not provided directly to private schools.[52]

In practice, as LEA-level data were not available, Basic Grants were calculated by the Department of Health, Education, and Welfare (HEW) on a county basis.[53] SEAs then received the aggregate funds for counties in the state and reallocated the county amounts to individual LEAs. SEAs could also reserve up to 1% of their Basic Grant allocation for administration, technical assistance, and evaluation before suballocating to LEAs.[54] LEAs receiving grants subsequently distributed funds for Title I-A projects to schools in areas with high concentrations of children from low-income families.[55] HEW regulations further stipulated which schools or "project areas" would be eligible for Title I-A funds.[56]

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program as "educationally deprived" students. This term was later replaced by the phrase "disadvantaged" students. Neither term is defined in statutory language.

[51] For more information on fiscal accountability requirements under Title I-A, such as MOE, see CRS In Focus IF10405, *Fiscal Accountability Requirements That Apply to Title I-A of the Elementary and Secondary Education Act (ESEA)*, by Rebecca R. Skinner.

[52] H.Rept. 89-143 (pp.7-8) stated the following regarding the participation of private school students in Title I. (S. Rept. 89-146 included similar language on p. 11.)

> No provision of the bill authorizes any grant for providing any service to a private institution, but at the same time the bill does contemplate some broadening of public educational programs and services in which elementary and secondary school pupils who are not enrolled in public schools may participate. The extent of the broadened services will reflect the extent that there are educationally disadvantaged pupils who do not attend public school....
>
> In this regard the committee has adopted language in the bill to assure that the local educational agency will maintain administrative supervision and control of the programs provided under the title and that the title to any property constructed or purchased shall be in a public agency and that a public agency will administer the funds and property for the purposes of the title....

[53] As previously discussed, Title I-A grants were allocated by HEW until FY1980. Beginning in FY1980, Title I-A grants were allocated by ED. Title I-A grants were allocated to counties, not LEAs, until FY1999, when LEA-level data became available.

[54] More specifically, states could reserve up to 1% of the amount paid to LEAs under Title I-A.

[55] LEAs were responsible for developing and overseeing the implementation of Title I-A projects. SEAs were responsible for approving LEA applications for Title I-A projects. During the first year of operation, it was not uncommon for an LEA to submit several project applications to an SEA. It later became more common for LEAs to submit only one or two applications that would include their entire Title I-A program for the year. For more information, see Office of Education, U.S. Department of Health, Education, and Welfare, *History of Title I ESEA*, Washington, DC, June 1969, pp. 16-18.

[56] Schools in attendance areas with high concentrations of children from low-income families were eligible to receive Title I-A funds. In the initial regulations for Title I-A (published in September 1965), an "attendance area" was defined as a geographical area served by a public school and a "high concentration" was defined as an attendance area where the percentage of children from low-income families was greater than or equal to the percentage for the LEA as a whole. In the revised regulations (published in March 1966), attendance areas with an above average number of children from low-income families could also be considered as project areas.

Basic Grants

The Basic Grant formula determined grants based on the number of children from low-income families (formula children) multiplied by an expenditure factor based on state APPE. To be eligible to receive a grant, LEAs were required to have at least 100 formula children or formula children had to account for more than 3% of the children ages 5-17 in the LEA (commonly referred to as the formula child rate), provided that there were at least 10 formula children. When data were unavailable at the LEA level (as was the case), grant amounts were calculated using the same formula on a county basis.[57] Additionally, grants to Puerto Rico and the Outlying Areas (Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands) were provided via a reservation of up to 2% of total Basic Grant appropriations.[58]

The ESEA authorized Basic Grants for three years but only specified the allocation formula for FY1966, the first year of the program. For that year, the expenditure factor was set to 50% of the state's APPE for public elementary and secondary education, while the formula child count consisted of children ages 5-17 in families with an annual income below $2,000 based on data from the 1960 Decennial Census plus children in families with income at or above $2,000 as a result of receiving Aid to Families with Dependent Children (AFDC).[59,60] Thus, an LEA's Basic Grant was equal to 50% of its state APPE multiplied by the sum of the number of children in families earning below $2,000 and the number of children in families that would be earning below $2,000 if they were not receiving AFDC.[61] For FY1967 and FY1968, the expenditure factor and poverty threshold were left unspecified for future congressional determination.

Special Incentive Grants

The ESEA authorized Special Incentive Grants for FY1967 and FY1968 for LEAs in which the APPE from nonfederal sources exceeded that for the previous year. However, the authorization for this program was repealed in 1966 (see "Elementary and Secondary Education Amendments of 1966 (P.L. 89-750, 1966)" below), before the formula was ever funded. Special Incentive Grants would have been based on an LEA's average daily attendance and APPE.

Legislative Debate

In 1964, President Johnson established a task force to propose broad ideas for the reform of American education, and in November of that year the task force delivered a report to the

[57] To be eligible for a Basic Grant, a county was required to have at least 100 formula children (Section 203(b)(2)). Separate determinations of eligibility were made for a few LEAs located within ineligible counties. In these cases, the LEA level data were provided to HEW by SEAs. Office of Education, U.S. Department of Health, Education, and Welfare, *History of Title I ESEA*, Washington, DC, June 1969, pp. 9-10.

[58] The Trust Territory of the Pacific Islands is now divided into four jurisdictions: the Marshall Islands, the Federated States of Micronesia, Palau, and the Northern Mariana Islands. For more information, see http://www.un.org/en/decolonization/selfdet.shtml.

[59] The 1996 welfare reform law (The Personal Responsibility and Work Opportunity Reconciliation Act; P.L. 104-193) replaced the AFDC program with Temporary Assistance for Needy Families (TANF). Thus, for the purposes of this report, descriptions of the Title I-A program before 1996 reference AFDC. For more information on AFDC and TANF, see CRS Report R40946, *The Temporary Assistance for Needy Families Block Grant: An Overview*, by Gene Falk.

[60] Only children in families with income below $2,000 were included in eligibility determinations. The ESEA stipulated that AFDC children could only be included in the determination of grant amounts, not in the determination of an LEA's or county's eligibility for Basic Grants.

[61] An LEA's Basic Grant amount could not exceed 30% of its current expenditures on education from state and local sources.

President on the nation's educational needs. Subsequently, in January 1965 President Johnson sent Congress a proposal for the ESEA, which was introduced in the House as H.R. 2362 and in the Senate as S. 370. The House Education and Labor Committee made two changes to the Administration's proposal with respect to the Title I-A formulas: (1) children in families with annual incomes at or above $2,000 as a result of receiving AFDC funds were added to formula child counts, which had previously only included children in families earning less than $2,000; and (2) discretion to change the expenditure factor and the poverty threshold for FY1967 and FY1968 was given to Congress as opposed to the Secretary. No other amendments were added to the Title I-A formulas (although some were offered)[62] and H.R. 2362 passed the House and Senate relatively quickly.[63]

In support of the formula, the Administration justified the use of the $2,000 poverty threshold because it clearly identified "an unquestioned hard core of poverty," had the administrative advantage of being able to be determined using available Census data, and correlated with the $1 billion the Administration was willing to commit to the program.[64] The Administration justified its use of family income (as opposed to property value per child or per capita income) in the formula because it met four criteria: (1) it identified a distinct poverty group and was broad in its coverage, (2) it applied uniformly among states and local units, (3) gathering and using the data was administratively feasible, and (4) it was convertible into numbers of disadvantaged children at the desirable geographic level of allocation.[65] The expenditure factor was needed, it was argued, to compensate states where the cost of educating a child was higher.[66] The expenditure factor also compensated states with a higher cost of living as "a $2,000 level of family income in rural Mississippi [was] not the same level of poverty as a $2,000 family income in New York City."[67]

On the other hand, critics of the formula argued that it disproportionally benefitted wealthy states and wealthy counties,[68] and the reliance on "outdated" Census data would not reflect changes in

[62] In the House and Senate, a total of six amendments were offered and defeated. Proposals included replacing the formula with a flat allocation of $200 per formula child; adding an effort index to the Basic Grant formula; decreasing the expenditure factor percentage from 50% to 32% while also increasing the poverty threshold from $2,000 to $3,000; replacing the Special Incentive Grant formula with a modified version of the Basic Grant formula provided state and local funds would match federal dollars; and replacing the Basic Grant formula with a state grant program for the establishment of preschool and special educational centers based on each state's proportion of children aged 3 to 7 from families with income below $3,000.

[63] H.R. 2362 was reported by the House committee on March 8, 1965; passed by the House on March 26; taken up by the Senate committee on March 29; reported by the Senate committee on April 6; and passed by the Senate on April 9.

[64] When the expenditure factor was multiplied by the formula child count and summed across the states, the cost of the program was approximately $1 billion. U.S. Congress, House Committee on Education and Labor, Subcommittee on Education, *Aid to Elementary and Secondary Education: Hearings on H.R. 2361 and H.R. 2362*, Statement of Commissioner of Education Keppel, 89th Cong., 1st sess., January 22, 1965 (Washington: GPO, 1965), pp. 84-86.

[65] Ibid, p. 86.

[66] Representative Perkins, "Providing for the Consideration of H.R. 2362, Elementary and Secondary Education Act of 1965," House debate, *Congressional Record*, vol. 111, part 5 (March 24, 1965), p. 5737. Senator Morse, "Elementary and Secondary Education Act of 1965," Senate Debate, *Congressional Record*, vol. 111, part 6 (April 7, 1965), p. 7297.

[67] Representative O'Hara, "Providing for the Consideration of H.R. 2362, Elementary and Secondary Education Act of 1965," House debate, *Congressional Record*, vol. 111, part 5 (March 25, 1965), p. 6000.

[68] The 20 wealthiest counties in the nation, it was repeatedly noted, were allocated almost twice as much as the 10 poorest counties. U.S. Congress, House Committee on Education and Labor, *Elementary and Secondary Education Act of 1965*, minority views, 89th Cong., 1st sess., March 8, 1965, H. Rept. 89-143 (Washington: GPO, 1965), p. 70.

local need.[69] Additionally, the inclusion of AFDC data in the formula child counts was seen by some as creating inequity because children in families receiving other benefits, such as disability payments, were not being counted.[70] The "patently foolish" formula, it was charged, reflected a "political decision" to spread the funds as broadly as possible, rather than concentrating them in the areas of greater need, to build a "powerful lobby" for the continuation and expansion of the program.[71]

Amendments to Public Laws 81-815 and 81-874 (P.L. 89-313, 1965)

On October 15, 1965, just a few months after the enactment of the ESEA, Congress passed H.R. 9022 to amend the Impact Aid program and the ESEA. The bill was subsequently signed into law by the President on November 1. The primary purpose of the law was to provide federal aid for construction and the temporary operation of public schools damaged by a major disaster.[72] Among other changes, the law created a new program to provide grants to SEAs for the education of children with disabilities.[73] With respect to the Title I-A formulas, the law made almost no changes. Of note was an increase in the reservation of funds for state administration of Title I.[74]

Elementary and Secondary Education Amendments of 1966 (P.L. 89-750, 1966)

On October 20, 1966, at President Johnson's request, Congress passed H.R. 13161 to reauthorize the ESEA and extend the Title I-A program for two years (through FY1968). Amid concerns that the program favored wealthier states over their poorer counterparts, the amendments modified the Basic Grant program formula child counts, expenditure factor, and eligibility requirements. These changes expanded the size of the program and increased the cost of providing all eligible LEAs with their maximum grant amounts. In addition, the authority for Special Incentive Grants, scheduled to go into effect in FY1967, was eliminated as Congress and the President felt that these grants would fail to help the neediest school districts with the largest numbers of disadvantaged children. By repealing this program, about $400 million became available for Basic Grants.[75]

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[69] "The data is simply not responsive to change except at 10-year intervals." Ibid.

[70] Representative Griffin, "Providing for the Consideration of H.R. 2362, Elementary and Secondary Education Act of 1965," House debate, *Congressional Record*, vol. 111, part 5 (March 25, 1965), pp. 5967-5968.

[71] U.S. Congress, House Committee on Education and Labor, *Elementary and Secondary Education Act of 1965*, minority views, 89th Cong., 1st sess., March 8, 1965, H. Rept. 89-143 (Washington: GPO, 1965), pp. 70-71.

[72] "Disaster Area School Aid," *CQ Almanac 1965*, 21st ed., 306-8 (Washington, DC: *Congressional Quarterly*, 1966), http://library.cqpress.com/cqalmanac/cqal65-1259168.

[73] The Education of Handicapped Children program was authorized under Title I-A. The Improving America's Schools Act (IASA) merged this program into the Individuals with Disabilities Education Act (IDEA) in 1994. For more information on IDEA see CRS Report R41833, *The Individuals with Disabilities Education Act (IDEA), Part B: Key Statutory and Regulatory Provisions*, by Kyrie E. Dragoo.

[74] A dollar amount was added to the cap on state administration reservations so states could now reserve up to the larger of 1% of the total Basic Grant amounts paid to all LEAs in the state or $75,000. This reservation of funds could be used for administration of both Title I-A grants to LEAs and a new SEA program for students with disabilities (also authorized under Title I-A). However, the reservation of funds was based solely on the amount paid to LEAs under Title I-A.

[75] That is, $400 million was the estimated funding level needed to give every LEA its maximum grant amount under the Special Incentive Grant formula. By repealing the program, those funds could be allocated through the Basic Grant formula. Barbara R. Heller, *A History and Description of ESEA Title I in New York City, 1965 - 1968*, Center for Urban

Additionally, the 1966 amendments added two grant programs for SEAs to Title I-A: a program to provide grants to SEAs to support the education of children of migratory workers and a program to provide grants to SEA for the education of institutionalized neglected and delinquent children.[76] Thus, under the 1966 amendments three SEA programs were authorized under Title I-A in addition to the grants for LEAs: (1) one for children with disabilities, (2) one for migrant children, and (3) one for neglected or delinquent children.

Summary of Changes to the Title I-A Formulas

Under the 1966 amendments, Title I-A funds were allocated via one formula: Basic Grants. The LEA eligibility threshold was lowered to 10 formula children (compared to 100 formula children or a formula child rate of more than 3% provided there were 10 formula children).[77] The formula was modified to add neglected, delinquent, and foster children to the counts of formula children used to determine grants. The income level used to determine eligible children was set at $2,000 for FY1967 and $3,000 for FY1968. In addition, the expenditure factor was changed to 50% of the greater of state or national APPE beginning in FY1968. Thus, beginning in FY1968 an LEA's Basic Grant was equal to 50% of the greater of state or national APPE multiplied by the sum of (1) the number of children in families earning below $3,000, (2) the number of children in families that would be earning below $3,000 if they were not receiving AFDC, and (3) the number of children in institutions for neglected or delinquent children or in foster homes.[78] However, many of these formula changes were delayed by the 1967 amendments, discussed below.[79]

The 1966 amendments made three other changes of note to the Title I-A program. The amendments added authority to provide grants to the Bureau of Indian Affairs (BIA)[80] for disadvantaged Indian children from the reservation of funds from the total appropriation made available for grants to Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands. A small change was also made to the calculation of the state reservation for administration.[81] Last, the 1966 amendments added a minimum Title I-A program

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Education, N.Y. Research Services Committee, New York City Board of Education, Brooklyn, NY, June 1968, p. 7.

[76] Both of these programs were authorized under Title I-A. Under current law, the Migrant Education Program is authorized under Title I-C of the ESEA and the State Agency Neglected, Delinquent, or At-Risk Program is authorized under Title I-D of the ESEA.

[77] The same threshold of 10 formula children was applied to counties. As previously discussed, HEW calculated grants on a county basis, not an LEA basis, as sufficient LEA level data were not available. Additionally, as discussed in footnote footnote 54, for FY1966 AFDC children were not included in eligibility determinations. However, under the 1966 amendments all formula children (not just children in families earning below $2,000) were included in eligibility determinations.

[78] For FY1967, an LEA's Basic Grant amount could not exceed 50% (up from 30% for FY1966) of its current expenditures on education from state and local sources. No limitation was applied to LEA grant amounts for FY1968.

[79] In addition to the changes made by the 1966 ESEA amendments, it should be noted that the FY1967 supplemental appropriations law (P.L. 89-697) included a state minimum grant amount for Title I-A. The law required that for FY1967, no state receive less than it spent in FY1966. As FY1967 was the first year that appropriations were not sufficient to fully fund Title I-A, ratable reductions to grant amounts were needed. The state minimum grant provision mitigated the effect of these reductions.

[80] In 2006, the Secretary of the Interior moved the Bureau of Indian Affairs (BIA) education programs to a new Bureau of Indian Education (BIE). Thus, for the purposes of this report, descriptions of the Title I-A program before 2006 reference the BIA. For more information on the BIE, see CRS Report RL34205, *Indian Elementary-Secondary Education: Programs, Background, and Issues*, by Cassandria Dortch.

[81] As previously discussed, prior to the 1966 amendments funds reserved for administration could be used for the administration of Title I programs other than Title I-A grants to LEAs. However, the reservation was based solely on

size: LEA programs must have expenditures of at least $2,500. To meet this requirement, an LEA could jointly operate a program with another LEA.[82]

Legislative Debate

In early 1966, President Johnson requested that the Basic Grant poverty threshold be increased from $2,000 to $3,000 and Special Incentive Grants be repealed.[83] Identical bills based on the President's proposals were introduced in the House (H.R. 13160 and H.R. 13161) and the Senate (S. 3046). The option of using national APPE (as opposed to state APPE) to determine a state's expenditure factor was added to House and Senate bills by the House Education and Labor Committee and the Senate Labor and Public Welfare Committee, respectively. The House committee added children in institutions for neglected and delinquent children to formula child counts and the Senate committee added foster children to formula child counts. In conference, the two formula child count proposals were combined.

Debate around these amendments centered on the argument that wealthier LEAs benefitted disproportionately under the allocation formula.[84] It was also argued that funds should be allocated to states in such a way that states could target LEAs with the greatest need, as the use of increasingly outdated Census and AFDC data in the formula did not allow for adjustments for changing circumstances.[85] However, this issue was somewhat addressed by an update to the AFDC data used in the formula.[86] Similarly, the addition of the option of using the national APPE to calculate the expenditure factor was intended to benefit the poorer states and would "go far toward curing the huge disparity in aid as between states."[87] The main argument against these amendments, however, was cost.[88] For example, raising the poverty threshold to $3,000 and

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the Basic Grant amounts paid to LEAs. The 1966 amendments changed the reservation calculation to be based on the grant amounts allocated (not paid) to LEAs under Title I-A and to SEAs under the other programs included in Title I-A (programs for the education of migrant children, the education of children with disabilities, and the education of neglected and delinquent children).

[82] The 1966 amendments specified that an SEA could waive this requirement if it would be "impossible" (e.g., because of distance or difficulty of travel) for an LEA to join with another LEA to meet this requirement.

[83] The Administration justified the increase in the poverty threshold from $2,000 to $3,000 because it would include an additional 2.9 million children in the formula. Additionally, as previously discussed, the Administration justified the repeal of Special Incentive Grants because the formula was not related to the number of children in poor families and its repeal would allow more funding to be allocated through the Basic Grant formula. "Elementary Education Act Expanded," *CQ Almanac 1966*, 22nd ed., 286-97 (Washington, DC: Congressional Quarterly, 1967), http://library.cqpress.com/cqalmanac/cqal66-1301406.

[84] For example, Representative Goodell argued that the ESEA was intended to be an equalization bill, but due to the expenditure factor, the Title I-A formulas "gave more money to the rich States than it did to the poor States [with] the same number of children." See Representative Goodell, House debate, *Congressional Record*, vol. 112, part 19 (October 5, 1966), p. 25336.

[85] U.S. Congress, House Education and Labor Committee, 89th Cong., 2nd sess., 1966, H. Rept. 89-1814, pp. 117-118.

[86] Prior to 1966 amendments, the AFDC data used were those most comparable to the 1960 Decennial Census. However, the 1966 amendments required the use of AFDC data from the latest calendar or fiscal year. Representative Carey argued that the use of more recent AFDC data was necessary to "count the children where they are now." Representative Carey, House debate, *Congressional Record*, vol. 112, part 19 (October 5, 1966), p. 25334.

[87] U.S. Congress, Senate Labor and Public Welfare Committee, 89th Cong., 2nd sess., 1966, S. Rept. 89-1674, pp. 17-18, and U.S. Congress, House Education and Labor Committee, 89th Cong., 2nd sess., 1966, H. Rept. 89-1814, pp. 117-118.

[88] The estimated first year cost of Title I-A was $950 million. Under the Administration's proposal, that cost was estimated to grow to $1.271 billion for FY1967. Under the House and Senate proposals, the cost was estimated to grow to $1.392 billion and $1.667 billion, respectively, for FY1967. It was argued that these costs were fiscally irresponsible, fueled inflation, and threatened "the stability and solvency of the Republic." Senator Dirksen, "Elementary and Secondary Education Amendments of 1966," Senate Debate, *Congressional Record*, vol. 112, part 19 (October 6,

adding neglected, delinquent, and foster children to the formula child counts would increase the formula children counts. Allowing states to use national APPE when determining their expenditure factors would increase expenditure factors. As a result of these increases, LEA maximum grants would increase; thus, assuming the program was to be fully funded, program costs would increase.

Elementary and Secondary Education Act Amendments of 1967 (P.L. 90-247, 1968)

In 1968, President Johnson signed H.R.7819 into law to give "every child in America a better chance to touch his outermost limits."[89] The scope of the amendments included in H.R. 7819 exceeded the President's initial requests;[90] however, the Administration supported most of the changes.[91]

The 1967 amendments extended the authorization of the Title I-A program through FY1970 and authorized the use of advanced appropriations for ESEA programs.[92] The amendments also made changes to the Basic Grant formula and re-added and substantially modified the Special Incentive Grant formula. However, these changes had a limited effect on overall Title I-A grant amounts as the Special Incentive Grant formula was not funded until FY1971 and some changes to the Basic Grant formula never went into effect because appropriations thresholds specified in statute were not met.

Summary of Changes to the Title I-A Formulas

Under the amendments, Title I-A grants were allocated via two formulas: Basic Grants and Special Incentive Grants.[93] The amendments increased the reservation of funds for state administration of Title I,[94] established priorities for providing funding when appropriations were

1966), pp. 25470-25475.

[89] Lyndon B. Johnson: "Statement by the President Upon Signing the Elementary and Secondary Education Amendments of 1967," January 2, 1968. Online by Gerhard Peters and John T. Woolley, *The American Presidency Project*, http://www.presidency.ucsb.edu/ws/?pid=29026.

[90] For example, the Administration did not seek any changes to or extension of the Title I-A program. For more information on the Administration's proposals, see "Message to Congress: Johnson on Education and Health," *CQ Almanac 1967*, 23rd ed., 20-72-A-20-77-A (Washington, DC: Congressional Quarterly, 1968). http://library.cqpress.com/cqalmanac/cqal67-1312057 and U.S. Congress, House Committee on Education and Labor, *Elementary and Secondary Education Amendments of 1967: Hearings on H.R.6230 before the House Committee on Education and Labor*, 90th Cong., 1st sess., 1967, pp. 3-19.

[91] "Two-Year Elementary School AID Bill Enacted." *CQ Almanac 1967*, 23rd ed., 06-611-06-626. Washington, DC: Congressional Quarterly, 1968. http://library.cqpress.com/cqalmanac/cqal67-1314862.

[92] Under advance appropriations, appropriations which are to be allocated and used for program operations in one fiscal year are contained in the appropriations act for a previous fiscal year. And, for the first time in 1968, the FY1969 appropriations law (P.L. 90-557) provided advance appropriations for Title I-A for FY1970 at 90% of the FY1969 level. For general information about advance appropriations, see CRS Report R43482, *Advance Appropriations, Forward Funding, and Advance Funding: Concepts, Practice, and Budget Process Considerations*, by Jessica Tollestrup.

[93] Special Incentive Grants were authorized in Title I-B.

[94] The amendments increased the reservation for state administration of Title I from the greater of 1% of the amount available for Title I programs or $75,000 to the greater of 1% of total Title I funding or $150,000. Funds for administration were reserved from appropriations for both Title I-A grants to LEAs and other Title I programs (programs for the education of migrant children, the education of children with disabilities, and the education of neglected and delinquent children).

insufficient to fully fund Title I-A, and mandated a study on methods necessary to obtain data for LEA grant allocations that would be more recent than the 1960 Decennial Census data. The Basic Grant and Special Incentive Grant formulas are discussed in more detail below.

Basic Grants

Although there was substantial debate around the Basic Grant formula, the 1967 amendments made relatively few changes to it. Of note were changes to the poverty threshold. The use of $3,000 as the poverty threshold in identifying formula children was delayed, and it could not take effect until each LEA received its maximum grant amount based on the $2,000 threshold. (This level of funding is commonly referred to as full funding for the Title I-A program.)[95] Any remaining appropriation amounts could then be allocated using the $3,000 threshold. However, this full funding threshold was never met; thus, under the 1967 amendments, the $2,000 threshold was used to determine formula child counts.

Prior to the enactment of the 1967 amendments, the FY1968 Labor-HEW appropriations bill had added state minimum grant provisions to the formula, which specified that should Title I-A not be fully funded, no state could receive less than it received in FY1967.[96] Similarly, the 1967 amendments included a state minimum provision specifying that until appropriations reached $1.5 billion, states could not receive less than they did in FY1967. Thus, in FY1968 no state received less than the amount it received in FY1967 for all of its LEAs. Around half of the states received more in FY1968 than in FY1967.[97] The states that saw an increase were, for the most part, those in which state APPE was lower than national APPE.[98] Thus, these states benefitted from the addition of national APPE to expenditure factor determinations, which began in FY1968 as specified in the 1966 amendments.

Additionally, the 1967 amendments specified that if appropriations were below the full funding levels for SEA programs in Title I,[99] then these programs would be fully funded by reducing the appropriations level for the Basic Grant program.[100]

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[95] The provision of maximum grants based on the current Basic Grant formula continues to be referred to as full funding for the Title I-A program.

[96] The FY1968 Labor-HEW appropriations bill (P.L. 90-132) was passed during consideration of the 1967 amendments to the ESEA. The appropriations bill included a provision that no state receive less Title I-A funding than it did in FY1967. This provision was included in response to an amendment to the 1967 ESEA amendments that would make the expenditure factor more favorable to poorer states. "Two-Year Elementary School AID Bill Enacted," *CQ Almanac 1967*, 23rd ed., 06-611-06-626 (Washington, DC: *Congressional Quarterly*, 1968), http://library.cqpress.com/cqalmanac/cqal67-1314862.

[97] In 1968, Congress again amended the Title I-A state minimum grant provisions. The FY1969 appropriations law (P.L. 90-557) specified that for FY1969, no state could receive less than 92% of what it received in FY1968 for Title I-A. This coincided with a decrease in appropriations for Title I-A.

[98] See U.S. Department of Health, Education, Welfare, Office of Education, *History of Title I ESEA*, Washington, DC, June 1969, http://files.eric.ed.gov/fulltext/ED033459.pdf.

[99] As previously discussed, in addition to the Title I-A grant program, Title I of the ESEA contained grant programs for SEAs: a program for the education of migrant children, a program for the education of children with disabilities, and a program for the education of neglected and delinquent children.

[100] As a result of this requirement, in FY1968 the Title I SEA programs were fully funded at $76 million and the Title I-A program was funded at $1.1 billion (61% of its full funding level of $1.8 billion). It should be noted, however, that even if all of the appropriations for the SEA programs had been appropriated for Title I-A, the program still would have been below its full funding level.

Special Incentive Grants

The ESEA authorized a new Special Incentive Grants program beginning in FY1969 for states wherein the state "effort index" (based on the ratio of nonfederal educational expenditures to personal income) exceeded the national average effort index. Unlike Basic Grants, Special Incentive Grants were formula grants to states and competitive grants to LEAs. Each eligible state was to receive a grant equal to $1 for every percentage point its effort index exceeded the national average, multiplied by its formula child count. However, no state could receive a Special Incentive Grant greater than 15% of the total amount available for grants to states. After receiving funds, SEAs were to distribute Special Incentive Grants to LEAs with the greatest need for additional Title I-A funds. However, this program was not funded until FY1971, after the ESEA had been reauthorized by the 1969 amendments (discussed below).

It should be noted that the ESEA had originally included a similar Special Incentive Grant program for LEAs, but that program was never implemented.[101]

Legislative Debate

During consideration of the 1967 amendments, the Title I-A formulas were debated in both the House and the Senate. When the House Education and Labor Committee reported H.R. 7819, it extended the Basic Grant program for three years (through FY1971), made minor changes to the AFDC data, and required a study of the data used to calculate grants.[102] None of these changes were particularly controversial.[103] Also relatively noncontroversial was the addition of the Special Incentive Grant program by the Senate Labor and Public Welfare Committee.[104]

Major controversy, however, attended congressional efforts to respond to problems in the distribution of Title I-A funds due to appropriations falling considerably short of the authorization level for the program. To address this issue, the House committee proposed delaying the scheduled increase of the poverty threshold and the option for LEAs to use the greater of state or national APPE to calculate their expenditure factor (both scheduled to take effect in FY1968) until appropriations were sufficient to fully fund the program.[105] On the House floor, however, the delay of the national APPE option was dropped, benefitting a minority of states with relatively low spending on elementary and secondary education.[106,107] And, it was the deletion of this

[101] As previously discussed, Title I-A had initially included a Special Incentive Grant formula but it was repealed before it was implemented over concerns that the grants would not go to the neediest school districts, as funds were allocated based solely on average daily attendance and APPE. Conversely, the new Special Incentive Grant formula included a formula child count factor at the state level and LEA grants were allocated based on need for additional Title I-A funding.

[102] U.S. Congress, House Education and Labor Committee, 90th Cong., 1st sess., April 11, 1967, H. Rept. 90-188.

[103] U.S. Congress, Senate Committee on Labor and Public Welfare, 90th Cong., 1st sess., November 6, 1967, S. Rept. 90-727.

[104] Ibid.

[105] U.S. Congress, House Education and Labor Committee, 90th Cong., 1st sess., April 11, 1967, H. Rept. 90-188.

[106] *Congressional Record*, vol. 113, part 10 (May 24, 1967), pp. 13849-13850, 13895.

[107] Thirty-five states were estimated to receive less funding under the amendment than they were under the committee bill. And six states—Iowa, Kansas, New Mexico, Ohio, Pennsylvania, and Washington—were estimated to receive less than they received in FY1967. The remaining 15 states were estimated to receive more funding under the amendment than under the committee bill, with Mississippi receiving the largest increase. Representative Gibbons, who introduced the amendment, said it sent the money to "where it was most needed," in poor southern states. Gibbons' own state of Florida was estimated to lose funds under the proposal. "Two-Year Elementary School AID Bill Enacted," *CQ Almanac 1967*, 23rd ed., 06-611-06-626 (Washington, DC: *Congressional Quarterly*, 1968). http://library.cqpress.com/

provision that spurred the inclusion of the state minimum grant provision in the FY1968 Labor-HEW appropriations bill (discussed above). The Senate, on the other hand, changed the Title I-A formula to stipulate that should appropriations be insufficient to fully fund Title I-A, each LEA would receive what it did for the prior fiscal year and the remaining funds would be allocated using a poverty threshold of $3,000 and the greater of state or national APPE.[108] Additionally, the Senate committee prioritized funding for the Title I state agency programs over Title I-A grants to LEAs and authorized the use of advanced appropriations for ESEA programs to address complaints from LEAs that the school year was usually well under way before they knew how much federal money they would receive.[109] In conference, the Title I-A formula was rewritten to create a compromise between the House and Senate provisions.

In addition to the changes to the Title I-A formulas, the other major controversy related to Title I-A was a proposed amendment to convert multiple ESEA programs (including Title I-A) into a block grant program.[110] This amendment did not pass.

Elementary and Secondary Education Act Amendments of 1969 (P.L. 91-230, 1970)

In 1970, President Nixon signed H.R. 514 into law. The 1969 amendments extended most ESEA programs through FY1973,[111] modified the Title I-A Basic Grant program, extended the Special Incentive Grant program, and included a provision to provide Special Grants to Urban and Rural Schools, which provided additional funding to areas where there were high concentrations of disadvantaged children (similar to what is now known as Concentration Grants).[112]

Summary of Changes to the Title I-A Formulas

Under the 1969 amendments, Title I-A grants were allocated via three formulas: Basic Grants, Special Incentive Grants, and Special Grants. The amendments also required that all applications and other pertinent LEA documents be made available to the public. In addition, the Commissioner of Education (hereinafter referred to as the Commissioner) was required to study the effectiveness of the program in meeting the needs of the disadvantaged and report the findings

cqalmanac/cqal67-1314862.

[108] U.S. Congress, Senate Committee on Labor and Public Welfare, 90th Cong., 1st sess., November 6, 1967, S. Rept. 727, pp. 2739-2741.

[109] "Two-Year Elementary School AID Bill Enacted," *CQ Almanac 1967*, 23rd ed., 06-611-06-626 (Washington, DC: Congressional Quarterly, 1968), http://library.cqpress.com/cqalmanac/cqal67-1314862.

[110] On the House floor, Representative Quie offered an amendment to turn the Title I, II, III, and V programs into a block grant program to states. Proponents of the amendment—including the Council of Chief State School Officers and the U.S. Chamber of Commerce—argued that SEAs were better able to determine local needs and the shift to a block grant would eliminate red tape. Opposition to the amendment—including the Administration, city school officials, labor and civil rights organizations, and church groups—argued that SEAs did not have sufficient staff to handle a massive block grant program and urban areas were not likely to get their fair share of funds. Catholic Church leaders were also concerned that state laws prohibiting aid to church schools would prevent parochial school students from being served under Title I-A. The Quie amendment was ultimately defeated and the House subsequently passed an amendment offered by Representative Green that would block grant Title III funds for innovative centers. For more information, see "Two-Year Elementary School AID Bill Enacted." *CQ Almanac 1967*, 23rd ed., 06-611-06-626 (Washington, DC: *Congressional Quarterly*, 1968), http://library.cqpress.com/cqalmanac/cqal67-1314862.

[111] The amendments included provisions to extend the programs through FY1974 if Congress did not pass reauthorizing legislation to do so.

[112] Special Grants for Urban and Rural Schools were authorized as Title I-C.

to Congress. The amendments also mandated a study of the LEA grant allocation formula and established the National Advisory Council on the Education of Disadvantaged Children.

Two new fiscal requirements were also added to the statute: (1) a comparability requirement under which each LEA receiving Title I-A funds had to demonstrate comparable services were provided to both schools receiving Title I-A funds and schools not receiving Title I-A funds, and (2) a supplement, not supplant (SNS) requirement that required LEAs to provide an assurance that Basic Grant funds were not supplanting nonfederal funds in their districts.[113]

The Basic Grant, Special Incentive Grant, and Special Grant for Urban and Rural Schools formulas are discussed in more detail below.

Basic Grants

The 1969 amendments did not make substantial changes to the Basic Grant formula due, in part, to the funding level for the program. Since FY1967, Title I-A had not received sufficient appropriations to provide LEAs with their maximum grant amounts. As a result, Congress retained the Basic Grant FY1967 state grant minimum provisions and the provisions prioritizing funding for state agency programs over Basic Grants included in the 1967 amendments. Additionally, while the amendments increased the poverty threshold used to determine formula child counts, this change never went into effect due to insufficient appropriations.[114]

One change the 1969 amendments did make was to give the Commissioner the option to use data from the Census Bureau's 1970 Decennial Census (as opposed to the 1960 Decennial Census) to determine grant amounts beginning in FY1973. Additionally, under the amendments Basic Grants could be used for salary bonuses for teachers serving in schools with large numbers of disadvantaged students.

Special Incentive Grants

The 1969 amendments did not make major changes to the Special Incentive Grant program, which, in 1970 (when the 1969 amendments were enacted), had yet to be funded.[115] Special Incentive Grants to SEAs were based on an effort index and the state formula child count.[116] After

[113] Supplement, not supplant and comparability provisions had been included in regulations since 1967 (45 C.F.R. §116). However, prior to the passage of the 1969 amendments, LEAs were simply required to include assurance in their Title I-A applications to the states that comparability requirements were being met. The 1971 regulations established new detailed requirements for comparability under which a Title I-A school was required to have staff to student ratios that were equal to or lower than the average ratio in non-Title I-A schools serving the same grade levels and an APPE that was equal to or higher than the average APPE in non-Title I-A schools serving the same grade levels. Additionally, the regulations stipulated that LEAs would exclude salary differentials based on years of employment from the determination of comparability. This meant that LEAs did not have to determine state and local expenditures using actual teacher salaries. Rather, an average salary could be applied for each teacher, regardless of whether a particular school employed predominantly experienced teachers while another school employed predominantly inexperienced teachers.

[114] Beginning with FY1973, the poverty threshold was changed from $3,000 to $4,000. However, the amendments left in place the provision stipulating that if Title I-A appropriations were insufficient to fully fund the program, the poverty threshold used to determine formula child counts would be $2,000. Thus, in practice, the $3,000 and $4,000 thresholds were never used to determine formula child counts.

[115] Special Incentive Grants were funded for the first time in FY1971.

[116] Unlike Basic Grants, under which all states were eligible to receive funds, 28 states were eligible to receive Special Incentive Grants in FY1971. U.S. Department of Health, Education, and Welfare, Office of Education, *Questions and Answers: Programs for Educationally Deprived Children Under ESEA Title I*, DHEW-OE-140, Washington, DC, October 1971, p. 13, http://files.eric.ed.gov/fulltext/ED072155.pdf.

receiving funds, SEAs were required to distribute Special Incentive Grants to LEAs with the greatest need for additional Title I-A funds on a competitive basis.

Special Grants

Beginning in FY1970, the 1969 amendments authorized new Special Grants for Urban and Rural Schools (commonly referred to as Special Grants) for school districts with high concentrations of poverty. To be eligible to receive a Special Grant, an LEA's formula child rate had to be at least 20% or the LEA had to have at least 5,000 formula children (if this constituted at least 5% of the total number of school-age children served by the LEA).[117] The maximum grant for an LEA was equal to 30% of its maximum Basic Grant amount for FY1970 and 40% of its maximum Basic Grant amount for all subsequent years.[118] If appropriations were insufficient to pay maximum grant amounts, these amounts were reduced.

Funds could only be used for programs and projects designed to meet the needs of educationally deprived children in preschool and in elementary schools serving areas with the highest concentrations of low-income families. Funds could be used in secondary schools serving areas with the highest concentration of low-income families if there was an urgent need for such projects and there was "satisfactory assurance" that the projects would be at least as effective as elementary school programs.

It should also be noted that appropriations for Special Grants were limited to no more than 15% of Title I appropriations in excess of $1.39 billion.[119]

Legislative Debate

The major debate over Title I-A centered on the length the program should be extended. The Administration proposed that Title I-A be extended through FY1972 to give it time to thoroughly review the program and to permit data from the 1970 Decennial Census to be considered in the subsequent reauthorization of the program.[120] However, the House Education and Labor Committee reported an amended version of H.R. 514, which contained a five-year extension of the ESEA to give LEAs more stability for long-term planning.[121] On the House floor, the bill was revised to limit the extension of programs to two years.[122] The Senate Labor and Public Welfare

[117] The eligibility requirements for Special Grants could be waived for an LEA if an SEA determined than an LEA had an "urgent need" for aid to meet the special educational needs of educationally deprived children. The formula child population used to determine eligibility for Special Grants was the same as the formula child population used to determine Basic Grants. Additionally, an LEA had to be eligible for a Basic Grant to be eligible for a Special Grant.

[118] LEA level data needed for grant amount and eligibility determinations were provided to HEW by SEAs (45 C.F.R. §116.10). However, the collection of these data was a long and difficult process and resulted in a delay in Special Grant allocations. For FY1971, grants were allocated on June 30, 1971 (the last day of the fiscal year) and, for FY1972, grant allocations were completed on August 31, 1972 (two months after the fiscal year ended). Kim, Sung, Elise Clark, and John Donaldson, et al., *The Process of Funds Allocation Under Title I of the Elementary and Secondary Education Act of 1965, Second Interim Report*, National Bureau of Standards, Technical Analysis Division, Washington, DC, March 1973, pp. A-1 to A-5, http://files.eric.ed.gov/fulltext/ED074187.pdf.

[119] If funding for all Title I programs (not just Title I-A grants to LEAs) was below $1.39 billion (as was the case in FY1970), no funds were to be appropriated for Special Grants. Special Grants were first funded in FY1971.

[120] U.S. Congress, House Committee on Education and Labor, *Extension of Elementary and Secondary Programs: Hearings on H.R. 514 before the House Committee on Education and Labor*, Testimony of Robert H. Finch, Secretary of Department of Health, Education, and Welfare, 91st Cong., 1st sess., 1969, p. 2796.

[121] Representative Perkins, "Elementary and Secondary Education Amendments of 1969," House debate, *Congressional Record*, vol. 115, part 7 (April 21, 1969), p. 9697.

[122] Amendment by Representative Green, *Congressional Record*, vol. 115, part 7 (April 23, 1969), p. 10098.

Committee replaced this with a four-year extension. The other Senate committee amendments to Title I-A—raising the poverty threshold, a new Special Grant program, and limiting of the use of the 1970 Census data—were relatively non-controversial.[123] In conference, the extension was modified to three years and the Senate's other Title I-A amendments were adopted.

It should be noted that on the House side, there was also continuing concern over the funding "inequities" created by the Basic Grant formula. The AFDC count was seen by some as being "worthless in comparing the needs of one State with those of another" because of the variation in AFDC programs at the state level; the 10 year old 1960 Census data were argued to be "woefully inadequate to measure the highly changeable economic and population status of individual counties and communities"; and the expenditure factor was said to favor the wealthier states, thus allowing "the rich [to] get richer."[124] Conversely, it was argued that the formula was "the most effective means of distributing funds uniformly throughout the country where educational deprivation exists,"[125] and the greatest need was not for revision of the formula but for full funding of the program.[126] There were also concerns that making changes to the formula would reopen the debate over serving children attending private schools.[127]

Education Amendments of 1972 (P.L. 92-318, 1972)

No substantial changes were made to the Title I-A formulas by the 1972 amendments.

Education Amendments of 1974 (P.L. 93-380, 1974)

Congress passed the 1974 education amendments nearly a decade after the original passage of the ESEA. Under these amendments, Title I-A grants continued to be allocated via three formulas: Basic Grants, Special Incentive Grants, and Special Grants. However, the amendments made a number of changes to the Title I-A formulas, many of which reflected congressional concern that the formulas were more favorable to urban areas than rural areas.

[123] It was argued that the poverty threshold needed to be increased to define the class of poor children targeted under Title I more effectively and bring it into closer correlation with current definitions of poverty. Special Grants were necessary because "the cost of providing compensatory education in school attendance areas with the highest concentrations of children from low-income families is much greater than providing such education where the concentrations are not as great." Last, it was argued that the limitation on the use of data from the 1970 Census was necessary because of "uncertainties" with the results of that Census and to give Congress time to review the data and recommendations from the Commissioner before the new data could be used. See U.S. Congress, Senate Labor and Public Welfare Committee, 91st Cong., 2nd sess., January 21, 1970, S. Rept. 91-634, pp. 2778-2785.

[124] As previously discussed, the 1966 amendments allowed states to use national APPE to determine their expenditure factors to address the issue of the expenditure factor favoring wealthy states. However, the hold-harmless provision preventing states from falling below FY1967 funding levels was seen as counteracting this. U.S. Congress, House Committee on Education and Labor, 91st Cong., 1st sess., March 24, 1969, H. Rept. 91-114.

[125] Representative Perkins, "Elementary and Secondary Education Amendments of 1969," House debate, *Congressional Record*, vol. 115, part 7 (April 21, 1969), p. 9698.

[126] U.S. Congress, House Committee on Education and Labor, 91st Cong., 1st sess., March 24, 1969, H. Rept. 91-114, p. 3.

[127] As previously discussed, one of the central issues during the initial consideration of the ESEA was the use of Title I-A funds to serve students attending private, and potentially religiously affiliated, schools. See U.S. Congress, House Committee on Education and Labor, 91st Cong., 1st sess., March 24, 1969, H. Rept. 91-114, p. 54.

Summary of Changes to the Title I-A Formulas

The 1974 amendments made several changes to the Basic Grant and Special Grant formulas and extended the Title I-A program through FY1978. A new provision was also added that required that federal funds be used only for the excess costs of activities to meet the special educational needs of educationally deprived children.[128] Additionally, the amendments made changes to school eligibility for Title I-A[129] and state reservations for the administration of Title I.[130] The changes made to the Basic Grant, Special Incentive Grant, and Special Grant formulas are discussed in more detail below.

Basic Grants

Although Congress retained the structure of the Basic Grant formula as originally enacted, the 1974 amendments changed every factor in the formula. The formula child count used to determine Basic Grants was changed to be the sum of (1) counts of children ages 5-17 in families at or below the poverty thresholds that were applied by the Census Bureau in compiling the 1970 Census,[131] (2) two-thirds of the children in families receiving AFDC payments above the poverty threshold (i.e., the total number of eligible AFDC children multiplied by two-thirds); and (3) neglected, delinquent, and foster children. The expenditure factor was changed to 40% of state APPE (as opposed to 50% of the greater of state or national APPE). However, a floor and ceiling were applied to the expenditure factor that raised the expenditure factors of relatively low-

[128] The excess cost provisions, like the SNS provisions, were designed to ensure that Title I funds were used to provide extra services for Title I-A participants. Excess costs were defined as costs directly attributable to programs and projects that exceed the APPE of a LEA in the most recent year for which satisfactory data were available for pupils in the grade or grades included in such programs or projects (but not including expenditures for any comparable state or local special programs for educationally deprived children or expenditures for bilingual programs or special education for handicapped children or children with specific learning disabilities, if such expenditures for bilingual education and special education were used to provide, to children of limited English-speaking ability and handicapped children, and children with specific learning disabilities who resided in Title I project areas, services which were comparable to those provided to similarly disadvantaged children residing in non-project areas (Section 403 of P.L. 81-874). The excess cost provisions applied to all Title I programs. For more information on the excess cost provisions, see Michael J. Gaffney and Daniel M. Schember, *The Effects of the Title I Supplement-Not-Supplant and Excess Costs Provisions on Program Design Decisions. A Special Report from the Title I District Practices Study*, Advanced Technology, Inc. Submitted to the Planning and Evaluation Service, U.S. Department of Education, Washington, DC, September 1, 1982, http://files.eric.ed.gov/fulltext/ED243238.pdf.

[129] The amendments stipulated that a Title I-A school be eligible to receive Title I-A funds for two subsequent years after meeting the Title I-A eligibility requirements (even if they no longer meet those requirements) and that up to 20 LEAs could be given approval by the Commissioner each year to test new methods for the selection of Title I-A schools. Additionally, LEAs were given the discretion to allocate Title I-A funds to schools with a high concentration of students in average daily attendance from low-income families even if the school was not located in an eligible attendance area. (These schools were commonly referred to as "target schools.") As previously discussed, prior to the amendments only schools in eligible attendance areas could receive Title I-A funds. Title I-A eligibility for attendance areas was determined based on the number or percentage children from low-income families residing in a geographic area but not necessarily enrolled in a public school there.

[130] Previously, not more than 1% of funds provided under Title I could be allocated to states for program administration, except that no state could receive less than $150,000 for this purpose. Under the 1974 amendments, no state could reserve more than the greater of 1% of Title I funds or $150,000 for administration.

[131] These poverty thresholds are sometimes referred to as the "Orshansky" poverty thresholds. By changing the low-income threshold from a dollar amount to the poverty level as defined in the 1970 Census, low-income status was based for the first time not only on family income but also on family size, the sex of the head of household, and the farm or non-farm status of the family. For more information on poverty measurement, see CRS Report R41187, *Poverty Measurement in the United States: History, Current Practice, and Proposed Changes*, by Thomas Gabe.

spending states and lowered the expenditure factors of relative high-spending states.[132] Thus, for FY1975 through FY1978, an LEA was entitled to a Basic Grant equal to 40% of the state's APPE (subject to floor and ceiling constraints) multiplied by the new formula count detailed above.

In addition to changing the population and expenditure factors, the amendments included provisions to prevent LEAs from seeing large losses in their grant amounts from year to year. The amendments included a hold harmless provision that required each LEA to receive a grant equal to at least 85% of its grant from the previous year, assuming appropriations were sufficient. The amendments also authorized a separate appropriation of $15.7 million each year to be used at the discretion of the Commissioner to help LEAs whose Basic Grants in any year were less than 90% of their grant amount in the previous year.[133]

The 1974 amendments also stipulated that Puerto Rico was to be treated as a state under Basic Grants; funds were allocated to Puerto Rico via the Basic Grant formula as opposed to through a set aside.[134] Consequently, the 2% reservation for Basic Grants to Puerto Rico, the Outlying Areas, and the BIA was changed to a 1% reservation for Basic Grants to the Outlying Areas and the BIA.

In addition, the amendments kept the full funding requirements for SEA Title I programs; if appropriations for all Title I programs should be less than total maximum grants, allocations for SEA programs in Title I could not be reduced below the full funding levels.

Special Incentive Grants

The 1974 amendments extended the Special Incentive Grant program, which benefited states whose educational effort exceeded the national average.[135] However, the amendments provided, as before, that the program would only take effect when Title I appropriations exceeded $1.396 billion and further provided that total entitlements under the program could not exceed $50 million.

Special Grants[136]

Congress rewrote the formula for Special Grants, but provided that the program would end in FY1975. To be eligible to receive a grant, LEAs were required to be located in counties with at least 10,000 formula children (provided these children accounted for at least 5% of the school age population) or the number of formula children in the county had to be at least 200% of the

[132] The APPE used in a state's expenditure factor calculation could not be less than 80% of national APPE or more than 120% of national APPE. If a state's APPE was less than 80% of the national APPE, the state's APPE was automatically raised to 80% of the national APPE. If a state's APPE was more than 120% of the national APPE, the state's APPE was automatically reduced to 120% of the national APPE. After adjustments, should they be needed, a state's APPE was multiplied by 0.40. Different provisions applied to the calculation of the expenditure factor for Puerto Rico.

[133] While the 1974 amendments added a number of LEA minimum or hold harmless provisions, they removed the state minimum grant provisions that prevented states from receiving less than they had in FY1967.

[134] The 1974 amendments stipulated that no floor was to be placed on Puerto Rico's expenditure factor. If Puerto Rico's APPE was below 80% of the national APPE, its APPE would not be raised to 80% of national APPE. However, the expenditure factor ceiling constraints that applied to the 50 states and the District of Columbia were applied to Puerto Rico. It should also be noted that Puerto Rico was not included in the definition of a state under the Special Incentive Grant and Special Grant programs.

[135] As previously discussed, educational effort was defined as the ratio of nonfederal educational expenditures to personal income.

[136] Under the 1974 amendments, Special Grants for Urban and Rural Schools were renamed Special Grants.

average number of formula children in the state.[137] Additionally, the maximum grant an LEA was entitled to receive was changed from a percentage of its Basic Grant amount to a formula child count multiplied by an expenditure factor. The formula child count consisted of children (1) in families with an annual income below $3,000; (2) in families with income at or above $3,000 as a result of receiving AFDC; and (3) in institutions for neglected or delinquent children or in foster homes. The expenditure factor was equal to 50% of the state APPE.

The authorization level for Special Grants was also changed from 15% of the Title I appropriation in excess of $1.396 billion to a separate authorization of $75 million for FY1975.

Legislative Debate

Congressional consideration of the 1974 amendments began in 1973 in the House. The House Committee on Education and Labor considered proposals to allocate $300 per formula child before allocating the remaining funds via the Basic Grant formula (H.R. 69),[138] consolidate programs into an education-revenue sharing plan (H.R. 5823),[139] and allocate funds based on the number of children in each state failing to meet standards in reading and math (H.R. 5163).[140] After a year of debate, the committee reported a modified version of H.R. 69. The committee had called the Title I program an "immense success" but had criticized almost every aspect of the Basic Grant formula.[141] The formula child counts were seen as being dominated by AFDC children and thus more favorable to wealthier states that provided larger AFDC benefits.[142] As a result, the committee altered the formula to use updated poverty data, use a more updated definition of poverty (commonly referred to as "the Orshansky index"), and limit the count of AFDC children to two-thirds.[143] Additionally, the expenditure factor was seen as causing "grave inequities," as there was no maximum on the state APPE that could be used.[144] Thus, the committee adopted a new expenditure factor: 40% of state APPE, limited to a range of 80% to

[137] A county also had to be eligible for a Basic Grant.

[138] H.R. 69 would have extended the ESEA for five years through FY1978 and would have changed the Basic Grant formula to first provide each LEA $300 per formula child before allocating the remaining funds via the existing formula.

[139] The Administration's education revenue-sharing plan (the Better Schools Act of 1973, H.R. 5823) would have consolidated 32 categorical grant programs into five broad areas of education: (1) elementary and secondary education, including aid to educationally disadvantaged children; (2) federal impact aid for children whose parents both lived and worked on federal property; (3) aid to handicapped children; (4) vocational and adult education; and (5) support services. It should be noted that a similar proposal was introduced in the Senate (S. 1319).

[140] H.R. 5163 would have set up a national testing mechanism to measure the number of children who failed to meet agreed-upon standards for reading and mathematical skills. Federal funds would then have been allocated to each state based on the number of children who failed to meet the standards.

[141] U.S. Congress, House Committee on Education and Labor, 93rd Cong., 2nd sess., February 21, 1974, H. Rept. 93-805.

[142] The committee noted that "New York State ... was eligible for almost four times as much Title I assistance during fiscal year 1974 as was Texas (18% for New York compared to 4.5% for Texas). Yet, Texas has only slightly less of the total number of school children in the country than New York (5.9% as compared to 7.4%). A principal reason New York is eligible to receive so much more aid is that as a wealthier State it makes higher payments in its AFDC program than Texas; and therefore, it has been able to add 564,248 AFDC children to its total count of Title I eligible children during the last eight years, while Texas has only been able to add 81,854 children." U.S. Congress, House Committee on Education and Labor, 93rd Cong., 2nd sess., February 21, 1974, H. Rept. 93-805, p. 11.

[143] Ibid., p. 12.

[144] Ibid., p. 13.

120% of the national APPE. To help mitigate any losses that would result from these changes, the committee added an 85% hold harmless factor. [145]

The House committee's changes to the formula were criticized because they would have a negative impact on urban areas.[146] Several modifications to the Title I-A formulas were proposed on the House floor, particularly with respect to the limitation in the count of AFDC children, but all were defeated.[147]

The Senate Labor and Public Welfare Committee's version of the bill (S.1539) differed substantially from the House version, providing greater benefits to areas with high concentrations of AFDC children[148] and revamping and extending both the Special Incentive Grant program and the Special Grant program, both of which the House version proposed to terminate.[149] On the Senate floor, however, the Basic Grants formula was amended to conform to the House version.[150] In conference, the Senate's revisions of the Special Grants program were accepted, but the program was extended for only one year.[151] The Special Incentive Grant program, on the other hand, was extended for four years with only minor modifications.[152]

One-Year Extension of the ESEA (P.L. 95-112, 1977)

The authorization of appropriations for a number of ESEA programs was scheduled to expire on October 1, 1978. A one-year extension was requested by the Carter Administration so it could study the programs before another comprehensive reauthorization.[153] Congress passed the extension in September 1977. No major changes were made to the ESEA.

Education Amendments of 1978 (P.L. 95-561, 1978)

In 1978, Congress passed H.R. 15 to "extend and amend expiring elementary and secondary education programs." Congressional consideration of the 1978 amendments was informed to some extent by a study on the Title I-A program conducted by the National Institute of Education

[145] Ibid.

[146] See, for example, statements from Representatives Bingham, Chisholm, Addabbo, and Biaggi in House debate, *Congressional Record*, vol. 120, part 5 (March 12, 1974), pp. 6302-6319.

[147] House debate, *Congressional Record*, vol. 120, part 6 (March 26, 1974), pp. 8243-8262.

[148] Arguing that the intent of including AFDC children in the formula was to update the Census data, and in an effort to provide stability and allow for advanced planning by educators, the Senate committee proposed a Basic Grant formula with three parts: (1) a 100% FY1974 hold harmless; (2) allocating 60% of the remaining appropriations (after allocating FY1974 amounts) based on the expenditure factor in current law and the sum of children in poor families (according to the 1970 Census and Orshansky index) and children in institutions for neglected or delinquent children or in foster homes; and (3) allocating the remaining 40% based on the expenditure factor and count of all children receiving AFDC. U.S. Congress, Senate Committee on Labor and Public Welfare, 93rd Cong., 2nd sess., March 29, 1974, S. Rept. 93-763.

[149] U.S. Congress, Senate Committee on Labor and Public Welfare, 93rd Cong., 2nd sess., March 29, 1974, S. Rept. 93-763.

[150] Senate debate, *Congressional Record*, vol. 120, part 11 (May 14, 1974), pp. 14551-14574.

[151] U.S. Congress, House Committee on Education and Labor, 93rd Cong., 2nd sess., July 23, 1974, H. Rept. 93-1211; and U.S. Congress, Senate Committee on Labor and Public Welfare, 93rd Cong., 2nd sess., July 22, 1974, S. Rept. 93-1026.

[152] Ibid.

[153] "ESEA Programs Extended." *CQ Almanac 1977*, 33rd ed., 480 (Washington, DC: *Congressional Quarterly*, 1978), http://library.cqpress.com/cqalmanac/cqal77-1203289.

(NIE) in 1977.[154] The study found, among other things, that per-pupil Title I expenditures were higher in predominantly urban and suburban states and the inclusion of AFDC children in the formula provided the largest benefits to large northeastern cities.[155]

The 1978 amendments extended Basic Grants for five years and made changes to the allocation formulas generally benefitting urban areas. The amendments also added a new Concentration Grant program to provide supplemental funds to areas with especially high concentrations of poverty. In addition, the amendments converted the Special Incentive Grant program to a federal matching grant program for state compensatory education expenditures beginning in FY1980. The Special Grant program was not retained.[156]

Summary of Changes to the Title I-A Formulas

Under the 1978 amendments, Title I-A grants were allocated via three formulas: Basic Grants, Concentration Grants, and Special Incentive Grants. The amendments increased Title I state administration grants,[157] reorganized and elaborated on existing Title I administrative provisions,[158] and required a study of alternatives to LEA compliance with comparability requirements. With respect to Title I-A allocations to schools, the amendments permitted LEAs to allocate funds to schools with a high incidence of educational deprivation in addition to schools with concentrations of children from low-income families. The amendments also stipulated that if LEA grants were insufficient to provide funding to all eligible schools, the LEA was to rank its schools by concentration of children from low-income families and serve the schools in rank order. Additionally, schools could be automatically qualified to participate in Title I-A if their percentage of students from low-income families was at least 25%.[159,160]

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[154] The NIE study was mandated by the 1974 ESEA amendments.

[155] The NIE study found that two-thirds of Title I-A funds went to major cities and rural areas and about one-quarter went to suburban areas. However, per-pupil Title I expenditures were higher in predominantly urban and suburban states than in predominantly rural ones. The NIE study also found that the inclusion of AFDC children in the formula raised the allocations to the nation's largest cities by $36 million. However, while the inclusion of AFDC children resulted in the biggest gains for large northeastern cities ($29.4 million), it also resulted in losses for large southern cities ($8.1 million). This was due to the uneven distribution of AFDC children around the county: 75% of the AFDC children included in the Title I-A formula lived in five states (New York, Michigan, California, Illinois, and Pennsylvania). The National Institute of Education, U.S. Department of Health, Education and Welfare, *Title I Funds Allocation: The Current Formula*, September 30, 1977. Reprinted in U.S. Congress, House Committee on Education and Labor, Subcommittee on Elementary, Secondary, and Vocational Education, *Part 19: Title I—Funds Allocation*, 95th Cong., 1st sess., November 1, 1977 (Washington: GPO, 1978), pp. 980-1124. (Hereinafter referred to as NIE, *Title I Funds Allocation: The Current Formula*.)

[156] As specified in the 1974 amendments, the Special Grants program ended in FY1975. Congress did not reauthorize the program in the 1978 amendments.

[157] The amendments increased Title I state administration grants from the greater of 1% of Title I funds or $150,000 to the greater of 1.5% of Title I funds or $225,000. The state administration reservation was based on total Title I funding for both Title I-A grants to LEAs and Title I SEA programs (programs for the education of migrant children, children with disabilities, and neglected and delinquent children).

[158] For example, each LEA that received a payment under any Title I program was required to establish an advisory council for the entire school district, as well as an advisory council for each school served by a Title I project, to advise the LEA in the planning for such projects. Additionally, the amendments included a statement regarding the intent of Congress to encourage the development of an individualized written plan for each educationally deprived child participating in a Title I program.

[159] Prior to the 1978 amendments, HEW regulations stipulated that schools could be automatically qualified to participate in Title I-A if their percentage of students from low-income families was at least 30% (45 C.F.R. §116a.20(b)(2)).

[160] As previously discussed, the 1978 amendments were somewhat informed by a 1977 NIE study. Among other things,

The Basic Grant, Concentration Grant, and Special Incentive Grant formulas are discussed in more detail below.

Basic Grants

Beginning in FY1980, the amendments changed the Basic Grant formula child population in two respects. First, children in families receiving AFDC payments above the poverty level were counted in full (as opposed to two-thirds). Second, half of the funds available for Basic Grants in excess of the FY1979 appropriations level were allocated to states on the basis of counts of children in families with income below 50% of the median income for a four-person family, according to the 1976 Survey of Income and Education (SIE).[161]

In addition, schools receiving Basic Grant funds that had a poverty rate of 75% or higher were permitted to operate schoolwide programs allowing them to implement a project to upgrade their entire educational program in a school. The amendments also required that data needed for making Basic Grants be compiled from the 1980 Census[162] and made a change to the treatment of Puerto Rico.[163]

Concentration Grants

The amendments also provided for Grants to LEAs in Counties with Especially High Concentrations of Children from Low Income Families (these grants are more commonly known as Concentration Grants). Concentration Grants were essentially a new version of the Special Grants program authorized under the 1969 and 1974 ESEA amendments. Concentration Grants were intended to provide additional funding to areas with high concentrations of children from low-income families. Eligibility for the program was based on the number or proportion of formula children relative to the total population ages 5-17 in the county in which the LEA was located.[164] An LEA was eligible to receive a grant if the number of formula children in its county exceeded 5,000 or accounted for over 20% of the total school-age population.[165]

A county was entitled to receive a Concentration Grant equal to the number of children residing in the county in excess of the eligibility thresholds multiplied by its maximum Basic Grant per formula child. A county's maximum Basic Grant per formula child was equal to a county's

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the study found that an estimated 68% of schools in LEAs receiving Title I-A funds were determined to be eligible for Title I-A services. And, although regulations encouraged LEAs to target Title I funds to schools with the highest concentrations of poverty, more than 80% of LEAs reported serving all eligible schools. NIE, *Title I Funds Allocation: The Current Formula*.

[161] Under the 1974 amendments, Congress mandated that HEW conduct a survey to obtain state-level data on the number of school-age children in local areas with family incomes below these poverty thresholds. The Survey of Income and Education (SIE) was created to fulfil that mandate. For more information on SIE, see http://www.icpsr.umich.edu/icpsrweb/ICPSR/studies/7634.

[162] While the 1978 amendments specified that the Secretary use the most recent satisfactory data available in determining the number of children in poor families, the amendments retained references to the 1970 Census poverty thresholds. Thus, beginning in FY1982 the 1970 Census poverty threshold was applied to the 1980 Census data to allocate Title I-A grants.

[163] A change was made to the expenditure factor calculations for Puerto Rico that essentially increased its expenditure factor, thus increasing its overall grant amount. However, a ceiling of 150% of its prior-year Title I-A grant was placed on Puerto Rico's grant amount.

[164] The formula child population used to determine Concentration Grants was the same as the formula child population used to determine Basic Grants except that the SIE data used to allocate a portion of Basic Grant funds to states were not used in the determination of Concentration Grants.

[165] Additionally, to be eligible for a Concentration Grant, a county had to be eligible for a Basic Grant.

maximum grant amount calculated under the Basic Grant formula divided by the total number of formula children in the county.[166] Thus, a county's Concentration Grant amount was equal to its formula child count in excess of 5,000 or 20% of the total number of children in the county multiplied by its maximum Basic Grant amount and divided by its formula child count. If appropriations were insufficient to pay these amounts, they were reduced. Additionally, no state could receive less than 0.25% of the total amount available for state grants.

Once county Concentration Grants were made, these funds were allocated to LEAs within those counties by the SEA. All LEAs in each eligible county would receive a share of the county's Concentration Grant. County grants were allocated to LEAs in proportion to each LEA's number of formula children, with a higher weight given to formula children in LEAs with higher formula child rates.[167]

Special Incentive Grants

Beginning in FY1980, the amendments converted the Special Incentive Grant program to a federal matching program for state compensatory education expenditures. To be eligible to receive a Special Incentive Grant, an LEA had to be eligible for a Basic Grant and be in a state with a compensatory education program.[168] An eligible LEA was entitled to $1 in federal funds for every $2 the state spent on programs for the disadvantaged. However, no state could receive a grant greater than 10% of its maximum Basic Grant. Additionally, it should be noted that unlike the other Title I-A formulas, Special Incentive Grants appropriations were authorized at "such sums as may be necessary."[169]

Legislative Debate

The Carter Administration initiated two of the proposals enacted in the 1978 amendments: the conversion of the Special Incentive Grant program to a federal matching program and the Concentration Grant program.[170] Both the House Education and Labor Committee and the Senate Committee on Human Resources concurred on these initiatives. Funding under the previous Special Incentive Grants program was seen as "exceedingly unpredictable"[171] and federal incentives to promote state compensatory education programs were considered "more consistent" with the goals of Title I.[172] With respect to Concentration Grants, proponents argued that an area

[166] More specifically, the maximum Basic Grant per formula child was equal to a county's current year maximum Basic Grant amount divided by the county's prior year formula child count.

[167] In distributing county Concentration Grants among LEAs in the county, each formula child was weighted at 1.0 if the LEA's percentage of such children (compared to its total population ages 5-17) was 20% or higher. If the LEA's percentage was less than 20%, then each formula child was weighted at less than 1.0, with the specific weight being equal to the LEA's percentage divided by 20%. Thus, if an LEA had a formula child rate of 10%, then the weight applied to formula children in that LEA when distributing Concentration Grants would be 10 divided by 20, or 0.5.

[168] Compensatory education programs were defined as programs that provided supplementary services designed to meet the special educational needs of educationally deprived children and that were based on performance objectives related to educational achievement (Section 131(c)).

[169] The Special Incentive Grant program's funding level was open-ended. That is, the funding was appropriated through the annual appropriations process, but the level of spending was intended to be dependent on what it would cost to fully fund the program.

[170] U.S. Congress, Senate Committee on Human Resources, Subcommittee on Education, Arts, and Humanities, *Education Amendments of 1977: Hearings on S.1753*, statement of Secretary Califano, 95th Cong., 2nd sess., March 8, 1978 (Washington: GPO, 1978), pp. 6-7.

[171] U.S. Congress, Senate Committee on Human Resources, 95th Cong., 2nd sess., 1978, S. Rept. 95-856, p. 9.

[172] U.S. Congress, House Committee on Education and Labor, 95th Cong., 2nd sess., 1978, H. Rept. 95-1137, p. 17.

with a concentration of poverty needed "more intensive remedial effort than the average school district."[173] To protect rural districts, the Senate committee initiated the proposal that no state receive a Concentration Grant that was less than 0.25% of the appropriations level. The House adopted the same provision in a floor amendment.[174]

The House and Senate committees agreed as well on extending Title I for five years and restoring AFDC children to a full count (as opposed to counting each eligible AFDC child as two-thirds of a child).[175] Proponents of the AFDC change argued that it was needed to address "the inequities ... to major urban areas" that resulted from the 1974 amendments.[176] Moreover, it was said a full count was needed to account for shifts in poverty that had occurred since the 1970 Census.[177] On the other hand, critics of the change argued it would benefit only a handful of states.[178]

There was less agreement between the House and Senate committees, however, on using SIE data to allocate Title I funds. In the House, the SIE data were seen as "a more accurate State-level estimate of children in poverty than data from the 1970 Census."[179] The Senate committee, on the other hand, rejected SIE as a base for Basic Grant allocations because the data were "of questionable statistical accuracy."[180] Ultimately, the Senate agreed in conference to the new Basic Grant formula based on SIE data for half of the appropriations in excess of FY1979 appropriations levels.[181]

Education Consolidation and Improvement Act of 1981 (ECIA, Title V, P.L. 97-35, 1981)[182]

In 1981, President Reagan sought to convert existing elementary and secondary education programs into block grants.[183] However, this proposal met with only limited success in Congress and the ECIA ultimately included only one education block grant, replacing a group of relatively small categorical education programs. In general, the ECIA either changed or consolidated the statutory provisions for every ESEA program. ESEA Title I became Chapter 1 of the ECIA (Financial Assistance to Meet Special Educational Needs of Disadvantaged Children), while the

[173] Representative Weiss, "Education Amendments of 1978," House debate, *Congressional Record*, vol. 124, part 15 (July 12, 1978), p. 20535.

[174] Representative Blouin and Representative Jeffords, "Education Amendments of 1978," amendment offered by Representative Blouin and Representative Jeffords, *Congressional Record*, vol. 124, part 15 (July 12, 1978), pp. 20562-20563.

[175] U.S. Congress, House Committee on Education and Labor, 95th Cong., 2nd sess., 1978, H. Rept. 95-1137; U.S. Congress, Senate Committee on Human Resources, 95th Cong., 2nd sess., 1978, S. Rept. 95-856.

[176] Senator Javits, Senate debate, *Congressional Record*, vol. 124, part 20 (August 23, 1978), p. 27317.

[177] Representative Ford, "Education Amendments of 1978," House debate, *Congressional Record*, vol. 124, part 15 (July 12, 1978), p. 20529.

[178] The only states estimated to see an increase of more than 2% of funds as a result of the AFDC change were Connecticut, Michigan, New York, and Wisconsin. Representative Quie, "Education Amendments of 1978," House debate, *Congressional Record*, vol. 124, part 15 (July 12, 1978), p. 20523.

[179] U.S. Congress, House Committee on Education and Labor, 95th Cong., 2nd sess., 1978, H. Rept. 95-1137, p. 11.

[180] Senator Pell, Senate debate, *Congressional Record*, vol. 124, part 20 (August 23, 1978), p. 27313.

[181] U.S. Congress, House Committee on Education and Labor, 95th Cong., 2nd sess., October 10, 1978, H. Conf. Rep. 95-1753.

[182] The ECIA was part of the Omnibus Budget Reconciliation Act of 1981.

[183] "Education Programs," *CQ Almanac 1981*, 37th ed., 499-502 (Washington, DC: *Congressional Quarterly*, 1982), http://library.cqpress.com/cqalmanac/cqal81-1173365.

rest of the ESEA was consolidated into Chapter 2 of the ECIA (Consolidation of Federal Programs for Elementary and Secondary Education).[184]

Under Chapter 1, the Basic Grant, Concentration Grant, and Special Incentive Grant programs were retained.[185] Although no major changes were made to the allocation formulas, the Title I-A program was modified in several ways.[186] Among the changes was a simplification of the LEA application requirements; a change in the MOE requirement for LEAs, making it easier for LEAs to comply with the requirement;[187] a change in SNS and comparability requirements to exclude certain costs when determining compliance;[188] elimination of the excess cost requirements; elimination of the existing requirements or recommendations related to how projects should be implemented or administered;[189] and removal of several provisions that explicitly authorized flexibility in how programs were implemented.[190] The comparability requirements that were first included in the 1970s were also amended.[191]

Education Consolidation and Improvement Act Technical Amendments Act of 1983 (P.L. 98-211, 1983)

The 1983 amendments were designed to clarify language, resolve questions of legislative intent, and eliminate drafting errors in the ECIA.[192] The amendments explicitly restored authority for certain forms of flexibility in program administration that had been included in ESEA Title I.[193] For Chapter 1 programs, the amendments added and extended certain requirements. For example, the amendments extended SNS requirements to SEAs and other state agencies and required SEAs to evaluate programs receiving assistance at least once every two years.[194] The National Institute

[184] Bilingual Education Programs (Title VII), Women's Education Equity (Title IX-C), and Improvement of Educational Opportunities for Indian Students (Section 1005) were not consolidated into Chapter 2 of the ECIA.

[185] It should be noted that Concentration Grants were not funded from FY1982 to FY1988.

[186] The ECIA reduced the state reservation for the administration of Title I from 1.5% to 1%.

[187] The MOE requirement was reduced from 100% to 90%: in general, an LEA was in compliance with MOE requirements if it did not reduce education spending by more than 10% each year.

[188] "Special state and local program funds" for compensatory education could be excluded from SNS and comparability determinations.

[189] For example, the ECIA removed parental involvement requirements.

[190] For example, a provision allowing areas with at least 75% of students from low-income families to provide services to all students (often referred to as schoolwide programs), not just students with the greatest need (often referred to as targeted assistance programs), was removed.

[191] A new requirement was added that an LEA would be deemed to have met the comparability requirement if the LEA had a districtwide salary schedule; a policy to ensure equivalence among schools in teachers, administration, and auxiliary personnel; and a policy to ensure equivalence among schools in the provision of curricular materials and instructional supplies. Subsequently, in 1982 ED scaled back the comparability regulations, including removing provisions related to the exclusions of salary differentials based on years of employment and the definition of eligible personnel (45 C.F.R. §200.63), and stated that states were free to develop their own methods of meeting the law and regulations (U.S. Department of Education, "Chapter 1 of the Education Consolidation and Improvement Act of 1981; Financial Assistance to Local Educational Agencies to Meet Special Educational Needs of Disadvantaged Children," 47 *Federal Register* 52342, November 19, 1982).

[192] "ECIA Amendments," in *CQ Almanac 1983*, 39th ed., 400, (Washington, DC: *Congressional Quarterly*, 1984), http://library.cqpress.com/cqalmanac/cqal83-1199492.

[193] For example, a provision allowing areas with at least 75% of students from low-income families to provide services to all students (often referred to as schoolwide programs), not just students with the greatest need (often referred to as targeted assistance programs), was re-added to statute.

[194] As previously discussed, SNS requirements stipulate that federal funds must be used so as to supplement, and not supplant, state and local funds that would otherwise be available in the absence of federal funds. It should be noted that

for Education (NIE) was also required to conduct an assessment of compensatory education programs.

Education Amendments of 1984 (P.L. 98-511, 1984)

The 1984 amendments were primarily focused on the Bilingual Education Act and English language learners (ELLs). No substantial changes were made to the Basic Grant program or other Chapter 1 programs.

Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988 (P.L. 100-297)[195]

In 1988, Congress reauthorized the ESEA and generally extended programs through FY1991. The 1988 amendments repealed the ECIA, returned provisions that had previously been moved to the ECIA back to the ESEA, modified various ESEA programs, and added several new programs. The Title I-A program was reauthorized as Title I, Chapter I-A. The amendments updated the Basic Grant formula and made large changes to the Concentration Grant formula to be more favorable to rural areas.[196] While both formulas were modified by the amendments, most of the debate and attention was focused on the Concentration Grant formula.

Summary of Changes to the Title I-A Formulas

Under the 1988 amendments, Title I-A funds (now authorized under Title I, Chapter 1-A) were allocated via modified versions of the Basic Grant and Concentration Grant formulas. The amendments also added requirements for SEA and LEA program improvement plans, expanded requirements for parental involvement, added a competitive grant program for the Outlying Areas and freely associated states,[197] and expanded comparability provisions.[198] Additionally, the amendments increased Chapter 1 state administration grants.[199] The Basic Grant and Concentration Grant formulas are discussed in more detail below.

Basic Grants

The 1988 amendments made three changes to the Basic Grant allocation formula. First, references to the 1970 Census poverty thresholds were removed, allowing the 1980 Census poverty thresholds to be applied to the 1980 Census data and allowing the 1990 Census poverty thresholds and data to be used when those data became available.[200] Second, the amendments

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the SNS requirements were extended to SEAs and other state agencies for all Chapter 1 programs, not just Title I-A.

[195] It should be noted that less than two months after the 1988 amendments were passed, Congress passed P.L. 100-351, which changed the effective date of the 1988 amendments from July 1, 1988, to October 1, 1988.

[196] The Special Incentive Grant program was not retained.

[197] The Secretary was required to reserve funds for competitive grants to the Outlying Areas, the Marshall Islands, Micronesia, and Palau. The reservation amount was based on the funds received by the Marshall Islands and Micronesia for FY1989.

[198] For example, comparability no longer had to be determined by LEAs with only one school at each grade level.

[199] Chapter 1 state administration grants were increased from the greater of 1% of state grants or $225,000 to the greater of 1% of state grants or $325,000. The state administration reservation was based on total Title I funding for both Title I-A grants to LEAs and Title I SEA programs (programs for the education of migrant children, children with disabilities, and neglected and delinquent children).

[200] Beginning on a partial basis for FY1982, and fully for FY1983, 1980 Decennial Census data replaced 1970

removed the provisions requiring half of the funds above the FY1979 appropriations level to be allocated based on the 1976 SIE data. Finally, the amendments added minimum grant provisions to the Basic Grant formula: if appropriations exceeded $700 million and the Concentration Grant formula was not funded, no state would receive less than 0.25% of the total funding available for grants.[201] Thus, under the 1988 amendments a county was entitled to a Basic Grant equal to its expenditure factor (based on state APPE) multiplied by its formula child count, subject to state minimum grant provisions. Should appropriations be insufficient to provide maximum grant amounts, grants were ratably reduced. SEAs continued to suballocate county grants to individual LEAs.

Concentration Grants

Under the 1988 amendments, Concentration Grants, which had not been funded since FY1981, were required to receive all Chapter 1-A appropriations between $3.9 billion and $4.3 billion, plus 10% of appropriations in excess of $4.3 billion.[202] The amendments also substantially modified the Concentration Grant formula and eligibility criteria. The county eligibility thresholds were changed from 5,000 formula children or a formula child rate of 20% to 6,500 formula children and a formula child rate of 15%.[203] When allocating grants, all formula children were counted if the county met the 15% threshold, but only those above 6,500 were counted if the county did not meet the 15% threshold. Additionally, the amendments modified the 0.25% state minimum grant amounts by adding a series of caps[204] and added an "absolute" minimum grant amount of $250,000 that was not subject to any caps.[205] Thus, under the 1988 amendments a county was entitled to a Concentration Grant equal to its formula child count (only counting formula children above the 6,500 formula child count threshold if the county's formula child rate was below 15%) multiplied by its maximum Basic Grant amount per formula child.

The 1988 amendments also made changes to the distribution of funds among LEAs within eligible counties. Funds were no longer distributed to every LEA in an eligible county. Rather, only the LEAs that met either the 6,500 or 15% thresholds were eligible to receive a share of the county's Concentration Grant. If no LEA in the county met those criteria, then the Concentration Grant would be shared by all LEAs in the county that had a number or percentage of formula children above the county average. In addition, states could reserve up to 2% of their Concentration Grants to distribute to LEAs with relatively high numbers or percentages of formula children located in counties that were not eligible for Concentration Grants.

Decennial Census data on children from families with income below the poverty line.

[201] The application of the 0.25% minimum grant could not result in any state receiving a grant greater than 150% of its grant from the previous year or greater than 150% of the national average grant per formula child multiplied by the number of formula children in the state.

[202] Previously, funds had to be appropriated separately for Concentration Grants. In contrast, the 1988 amendments attempted to make funding for Concentration Grants automatic. For FY1989, appropriators provided $4.0 billion for Chapter 1-A and reserved $172.9 million of those funds for Concentration Grants (P.L. 100-436). The amount reserved for Concentration Grants was higher than what the provisions in the 1988 amendments would have provided (which would have been $126.1 million).

[203] The same formula child population used to determine Basic Grants was used to determine Concentration Grants. Additionally, to be eligible for a Concentration Grant, a county had to be eligible for a Basic Grant.

[204] Similar to Basic Grants, the application of these minimum grant provisions could not result in a state receiving a Concentration Grant greater than 150% of its grant from the previous year or greater than 150% of the national average grant per formula child multiplied by the number of formula children in the state.

[205] The FY1989 appropriations law (P.L. 100-436) increased the absolute minimum to $340,000.

Legislative Debate

During congressional consideration of the 1988 amendments, a great deal of attention was paid to the Concentration Grant formula. Under the House bill (H.R. 5), the eligibility thresholds were changed to 6,500 formula children or a 15% formula child rate (a change that generally favored rural districts).[206] Additionally, to account for more heterogeneous counties, the House bill included provisions allowing states to reserve 2% of funds for LEAs with concentrations of poverty in counties not eligible for Concentration Grants.[207] The Senate bill (S. 373) also made changes to the formula to "improve the targeting of Chapter 1 dollars to ... areas that have a particularly high number of educationally disadvantaged and low-income students."[208] Under the Senate bill, half of the funds would be distributed based on a formula similar to the existing formula. The other half would be allocated to states under the Basic Grant formula and then to LEAs with high numbers or percentages of formula children within states (referred to as the Senate Concentration Grant formula). Both the House and Senate bills included a reservation of Chapter 1 funds for Concentration Grants (which had not been funded since FY1981) as opposed to a separate appropriation to help ensure the formula would be funded.[209] In conference, the House conferees rejected the Senate Concentration Grant formula in favor of the House version primarily because the Senate version benefited large urban areas over rural areas (particularly rural areas in the South).[210] Debate over the proposal was reportedly influenced by Representative Natcher, who chaired the appropriations subcommittee with jurisdiction over education and had promised to fund the House plan but not the Senate plan.[211]

With respect to the Basic Grant formula, the only major point of debate was the inclusion of AFDC children in formula child counts. The Senate bill would have removed AFDC children from the formula as "variances among State [AFDC] criteria raised questions of equity with regard to nationwide distribution of a portion of chapter 1 funds."[212] However, AFDC children were returned to formula child counts during Senate floor consideration to prevent an abrupt change in formula child counts for states with high AFDC counts (e.g., California, Washington) and to give GAO time to study the use of AFDC data in the formula.[213]

Improving America's Schools Act (IASA, P.L. 103-382, 1994)

On October 20, 1994, President Clinton signed the IASA into law. The bill was a substantially modified version of the proposal offered by the Clinton Administration nearly a year earlier. The

[206] In general, urban LEAs qualified for Concentration Grants based on their formula child counts while rural LEAs qualified for Concentration Grants based on their formula child rates. Thus, raising the formula child count threshold and lowering the formula child rate threshold was seen as beneficial for rural LEAs. Representative Gunderson, "School Improvement Act of 1987," House debate, *Congressional Record*, vol. 133, part 10 (May 21, 1987), p. 13393.

[207] Ibid.

[208] Senator Quayle, "Robert T. Stafford Elementary and Secondary Education Improvement Act," Senate debate, *Congressional Record*, vol. 133, part 23 (December 1, 1978), p. 33342.

[209] Senator Pell, "Robert T. Stafford Elementary and Secondary Education Improvement Act," Senate debate, *Congressional Record*, vol. 133, part 23 (December 1, 1987), pp. 33337-33338.

[210] "Congress Clears $8.3 Billion Education Bill." *CQ Almanac 1988*, 44th ed., 330-37 (Washington, DC: *Congressional Quarterly*, 1989), http://library.cqpress.com/cqalmanac/cqal88-1141935.

[211] Ibid.

[212] Senator Pell, "Robert T. Stafford Elementary and Secondary Education Improvement Act," Senate debate, *Congressional Record*, vol. 133, part 23 (December 1, 1987), p. 33351.

[213] Senator Pell, "Robert T. Stafford Elementary and Secondary Education Improvement Act," Senate debate, *Congressional Record*, vol. 133, part 23 (December 1, 1987), p. 33352.

IASA made several changes to the existing Title I-A formulas: Basic Grants and Concentration Grants. The Title I-A program was also amended to include two new formulas—Targeted Grants (developed by the House) and Education Finance Incentive Grants (EFIG; developed by the Senate)—in an attempt to target Title I-A funds more effectively on concentrations of poverty. In addition, the IASA merged the SEA program for students with disabilities into the Individuals with Disabilities Education Act (IDEA) [214] and removed the full funding requirements for SEA programs.[215]

Summary of Changes to the Title I-A Formulas

The IASA included four formulas for allocating Title I-A funds: Basic Grants, Concentration Grants, Targeted Grants, and EFIG. Beginning in FY1996, all Title I appropriations above the FY1995 level ($6.6 billion) were to be allocated via Targeted Grants and a separate appropriation was to be made for EFIG. However, neither the Targeted Grant nor the EFIG formula was funded prior to the enactment of the No Child Left Behind Act in FY2002 (discussed below).

In addition to the changes to the allocation formulas, the IASA expanded and added requirements for states, LEAs, and schools receiving Title I-A funds. Most notably, the IASA attempted to raise the instructional standards of the Title I-A program, and the academic expectations for participating students, by adding requirements related to reading and mathematics standards and assessments that states, LEAs, and schools had to comply with to receive Title I-A funds.[216] Other changes included adding a competitive grant program for the freely associated states,[217] expanding the number of schools eligible to operate Title I-A programs on a schoolwide basis,[218] changing the allocation process to schools to focus funds on fewer schools,[219] expanding planning requirements, increasing the focus on professional development, and expanding parental involvement requirements. Additionally, LEAs were now permitted to use Title I-A funds for public school choice programs. With respect to the fiscal accountability requirements, the IASA also made changes to the comparability requirements under which LEAs had to demonstrate an

[214] For more information on IDEA see CRS Report R41833, *The Individuals with Disabilities Education Act (IDEA), Part B: Key Statutory and Regulatory Provisions*, by Kyrie E. Dragoo.

[215] Prior to the IASA, if appropriations for all Title I programs were less than total maximum grants, allocations for SEA programs (programs for the education of migrant children, children with disabilities, and neglected and delinquent children) could not be reduced below the full funding levels.

[216] For more information about the IASA accountability requirements, see CRS Report R41533, *Accountability Issues and Reauthorization of the Elementary and Secondary Education Act*, by Rebecca R. Skinner.

[217] Beginning in FY1995, $5 million was reserved from the funds reserved for the BIE and Outlying Areas for competitive grants to the Marshall Islands, Micronesia, and Palau. For more information on these grants, see U.S. Department of Education, *Freely Associated States Educational Grant Program (CFDA No. 84.256A)*, Chapter 132-1 of the Biennial Evaluation Report Fiscal Years 1995-1996, http://www2.ed.gov/pubs/Biennial/95-96/eval/132-97.pdf.

[218] The eligibility threshold to operate a schoolwide programs was reduced from 75% of students from low-income families to 50% of students from low-income families.

[219] Local discretion over the selection of schools to participate in Title I-A was somewhat reduced and requirements were added that set minimum levels of grants per child to individual schools in LEAs only serving schools with percentages of students from low-income families below 35%. Additionally, schools could be automatically qualified to participate in Title I-A if their percentage of students from low-income families was at least 35% (up from 25%). At the same time, all schools with high rates (over 75%) of children from low-income families had to be served prior to serving schools by specific grade levels (e.g., only serve elementary schools in order of their percentages of children from low-income families). However, a number of LEAs obtained waivers of one or more of these requirements, thereby postponing their implementation. U.S. Department of Education, Office of the Under Secretary, Planning and Education Service, *Promising Results, Continuing Challenges: The Final Report of the National Assessment of Title I*, Washington, DC, 1999, pp. 85-86, https://www2.ed.gov/rschstat/eval/disadv/promisingresults/natirpt.pdf.

equal distribution of nonfederal resources to Title I-A and non-Title I-A schools within their districts.[220]

As previously discussed, ED had historically calculated Title I-A grants by county and then the states suballocated county totals to LEAs, as sufficient LEA-level data were not available. However, beginning in FY1999 the IASA stipulated that all grants were to be calculated on the basis of formula child count data for LEAs,[221] and ED began calculating Title I-A grants by LEAs not counties.[222]

Basic Grants

Three changes were made to the Basic Grant formula. First, the state minimum grant level was effectively raised for the formula.[223] Second, in addition to serving at least 10 formula children, LEAs were no longer eligible for Basic Grants unless their formula child rate was greater than 2%. Third, a 100% LEA hold harmless applied to Basic Grants for FY1996. For FY1997 through FY1999, a hold harmless rate of 85-95% of an LEA's prior-year grant (the higher an LEA's formula child rate was, the higher its hold harmless percentage would be) applied to Basic Grants.

Concentration Grants

Three changes were made to the Concentration Grant formula. First, like Basic Grants, the state minimum grant level was effectively raised for the Concentration Grant formula.[224] Second, a change was made to the way formula children were counted: if a county (or LEA beginning in FY1999) met the 6,500 poor child threshold but not the threshold of 15% of its children living in poverty, then all formula children, not just those above 6,500 (as in prior law), would be counted in calculating Concentration Grants. Third, as with Basic Grants, a 100% LEA hold harmless applied to Concentration Grants for FY1996. This hold harmless provision then dropped to 85% of the previous-year grant for FY1997 through FY1999.

Targeted Grants

The new Targeted Grant formula was similar to the Basic Grant formula except that formula children it counted were assigned weights based on the formula child count or rate for counties

[220] The IASA stipulated that documentation need only be updated biennially and "Title I-like funds" could only be excluded from comparability calculations if the funds were spent in Title I eligible areas. Additionally, a provision to exclude salary differentials based on years of employment (commonly referred to as longevity pay) from the determination of comparability was re-added to the statute. This provision had been removed from both statute and regulations in the 1980s when the comparability requirements were changed to stipulate that LEAs had to provide an assurance of comparability to states as opposed to demonstrating comparability using data.

[221] There were exceptions to this requirement. For example, an exception was made for New York City and Hawaii, where each of their counties were treated as if they were separate LEAs.

[222] For more information, see https://www2.ed.gov/offices/OUS/title1desc.html.

[223] The cap on the state minimum grant amounts was increased to the average of the previous cap and 0.25% of the amount available for grants to states.

[224] The cap on the state minimum grant amounts was increased to the average of the previous cap and 0.25% of the amount available for grants to states.

(for FY1996-FY1998) or LEAs (beginning in FY1999).[225,226] As a result, the higher a county's or LEA's formula child rate or number of formula children was, the higher its Title I-A grant per child would be. There was also a somewhat higher LEA eligibility threshold for Targeted Grants than for Basic Grants (5% formula child rate for Targeted Grants compared to 2% formula child rate for Basic Grants). Aside from these two differences, Targeted Grants, like Basic Grants, were based on each eligible LEA's share (compared to the national total) of a formula child count multiplied by an expenditure factor, LEA hold harmless provisions, and a state minimum.[227]

Education Finance Incentive Grants (EFIG)

Under the new EFIG formula, allocations were first calculated for each state overall, and state totals were subsequently suballocated to LEAs within a given state using a different formula. Grants were allocated to states based on total school-age population (not just formula children) multiplied by an effort factor and an equity factor (but no expenditure factor).

Similar to the effort index included in the Special Incentive Grant formula under the 1967 ESEA amendments, the EFIG effort factor for each state was based on APPE for public K-12 education relative to personal income per capita (PCI) for each state compared to the nation as a whole. In general, the effort factor benefitted states that had a higher level of spending on education relative to PCI in their state.[228] The equity factor for each state was determined based on variations in APPE among the LEAs in the state. The application of the equity factor resulted in higher grants to states with less variation in APPE among their LEAs and lower grants to states with more variation in APPE among their LEAs.[229]

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[225] Weights ranging from 1 to 4 were applied in a stepwise manner to counties and LEAs based on five ranges of formula child rates and numbers. The first weight was applied to formula children falling within the first range, the second weight was applied to all remaining formula children falling within the second range, and so on. Two weighted formula child counts were calculated, one based on numbers and the other on percentages of formula children. The larger of the two weighted formula child counts was then used to determine grant amounts. Applying the weights in a stepwise manner avoided having large changes in grants per child resulting from small changes in a county's or LEA's percentage or number of formula children when it was near one of the "break points" dividing different steps on the weighing scales. The five ranges were selected because each contained one-fifth of all school-age children in poor families (as opposed to all formula children) according to the 1990 Census.

[226] For Puerto Rico, all formula children received a weight of 1.72 (as opposed to using the weighting scales based on formula child rates and numbers). As a result of the 1.72 weight, Puerto Rico was estimated to receive approximately the same share of Targeted Grants as it received under Basic Grants and Concentration Grants prior to the IASA. This cap reduced grants below the level that Puerto Rico would have otherwise received if there was no cap on Puerto Rico's high number and percentage of formula children, which would translate into a substantially higher aggregate weight than 1.72.

[227] The same minimum grant provisions that applied to Basic Grants applied to Targeted Grants: no state could receive a Targeted Grant that was less than 0.25% of total state grants. However, the application of these minimum grant provisions could not result in a state receiving a Targeted Grant that was greater than the average of (1) 0.25% of total state grants and (2) 150% of the national average grant per formula child multiplied by the number of formula children in the state.

[228] The effort factor was (1) the ratio of the three-year average APPE for public elementary and secondary education to the three-year average state PCI divided by (2) the ratio of the three-year average national APPE to the three-year average national PCI. Three-year averages were used to prevent sharp annual shifts in a state's effort factor. Additionally, narrow bounds of 0.95 and 1.05 were placed on the effort factor.

[229] The equity factor was based on a measure of variation in APPE among each state's LEAs called the coefficient of variation (CV). This was a measure of the average disparity in APPE among the LEAs of a state, weighted to account for differences in the enrollment level of different LEAs and to give additional weight to formula children. The CV was expressed as a percentage of the state APPE. The equity factor was equal to 1.30 minus a state's CV, so the lower a state's CV was, the higher its equity factor would be. As the equity factor was used to determine state grant amounts,

No state could receive less than 0.25% of the total amount available for state grants. State grants were then suballocated to LEAs in proportion to total LEA grants under the other Title I-A formulas.[230]

Legislative Debate

The Title I-A formulas were one of the dominant issues in the debates over the IASA. The Clinton Administration's version of the IASA would have made several changes to the Basic Grant and Concentration Grant formulas to increase the targeting of Title I-A grants to high poverty areas.[231] However, these proposals were not accepted by Congress, mainly due to the relatively large reductions in grants that would have occurred for many states and LEAs.[232] In H.R. 6, the House Committee on Education and Labor added the Targeted Grant formula to target Title I-A funds more effectively on areas with concentrations of poverty while retaining Basic Grants and Concentration Grants to aid "other less poor but still needy communities."[233] The bill also stipulated that ED would calculate grants on an LEA basis using data updated biennially to help "reduce the drastic funding shifts which have occurred in this program following each Census."[234]

In S. 1513, the Senate Committee on Labor and Human Resources replaced all of the existing Title I-A formulas with one formula—EFIG—in response "to recent research findings that the achievement of all students, both poor and non-poor, suffers in schools with poverty rates exceeding 30 percent."[235] The committee sought to meet the original purpose of the ESEA to provide financial assistance to LEAs serving areas with concentrations of children from low-income families. Based on reports at the time, including one from ED, the committee noted the following:

> Under current law, funds are spread thinly, indeed to almost every school district regardless of its level of poverty, while at the same time many high-poverty schools go unserved

the higher a state's equity factor was, the higher its grant amount would be.

[230] Thus, to be eligible to receive a grant under EFIG, LEAs had to receive funds under at least one of the other Title I-A formulas.

[231] These changes included the following: (1) 50% of appropriations would be allocated under each of the Basic Grant and Concentration Grant formulas; (2) only formula children above a 2% formula child rate threshold would be counted in the determination of Basic Grants and Concentration Grants (commonly referred to as a 2% "absorption factor"), although Concentration Grant eligibility would be determined before this reduction; (3) Concentration Grant eligibility would be changed to 6,500 formula children or 18% formula child rate (the national average); (4) under Concentration Grants, all formula children (after application of the absorption factor) would be counted in the formulas. Department of Education, *Improving America's Schools Act of 1993: The Reauthorization of the Elementary and Secondary Education Act and Amendments to Other Acts*, Washington, DC, September 13, 1993, http://files.eric.ed.gov/fulltext/ED359671.pdf.

[232] Members in both the House and the Senate were candid about supporting the legislation only if their state or district did not lose Title I-A funds under a formula change. Anderson W. Lee, *Congress and the Classroom: From the Cold War to No Child Left Behind* (University Park, PA: Pennsylvania State University, 2007), pp. 152-153.

[233] Representative Roemer, "Improving America's Schools Act of 1994," House debate, *Congressional Record*, vol. 140, part 3 (February 24, 1994), p. 2941.

[234] Representative Petri, "Improving America's Schools Act of 1994," House debate, *Congressional Record*, vol. 140, part 3 (February 24, 1994), p. 2941.

[235] U.S. Congress, Senate Committee on Labor and Human Resources, *Improving America's Schools Act of 1994*, report to accompany S. 1513, 103rd Cong., 2nd sess., June 24, 1994, S. Rept. 103-292 (Washington: GPO, 1994), pp. 11-12.

> because funds received by their respective district are insufficient to provide services in any but the highest poverty schools.[236]

Under the EFIG formula proposed by the Senate committee, each state would be entitled to a grant equal to a weighted formula child count multiplied by an expenditure factor,[237] an equity factor, and an effort factor.[238] The equity and effort factors were included in the formulas because of concerns about disparities in funds and resources among LEAs in many states and to provide an incentive for states to reduce those disparities.[239] The Senate proposal also included state hold harmless provisions to prevent sharp decreases in Title I-A funding levels.[240]

A compromise on a single new formula was not reached; nor was there agreement on eliminating the existing formulas. As a result, in conference all four formulas were included in the IASA. However, the EFIG formula was substantially modified (e.g., the expenditure factor was eliminated) and most formula changes were postponed until FY1996. Criticisms of the formula compromise included that it disproportionately disadvantaged southern states[241] and that the formulas would not target funds enough, as they were "only a slight change from current law."[242] Conversely, proponents of the compromise argued that it was "a fair compromise that makes better use of scarce Federal dollars by better targeting funds to States with the greatest need, while mitigating the dislocation to States that have benefited for so long from the old, failed, and flawed formula."[243]

No Child Left Behind Act (NCLB, P.L. 107-110, 2002)

The 106th Congress extensively considered proposals to comprehensively reauthorize the ESEA, but none were adopted.[244] The issue remained on the agenda for the first session of the 107th Congress, and NCLB was enacted in January 2002. As with the IASA, NCLB included four different formulas for allocating Title I-A funds: Basic Grants, Concentration Grants, Targeted Grants, and EFIG.

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[236] Ibid., p. 14.

[237] The expenditure factor would have been based on state APPE but bounded at 85% and 115% of national APPE.

[238] U.S. Congress, Senate Committee on Labor and Human Resources, *Improving America's Schools Act of 1994*, report to accompany S. 1513, 103rd Cong., 2nd sess., June 24, 1994, S. Rept. 103-292 (Washington: GPO, 1994), p. 12.

[239] Ibid.

[240] Ibid., pp. 12-13.

[241] "The rationale is that this formula was devised so as to target needier students. It is interesting that many of the States that will receive less under the new formula are Southern States, States that have children that certainly would fall in disadvantaged and low-income categories." Senator Coats, "Improving America's Schools Act of 1994—Conference Report," Senate debate, *Congressional Record*, vol. 140, part 20 (October 5, 1994), p. 27843.

[242] It was argued that the hold harmless provisions and the provisions stipulating that only "new" money would be allocated via the new formulas hindered targeting. Senator Kassebaum, "Improving America's Schools Act of 1994—Conference Report," Senate debate, *Congressional Record*, vol. 140, part 20 (October 5, 1994), p. 27845.

[243] Senator Kennedy, "Improving America's Schools Act of 1994—Conference Report," Senate debate, *Congressional Record*, vol. 140, part 20 (October 5, 1994), p. 27849.

[244] During the 106th Congress, a Senate bill (S. 2) to reauthorize the ESEA reached the Senate floor but was tabled, and a House bill (H.R. 4141) was reported out of committee but never considered on the House floor. It should be noted, however, that changes were made to the Title I-A formulas through appropriations legislation. The Consolidated Appropriations Act, 2001 (P.L. 106-554) stipulated that each LEA and state would receive the greater of 100% of its FY2000 Title I-A grant or its grant calculated under current law but based on slightly lower funding levels. However, the total Title I-A appropriation was insufficient to pay these amounts and ED initially reduced the greater of the two amounts by about 2%. Subsequently, supplemental appropriations (P.L. 107-20) increased the grants for all LEAs by approximately 2%.

Summary of Changes to Title I-A Formulas

NCLB made small changes to the Basic Grant, Concentration Grant, and Targeted Grant formulas and substantial changes to the EFIG formula. Additionally, NCLB provided for the use of poverty data that were updated annually, rather than every other year. NCLB also made changes to the accountability requirements states and LEAs had to meet to receive Title I-A funds[245] and added new requirements regarding highly qualified teachers, paraprofessionals, and participation in the National Assessment of Educational Progress (NAEP).[246] Other changes included expanding the number of schools eligible to operate Title I-A programs on a schoolwide basis,[247] authorizing most LEAs to transfer up to 50% of their grants from other ESEA programs into Title I-A,[248] and altering eligibility for the competitive grant program for the freely associated states.[249]

Although the Targeted Grant and EFIG formulas were enacted in 1994 under the IASA, they had not been funded. In an effort to fund these formulas, NCLB specified that any increases in appropriations for Title I-A over the FY2001 appropriations level had to be allocated under the Targeted Grant and EFIG formulas.[250] Thus, the proportion of Title I-A funds allocated under the Targeted Grant and EFIG formulas has steadily increased since FY2002.[251]

Basic Grants

NCLB made few changes to the Basic Grant formula. Notably, the cap on Puerto Rico's grant amount was slightly increased.[252] Additionally, the state minimum grant amount was increased from 0.25% to 0.35%, but only with respect to funds above the FY2001 level. As all increases in Title I-A funds above the FY2001 appropriations level were required to be allocated via Targeted Grants and EFIG, this change had no effect on grant amounts.

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[245] As previously discussed, requirements related to reading and mathematics standards and assessments were first included in Title I-A of the ESEA through amendments made by the IASA. NCLB expanded on these provisions to require annual testing in several grades, include science as a tested subject, require accountability for subgroup performance, and add specific performance targets and consequences when targets are not met. In 2011, several changes were made to these accountability provisions through a series of waivers offered by ED known as the ESEA flexibility package. For more information on Title I-A accountability under NCLB and the ESEA flexibility package, see CRS In Focus IF10157, *Educational Accountability and Reauthorization of the ESEA*, by Rebecca R. Skinner.

[246] Each SEA receiving Title I-A funds was required to ensure that all teachers teaching in core academic subjects were highly qualified. Similarly, all paraprofessionals paid with Title I-A funds were to have completed at least two years of higher education or met a "rigorous standard of quality." In addition, all states that accepted Title I-A funds were required to agree to administer NAEP in fourth and eighth grade reading and mathematics every two years.

[247] The eligibility threshold for schoolwide programs decreased from 50% of students from low-income families to 40% of students from low-income families.

[248] For example, LEAs were permitted to transfer up to 50% of funds available for local activities from various ESEA programs to other ESEA programs. Funds could be transferred into Title I-A but not out of it.

[249] Under NCLB, eligibility for the competitive grant program funded via a $5 million reservation from the set aside for the Outlying Areas and BIE was changed from Micronesia, the Marshall Islands, and Palau to the Outlying Areas and Palau.

[250] U.S. Congress, House Committee on Education and the Workforce, *No Child Left Behind Act of 2001*, report on H.R. 1, 107th Cong., 1st sess., May 14, 2001, H.Rept. 107-63 (Washington: GPO, 2001), pp. 296-297.

[251] **Appendix A** provides an overview of Title I-A appropriations levels in recent years.

[252] NCLB incrementally raised the cap on the expenditure factor for Puerto Rico.

Concentration Grants

Under NCLB, the Concentration Grant formula was modified to mirror the Basic Grant formula. The Basic Grant expenditure factor (40% of state APPE subject to minimum and maximum provisions) was applied to Concentration Grants.[253] Previously, the Concentration Grant expenditure factor had been equal to the maximum Basic Grant amount per formula child.[254] Additionally, the tiered hold harmless provisions that had previously only applied to Basic Grants and Targeted Grants (a prior-year hold harmless of 85%-95% depending on the LEA's formula child rate) was applied to Concentration Grants. Unlike Basic Grants, however, NCLB added a special provision to Concentration Grants that expanded the hold harmless provisions. LEAs that met the eligibility requirements to receive a Concentration Grant in one year but failed to meet the requirements in a subsequent year would continue to receive a grant based on the hold harmless provisions for four additional years. Thus, under NCLB an LEA was entitled to a Concentration Grant equal to its formula child count multiplied by 40% of state APPE (subject to minimum and maximum provisions), adjusted by state minimum grant amounts and LEA hold harmless provisions.

It should be noted that, as with Basic Grants, the state minimum grant amount was increased from 0.25% to 0.35%, but only with respect to funds above the FY2001 level. As all increases in Title I-A funds above the FY2001 appropriations level were required to be allocated via Targeted Grants and EFIG, this change had no effect on grant amounts.

Targeted Grants

The allocation formula for Targeted Grants essentially remained the same under NCLB. One change of note was that the ranges used to weight formula child counts were updated based on the distribution of formula children among all LEAs according to the latest available data in 2001.[255] Additionally, the state minimum grant amount was raised from 0.25% to 0.35%[256] and the cap on Puerto Rico's grant amount was raised slightly.[257]

Education Finance Incentive Grants (EFIG)

NCLB made substantial changes to the EFIG formula. First, in the allocation of funds to states the population factor was changed from total school-age children to the same formula child count used to calculate Basic Grants, Concentration Grants, and Targeted Grants. Second, an expenditure factor based on state APPE similar to the one used in the other three formulas was

[253] As with Basic Grants, NCLB incrementally raised the cap on the expenditure factor for Puerto Rico under Concentration Grants.

[254] The expenditure factor change had a relatively small impact on grant amounts. As previously discussed, an LEA's Basic Grant per formula child (equal to its Basic Grant expenditure factor multiplied by its formula child count for the current year divided by its formula child count for the prior year) was similar to its Basic Grant expenditure factor. The differences between the Basic Grant expenditure factor and the Basic Grant per formula child amounts were caused by changes in an LEA's formula child counts from the prior year to the current year.

[255] These ranges or quintiles were updated using the latest available data at the time that NCLB was being considered.

[256] The application of these minimum grant provisions could not result in a state receiving a Targeted Grant greater than the average of 0.35% of total state grants and 150% of the national average grant per formula child multiplied by the number of formula children in the state.

[257] Prior to NCLB, Puerto Rico's formula child count was weighted using an aggregate weight of 1.72. This was increased to 1.82 to reflect Puerto Rico's share of grants under the Basic Grant and Concentration Grant formulas for FY2001. As with Basic Grants and Concentration Grants, NCLB also incrementally raised the cap on the expenditure factor for Puerto Rico under Targeted Grants.

added to the EFIG state allocation formula.[258] Third, state totals were suballocated to LEAs based on the LEA's proportional share of a weighted formula child count (similar to the formula child counts used in Targeted Grants) as opposed to each LEA's share of funds under Basic Grants, Concentration Grants, and Targeted Grants.[259] Fourth, the tiered hold harmless provisions that had previously only applied to Basic Grants and Targeted Grants (a prior-year hold harmless of 85%-95% depending on the LEA's formula child rate) were applied to EFIG. Fifth, the minimum grant provisions that applied to Targeted Grants (a minimum grant of 0.35% of total state grants, subject to a cap) were also applied to EFIG. Thus, state total grants under EFIG were based on each state's share, compared to the national total, of a formula child count multiplied by an expenditure factor, an effort factor, and an equity factor, adjusted by a state minimum. Then, each LEA's share of the state's total grant under EFIG was based on a weighted formula child count for the LEA compared to the total for all LEAs in the state, adjusted by LEA hold harmless provisions.

Legislative Debate

In January 2001, the George W. Bush Administration sent Congress a proposed plan for the reauthorization of the ESEA. The proposal for NCLB included expansions of the accountability and testing requirements but did not include changes to the Title I-A formulas.[260] To target funds more effectively on areas with concentrations of poverty, the Administration requested funding for the Targeted Grant formula.[261] The Administration also criticized the Concentration Grant formula for having a "cliff effect," as LEAs lost eligibility by missing the "15-percent poverty threshold by even the smallest margin."[262]

On May 23, 2001, the House passed H.R. 1, which eliminated the yet-to-be-funded EFIG formula. H.R. 1 made only minor changes to the three remaining formulas as "the significant changes made to the formula in the 1994 amendments [had] not been implemented due to extraordinary hold harmless provisions and lack of funding for the Targeted Grant formula."[263] The House bill also added an 85% prior-year hold harmless to Concentration Grants and increased the cap on Puerto Rico's grant amounts.[264] Subsequently, in June 2001 the Senate

[258] For EFIG, state APPE was subject to a minimum of 85% (not 80%, as in the other Title I-A formulas) and a maximum of 115% (not 120%, as in the other Title I-A formulas) of the national APPE. If a state's APPE was less than 85% of the national APPE, the state's APPE was automatically raised to 85% of the national APPE. If a state's APPE was more than 115% of the national APPE, the state's APPE was automatically reduced to 115% of the national APPE. After adjustments, should they be needed, a state's APPE was multiplied by 0.40 as specified in statute.

[259] As with Targeted Grants, formula children were assigned weights on the basis of (1) each LEA's number of formula children (number weighting) and (2) each LEA's formula children rate (percentage weighting). However, for calculating LEA grants under the EFIG formula, the weights on the number and percentage scales differed, depending on the state's equity factor. More specifically, the weights rose more rapidly as the numbers and percentages of formula children increased in states with lower equity factors. Thus, targeting was increased within states with greater disparities in spending per pupil.

[260] President Bush's proposal is available online at https://georgewbush-whitehouse.archives.gov/news/reports/no-child-left-behind.html.

[261] For FY2002, the Administration requested $459 million for Targeted Grants "to direct additional resources to high-poverty districts and schools." U.S. Department of Education FY2002 Budget Justification.

[262] Ibid.

[263] U.S. Congress, House Committee on Education and the Workforce, *No Child Left Behind Act of 2001*, report on H.R. 1, 107th Cong., 1st sess., May 14, 2001, H.Rept. 107-63 (Washington: GPO, 2001), p. 296.

[264] The Concentration Grant hold harmless would have applied to LEAs that did not meet the eligibility criteria for Concentration Grants in subsequent years.

passed its version of H.R. 1.[265] The Senate bill retained the EFIG formula, as there were concerns that states were not doing enough to equalize funding between rich and poor LEAs.[266] The Senate bill also increased the minimum grant amount for Targeted Grants and EFIG from 0.25% to 0.5% and added a hold harmless provision for total Basic Grants, Concentration Grants, and Targeted Grants based on the greater of (1) 100% of FY2001 grants or (2) grants calculated without hold harmless provisions.[267] In conference, the Title I-A formulas were rewritten to create a compromise between the House and the Senate provisions.[268] It should be noted that NCLB also called for a substantial increase in Title I-A funding, as "such funding ... is critical to helping schools close the achievement gap and low-income students achieve and succeed academically."[269]

Every Student Succeeds Act (ESSA, P.L. 114-95, 2015)

Although the authorization of appropriations for most ESEA programs (including Title I-A) expired in FY2007, the ESEA was not reauthorized until December 10, 2015.[270] Attempts were made to add a fifth formula to Title I-A and to allocate funds to LEAs and schools based solely on children in families below the poverty level.[271] However, almost all of the changes to the Title I-A formulas were removed in conference. One notable change made by the ESSA was an increase in the set-aside for the Bureau of Indian Education (BIE) and Outlying Areas from 1.0% to 1.1%, provided the total amount available for state grants would not be less than the amount available in

[265] The Senate considered and passed H.R. 1 in lieu of the Better Education for Students and Teachers Act (S. 1).

[266] As previously discussed, the effort factor in the EFIG formula was based on state and local education expenditures as compared to income data, and the EFIG equity factor was based on a comparison of state and local education expenditures among LEAs within a state. Senator Harkin, "Better Education for Students and Teachers Act," Senate debate, *Congressional Record*, vol. 147, part 7 (June 11, 2001), pp. 10307-10308.

[267] The hold harmless provisions would have applied to LEAs that did not meet the eligibility criteria for Basic, Concentration, and Targeted Grants in subsequent years.

[268] The House compromised on the retention of the EFIG formula but added an expenditure factor to the formula and raised the state minimum grant amount under Targeted Grants and EFIG to 0.35%. Likewise, the Senate compromised on the hold harmless provisions but applied the Basic Grant and Targeted Grant tiered hold harmless provisions to Concentration Grants and EFIG. U.S. Congress, House Conference Committee, *No Child Left Behind Act of 2001*, conference report to accompany H.R. 1, 107th Cong., 1st sess., December 13, 2001, H.Rept. 107-334 (Washington: GPO, 2001), pp. 685-690.

[269] The authorizations of appropriations were based on a path to "full funding" (the total of maximum LEA payment amounts under Basic Grants). Ibid., 686.

[270] The General Education Provisions Act (GEPA) provided a one-year extension of ESEA program authorizations. As Congress did not pass legislation to reauthorize the ESEA by the end of the 2005 calendar year, the program authorizations were automatically extended through FY2008. Although there was no explicit authorization of appropriations for ESEA programs after FY2008, they continued to receive annual appropriations and were considered implicitly authorized.

[271] Under the Senate bill (S. 1177), an Equity Grant formula would have been added to the four existing formulas used to distribute Title I-A funds. The Equity Grant formula was essentially the same as EFIG, with two major exceptions: it removed the effort factor used in the determination of state level grants, and used the same expenditure factor for all states as opposed to a state level expenditure factor. Under the House bill (H.R. 5), states would have had the option to redistribute all of the Title I-A funds received to LEAs based on each LEA's share of children in poverty. LEAs would, in turn, distribute the funds received to schools in the LEA based on each school's share of enrolled children in poverty. This option was often referred to as the "state option" or "Title I portability." In conference, both Equity Grants and the state option were removed. For more information on Equity Grants, see CRS Report R44219, *Allocation of Funds Under Title I-A of the Elementary and Secondary Education Act: Formula Changes Under S. 1177 and H.R. 5*, by Rebecca R. Skinner. For more information on the state option, see CRS Report R43929, *Allocation of Funds Under Title I-A of the Elementary and Secondary Education Act: H.R. 5 and the State Option*, by Rebecca R. Skinner and Leah Rosenstiel.

FY2016. All changes to the Title I-A grant allocation process made by the ESSA took effect in FY2017.[272]

The ESSA also made changes to the SNS,[273] MOE,[274] and standards-based accountability requirements that states and LEAs must meet to receive Title I-A funds.[275] In addition, the ESSA provided flexibility in the requirements related to the distribution of Title I-A funds to schools that allows LEAs to allocate Title I-A funds to more high schools.[276]

[272] While the ESSA included provisions for changes to the Title I-A formula grant allocation process to take effect on July 1, 2016, the Consolidated Appropriations Act of 2016 (P.L. 114-113) changed the effective date of these provisions to July 1, 2017.

[273] The ESSA changed the SNS provisions that applied to all Title I-A schools to essentially be the same as those previously applying only to schools operating schoolwide programs: an LEA cannot reduce the amount of state or local funds received by a school because the school receives Title I-A funds. More specifically, the ESSA added statutory language specifying that LEAs are not required to identify that an individual cost or service supported with Title I-A funds is supplemental. In addition, the ESSA requires that an LEA demonstrate that the methodology used to allocate state and local funds to Title I-A schools ensures that the school receives all of the state and local funds it would have received in the absence of Title I-A funds. The statutory language does not establish a standard or requirement regarding how to demonstrate that a Title I-A school receives all of the state and local funds it would have received in the absence of Title I-A funds. It also prohibits the Secretary from prescribing the specific methodology used by an LEA to meet this requirement.

[274] The ESSA modified the MOE provisions in two ways. First, if an LEA fails to meet its MOE requirement but had met it for the five immediately preceding fiscal years, the LEA would not have its funding reduced. Second, "a change in the organizational structure of the local educational agency" was added as an additional example of exceptional or uncontrollable circumstances for which the Secretary may grant a waiver of the MOE requirements.

[275] The ESSA substantially changed the accountability system that states are required to implement to gauge student performance. Of note, states have greater latitude in establishing systems for performance goals, measures of progress, and consequences that are applied to schools for low performance. For more information see CRS Report R44297, *Reauthorization of the Elementary and Secondary Education Act: Highlights of the Every Student Succeeds Act*, by Rebecca R. Skinner and Jeffrey J. Kuenzi.

[276] Under the ESSA, LEAs have the option to serve high schools with more than 50% of their students from low-income families before choosing to serve schools by specific grade levels (e.g., only serve elementary schools in order of their percentages of children from low-income families). LEAs must, however, still serve all elementary, middle, and high schools with more than 75% of students from low-income families before choosing to serve schools by a specific grade level. For more information, see CRS Report R44461, *Allocation of Funds Under Title I-A of the Elementary and Secondary Education Act*, by Rebecca R. Skinner and Leah Rosenstiel.

Appendix A. Title I-A Appropriations

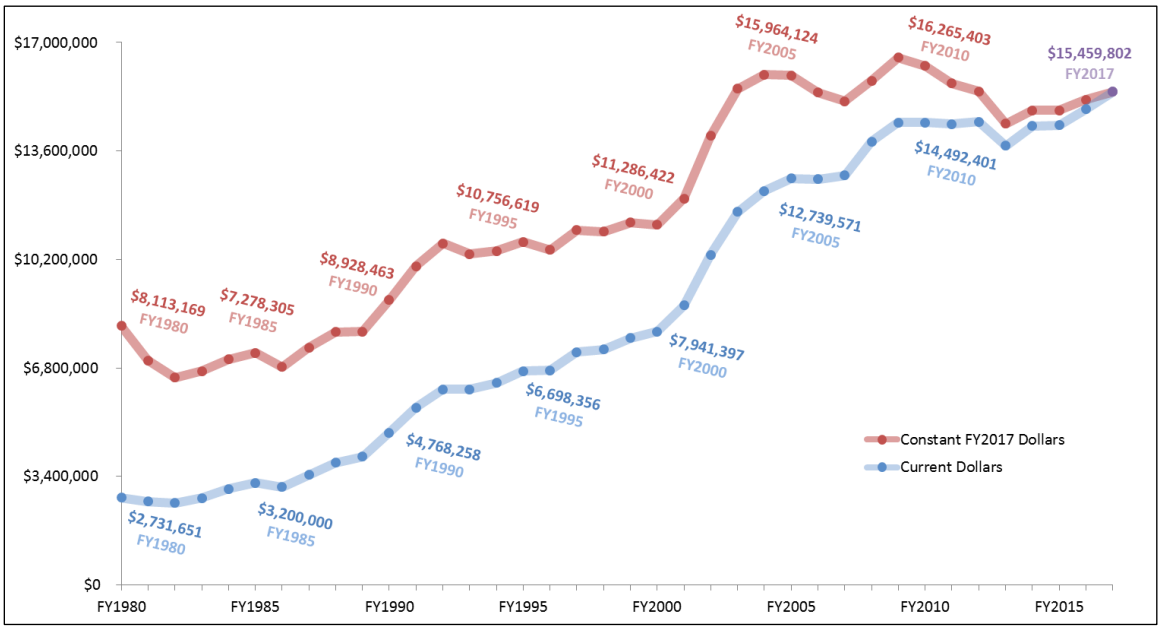
Figure A-1 details the appropriations levels for Title I-A in current and constant dollars since FY1980. **Table A-1** provides the appropriations level for Title I-A in current and constant dollars since FY1980. Following a decrease in Title I-A appropriations in the early 1980s, there has generally been an upward trend in Title I-A appropriations. The largest percentage increases in appropriations since FY1980 occurred in the early 1990s and 2000s.

Figure A-2 and **Table A-2** provide the appropriations level and share by Title I-A formula since FY1980. As previously discussed, all post-FY2001 increases in Title I-A appropriations have been divided between Targeted Grants and EFIG. Thus, the share of appropriations allocated via the Targeted Grant and EFIG formulas has been steadily increasing while the share of appropriations allocated via the Basic and Concentration Grant formulas has been steadily decreasing.[277]

[277] The NCLB required that all funds in excess of the FY2001 appropriations levels for the Basic and Concentration Grant formulas be provided to Targeted Grant and EFIG formulas. The statutory language did not specify how the excess funds should be divided between the two formulas. Rather, these decisions have been made through the appropriations process. In addition, while the statutory language references the FY2001 funding levels for the Basic and Concentration Grant formulas, appropriations for these formulas are currently below their FY2001 levels. For example, appropriations for the Basic Grant formula fell below the FY2001 funding level in FY2002. Appropriations for the Concentration Grant formula fell below the FY2001 funding level several years later. In practice, since FY2002, the Targeted Grant and EFIG formulas have received all funds in excess of the amount actually appropriated for the Basic and Concentration Grant formulas. For FY2002 and FY2003, two-thirds of these funds were provided to the Targeted Grants formula and one-third of the funds were provided for the EFIG formula. Beginning in FY2004, these funds were divided evenly between the Targeted Grant and EFIG formulas. Beginning in FY2017, the ESSA requires that all funds in excess of the FY2001 appropriations levels for Basic and Concentration Grants be divided evenly between the Targeted Grant and EFIG formulas. If appropriations for the Basic and Concentration Grant formulas remain below their FY2001 levels, it is possible that the Targeted Grant and EFIG formulas will each continue to receive half of the Title I-A appropriations in excess of what is provided for the Basic and Concentration Grant formulas.

Figure A-1. ESEA Title I-A Appropriations Levels, FY1980-FY2017

Dollars in thousands

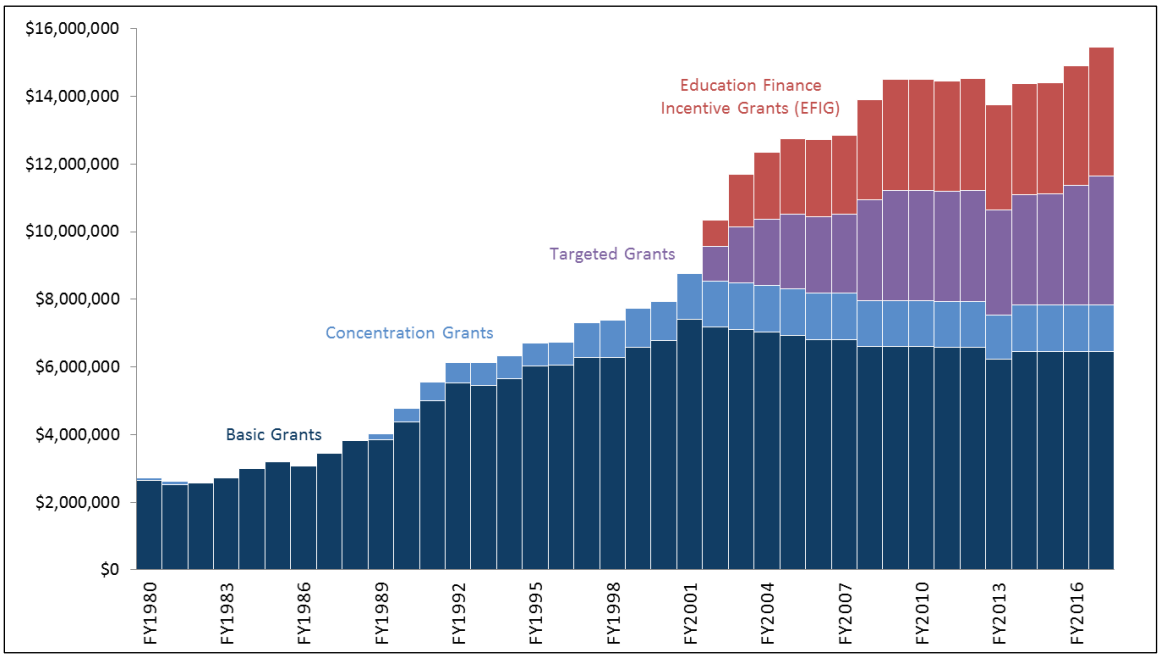


Source: Figure prepared by the Congressional Research Service (CRS) based on data available from the U.S. Department of Education, Budget Service. Appropriations levels in constant FY2017 dollars were calculated by CRS based on the Consumer Price Index for All Urban Consumers (CPI-U), available from the U.S. Department of Labor, Bureau of Labor Statistics.

Notes: Title I-A has been funded since FY1966. However, a consistent source of appropriations data is only available for FY1980 onward (the year in which ED was created). Thus, fiscal years prior to FY1980 were not included in this analysis. The appropriations level for FY2009 does not reflect the additional $10 billion for Title I-A appropriated through the American Recovery and Reinvestment Act (ARRA; P.L. 111-5).

Figure A-2. Title I-A Appropriations by Formula, FY1980 through FY2017

Dollars in thousands



Source: Figure prepared by the Congressional Research Service (CRS) based on data available from the U.S. Department of Education, Budget Service.

Notes: Appropriations provided in current (not constant) dollars. Title I-A has been funded since FY1966. However, a consistent source of appropriations data is only available for FY1980 onward (the year in which ED was created). Thus, fiscal years prior to FY1980 were not included in this analysis. The appropriations level for FY2009 does not reflect the additional $10 billion for Title I-A appropriated through the American Recovery and Reinvestment Act (ARRA; P.L. 111-5). For FY1982 through FY1988, Title I-A funds were allocated solely through the Basic Grant formula.

The No Child Left Behind Act (NCLB; P.L. 107-110) required that all funds in excess of the FY2001 appropriations levels for the Basic Grant and Concentration Grant formulas be provided to Targeted Grant and EFIG formulas. The statutory language did not specify how the excess funds should be divided between the two formulas. Rather, these decisions have been made through the appropriations process. In addition, while the statutory language references the FY2001 funding levels for the Basic Grant and Concentration Grant formulas, appropriations for these formulas are currently below their FY2001 levels. In practice, since FY2002 the Targeted Grant and EFIG formulas have received all funds in excess of the amount actually appropriated for the Basic Grant and Concentration Grant formulas. For FY2002 and FY2003, two-thirds of these funds were provided to the Targeted Grant formula and one-third of the funds were provided to the EFIG formula. Beginning in FY2004, these funds were divided evenly between the Targeted Grant and EFIG formulas. Beginning in FY2017, the ESSA requires that all funds in excess of the FY2001 appropriations levels for Basic Grants and Concentration Grants be divided evenly between the Targeted Grant and EFIG formulas. If appropriations for the Basic Grant and Concentration Grant formulas remain below their FY2001 levels, it is possible that the Targeted Grant and EFIG formulas will each continue to receive half of the Title I-A appropriations in excess of what is provided for the Basic Grant and Concentration Grant formulas.

Table A-1. Title I-A Appropriations, FY1980 through FY2017

Dollars in thousands

	Current Dollars			Constant FY2017 Dollars		
Fiscal Year	Appropriations Level	Difference from Prior Year	Percentage Difference from Prior Year	Appropriations Level	Difference from Prior Year	Percentage Difference from Prior Year
1980	$2,731,651	—	—	$8,113,169	—	—
1981	$2,611,317	-$120,334	-4.41%	$7,030,533	-$1,082,636	-13.34%
1982	$2,562,753	-$48,564	-1.86%	$6,499,381	-$531,152	-7.55%
1983	$2,727,588	$164,835	6.43%	$6,702,116	$202,736	3.12%
1984	$3,003,680	$276,092	10.12%	$7,075,069	$372,952	5.56%
1985	$3,200,000	$196,320	6.54%	$7,278,305	$203,236	2.87%
1986	$3,062,400	-$137,600	-4.30%	$6,838,233	-$440,072	-6.05%
1987	$3,453,500	$391,100	12.77%	$7,440,012	$601,779	8.80%
1988	$3,829,600	$376,100	10.89%	$7,922,481	$482,468	6.48%
1989	$4,026,100	$196,500	5.13%	$7,946,125	$23,644	0.30%
1990	$4,768,258	$742,158	18.43%	$8,928,463	$982,338	12.36%
1991	$5,557,678	$789,420	16.56%	$9,986,397	$1,057,934	11.85%
1992	$6,134,240	$576,562	10.37%	$10,700,292	$713,895	7.15%
1993	$6,125,923	-$8,317	-0.14%	$10,375,194	-$325,098	-3.04%
1994	$6,336,000	$210,077	3.43%	$10,463,079	$87,885	0.85%
1995	$6,698,356	$362,356	5.72%	$10,756,619	$293,540	2.81%
1996	$6,730,348	$31,992	0.48%	$10,498,013	-$258,606	-2.40%
1997	$7,295,232	$564,884	8.39%	$11,123,888	$625,875	5.96%
1998	$7,375,232	$80,000	1.10%	$11,073,391	-$50,497	-0.45%
1999	$7,732,397	$357,165	4.84%	$11,358,780	$285,389	2.58%
2000	$7,941,397	$209,000	2.70%	$11,286,422	-$72,358	-0.64%
2001	$8,762,721	$821,324	10.34%	$12,109,130	$822,708	7.29%
2002	$10,350,000	$1,587,279	18.11%	$14,079,970	$1,970,839	16.28%
2003	$11,688,664	$1,338,664	12.93%	$15,546,749	$1,466,779	10.42%
2004	$12,342,309	$653,645	5.59%	$15,990,314	$443,565	2.85%
2005	$12,739,571	$397,262	3.22%	$15,964,124	-$26,190	-0.16%
2006	$12,713,125	-$26,446	-0.21%	$15,433,141	-$530,983	-3.33%
2007	$12,838,125	$125,000	0.98%	$15,153,287	-$279,854	-1.81%
2008	$13,898,875	$1,060,750	8.26%	$15,798,727	$645,440	4.26%
2009[a]	$14,492,401	$593,526	4.27%	$16,532,201	$733,474	4.64%
2010	$14,492,401	$0	0.00%	$16,265,403	-$266,798	-1.61%
2011	$14,442,927	-$49,474	-0.34%	$15,713,864	-$551,539	-3.39%

	Current Dollars			Constant FY2017 Dollars		
Fiscal Year	Appropriations Level	Difference from Prior Year	Percentage Difference from Prior Year	Appropriations Level	Difference from Prior Year	Percentage Difference from Prior Year
2012	$14,516,457	$73,530	0.51%	$15,473,645	-$240,219	-1.53%
2013	$13,760,219	-$756,238	-5.21%	$14,455,799	-$1,017,846	-6.58%
2014	$14,384,802	$624,583	4.54%	$14,870,724	$422,854	2.93%
2015	$14,409,802	$25,000	0.17%	$14,878,908	$39,332	0.26%
2016	$14,909,802	$500,000	3.47%	$15,203,392	$309,695	2.08%
2017	$15,459,802	$550,000	3.69%	$15,459,802	$177,249	1.17%

Source: Table prepared by the Congressional Research Service (CRS) based on data available from the U.S. Department of Education, Budget Service. Appropriations levels in constant FY2017 dollars were calculated by CRS based on the Consumer Price Index for All Urban Consumers (CPI-U), available from the U.S. Department of Labor, Bureau of Labor Statistics. For 2017, May 2017 data were used.

Notes: Appropriations provided in current and constant dollars. Percentages based on unrounded numbers. Title I-A has been funded since FY1966. However, a consistent source of appropriations data is only available for FY1980 onward (the year in which ED was created). Thus, fiscal years prior to FY1980 were not included in this analysis.

a. Does not include the additional $10 billion for Title I-A appropriated through the American Recovery and Reinvestment Act (ARRA; P.L. 111-5).

Table A-2. Title I-A Appropriations by Formula, FY1980 through FY2017

Dollars in thousands

Fiscal Year	Appropriations Level, Share of Total Appropriations	Basic Grants	Concentration Grants	Targeted Grants	Education Finance Incentive Grants (EFIG)
1980	Appropriations	$2,633,326	$98,325	—	—
	Share of Total	96.40%	3.60%	—	—
1981	Appropriations	$2,511,317	$100,000	—	—
	Share of Total	96.17%	3.83%	—	—
1982	Appropriations	$2,562,753	—	—	—
	Share of Total	100.00%	—	—	—
1983	Appropriations	$2,727,588	—	—	—
	Share of Total	100.00%	—	—	—
1984	Appropriations	$3,003,680	—	—	—
	Share of Total	100.00%	—	—	—
1985	Appropriations	$3,200,000	—	—	—
	Share of Total	100.00%	—	—	—
1986	Appropriations	$3,062,400	—	—	—
	Share of Total	100.00%	—	—	—
1987	Appropriations	$3,453,500	—	—	—

Fiscal Year	Appropriations Level, Share of Total Appropriations	Basic Grants	Concentration Grants	Targeted Grants	Education Finance Incentive Grants (EFIG)
	Share of Total	100.00%	—	—	—
1988	Appropriations	$3,829,600	—	—	—
	Share of Total	100.00%	—	—	—
1989	Appropriations	$3,853,200	$172,900	—	—
	Share of Total	95.71%	4.29%	—	—
1990	Appropriations	$4,373,146	$395,112	—	—
	Share of Total	91.71%	8.29%	—	—
1991	Appropriations	$5,001,910	$555,768	—	—
	Share of Total	90.00%	10.00%	—	—
1992	Appropriations	$5,524,310	$609,930	—	—
	Share of Total	90.06%	9.94%	—	—
1993	Appropriations	$5,449,925	$675,998	—	—
	Share of Total	88.96%	11.04%	—	—
1994	Appropriations	$5,642,000	$694,000	—	—
	Share of Total	89.05%	10.95%	—	—
1995	Appropriations	$6,028,521	$669,835	—	—
	Share of Total	90.00%	10.00%	—	—
1996	Appropriations	$6,046,266	$684,082	—	—
	Share of Total	89.84%	10.16%	—	—
1997	Appropriations	$6,273,212	$1,022,020	—	—
	Share of Total	85.99%	14.01%	—	—
1998	Appropriations	$6,273,212	$1,102,020	—	—
	Share of Total	85.06%	14.94%	—	—
1999	Appropriations	$6,574,000	$1,158,397	—	—
	Share of Total	85.02%	14.98%	—	—
2000	Appropriations	$6,783,000	$1,158,397	—	—
	Share of Total	85.41%	14.59%	—	—
2001	Appropriations	$7,397,690	$1,365,031	—	—
	Share of Total	84.42%	15.58%	—	—
2002	Appropriations	$7,172,971	$1,365,031	$1,018,499	$793,499
	Share of Total	69.30%	13.19%	9.84%	7.67%
2003	Appropriations	$7,111,635	$1,365,031	$1,670,239	$1,541,759
	Share of Total	60.84%	11.68%	14.29%	13.19%
2004	Appropriations	$7,037,592	$1,365,031	$1,969,843	$1,969,843
	Share of Total	57.02%	11.06%	15.96%	15.96%

Fiscal Year	Appropriations Level, Share of Total Appropriations	Basic Grants	Concentration Grants	Targeted Grants	Education Finance Incentive Grants (EFIG)
2005	Appropriations	$6,934,854	$1,365,031	$2,219,843	$2,219,843
	Share of Total	54.44%	10.71%	17.42%	17.42%
2006	Appropriations	$6,808,408	$1,365,031	$2,269,843	$2,269,843
	Share of Total	53.55%	10.74%	17.85%	17.85%
2007	Appropriations	$6,808,408	$1,365,031	$2,332,343	$2,332,343
	Share of Total	53.03%	10.63%	18.17%	18.17%
2008	Appropriations	$6,597,946	$1,365,031	$2,967,949	$2,967,949
	Share of Total	47.47%	9.82%	21.35%	21.35%
2009[a]	Appropriations	$6,597,946	$1,365,031	$3,264,712	$3,264,712
	Share of Total	45.53%	9.42%	22.53%	22.53%
2010	Appropriations	$6,597,946	$1,365,031	$3,264,712	$3,264,712
	Share of Total	45.53%	9.42%	22.53%	22.53%
2011	Appropriations	$6,579,151	$1,359,726	$3,252,025	$3,252,025
	Share of Total	45.55%	9.41%	22.52%	22.52%
2012	Appropriations	$6,577,904	$1,362,301	$3,288,126	$3,288,126
	Share of Total	45.31%	9.38%	22.65%	22.65%
2013	Appropriations	$6,232,639	$1,293,919	$3,116,831	$3,116,831
	Share of Total	45.29%	9.40%	22.65%	22.65%
2014	Appropriations	$6,459,401	$1,362,301	3,281,550	3,281,550
	Share of Total	44.90%	9.47%	22.81%	22.81%
2015	Appropriations	$6,459,401	$1,362,301	$3,294,050	$3,294,050
	Share of Total	44.83%	9.45%	22.86%	22.86%
2016	Appropriations	$6,459,401	$1,362,301	$3,544,050	$3,544,050
	Share of Total	43.32%	9.14%	23.77%	23.77%
2017	Appropriations	$6,459,401	$1,362,301	$3,819,050	$3,819,050
	Share of Total	41.78%	8.81%	24.70%	24.70%

Source: Table prepared by the Congressional Research Service (CRS) based on data available from the U.S. Department of Education, Budget Service.

Notes: Appropriations provided in current (not constant) dollars. Percentages based on unrounded numbers. Title I-A has been funded since FY1966. However, a consistent source of appropriations data is only available for FY1980 onward (the year in which ED was created). Thus, fiscal years prior to FY1980 were not included in this analysis.

The No Child Left Behind Act (NCLB; P.L. 107-110) required that all funds in excess of the FY2001 appropriations levels for the Basic Grant and Concentration Grant formulas be provided to the Targeted Grant and EFIG formulas. The statutory language did not specify how the excess funds should be divided between the two formulas. Rather, these decisions have been made through the appropriations process. In addition, while the statutory language references the FY2001 funding levels for the Basic Grant and Concentration Grant formulas, appropriations for these formulas are currently below their FY2001 levels. In practice, since FY2002 the Targeted Grant and EFIG formulas have received all funds in excess of the amount actually appropriated for the

Basic Grant and Concentration Grant formulas. For FY2002 and FY2003, two-thirds of these funds were provided to the Targeted Grant formula and one-third of the funds were provided to the EFIG formula. Beginning in FY2004, these funds were divided evenly between the Targeted Grant and EFIG formulas. Beginning in FY2017, the ESSA requires that all funds in excess of the FY2001 appropriations levels for Basic Grants and Concentration Grants be divided evenly between the Targeted Grant and EFIG formulas. If appropriations for the Basic Grant and Concentration Grant formulas remain below their FY2001 levels, it is possible that the Targeted Grant and EFIG formulas will each continue to receive half of the Title I-A appropriations in excess of what is provided for the Basic Grant and Concentration Grant formulas.

a. Does not include the additional $10 billion for Title I-A appropriated through the American Recovery and Reinvestment Act (ARRA; P.L. 111-5).

Appendix B. Timeline of Changes to Title I-A Formulas and Related Provisions

Table B-1, Table B-2, Table B-3, and **Table B-4** provide a timeline of changes to the formula factors and provisions for the Basic Grants, Concentration Grants, Targeted Grants, and EFIG, respectively. **Table B-5** provides a timeline of changes to factors and related provisions that generally apply to Title I-A formulas.

Table B-1. Summary of Changes to the Basic Grant Formula Factors and Provisions

ESEA Legislation	Formula Child Count	Formula Child Eligibility Threshold for Local Educational Agencies (LEAs)	Expenditure Factor	Minimum State Grant Provisions	LEA Hold Harmless Provisions	Stages in the Grant Calculation Process
ESEA as originally enacted (1965)	Children ages 5-17 in families with an annual income below $2,000 (based on data from the 1960 Decennial Census)[a] and children in families with income of at least $2,000 as a result of receiving Aid to Families with Dependent Children (AFDC).	(1) At least 100 formula children, or (2) at least 10 formula children and formula children account for more than 3% of the children ages 5-17 that resided in the LEA (referred to as a formula child rate).	50% of the state's average per pupil expenditure (APPE) for public K-12 education.[a]	None.	None.	Grants calculated at the county level (as LEA data were not available); states received funds based on county calculations and subsequently determined LEA grant amounts.
Amendments to P.L. 81-815 and P.L. 81-874 (1965)	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	None.	None.	Same as prior provisions.

ESEA Legislation	Formula Child Count	Formula Child Eligibility Threshold for Local Educational Agencies (LEAs)	Expenditure Factor	Minimum State Grant Provisions	LEA Hold Harmless Provisions	Stages in the Grant Calculation Process
ESEA Amendments of 1966 (1966)	Children ages 5-17 (1) in families with an annual income below $2,000 for FY1967 and $3,000 for FY1968 (based on data from the 1960 Decennial Census); (2) neglected, delinquent, and foster children; and (3) children in families with income of at least $2,000 for FY1967 and $3,000 for FY1968 as a result of receiving AFDC.	At least 10 formula children.	50% of the greater of state or national APPE beginning in FY1968.	None.[b]	None.	Same as prior provisions.
ESEA Amendments of 1967 (1968)	Same as prior provisions except that the use of $3,000 as the poverty threshold to identify children was delayed and could not take effect until each LEA reached its maximum grant amount based on the $2,000 poverty threshold.[c]	Same as prior provisions.	Same as prior provisions.	Until appropriations reached $1.5 billion, no state could receive less than it received in FY1967.[d]	None.	Same as prior provisions.

ESEA Legislation	Formula Child Count	Formula Child Eligibility Threshold for Local Educational Agencies (LEAs)	Expenditure Factor	Minimum State Grant Provisions	LEA Hold Harmless Provisions	Stages in the Grant Calculation Process
ESEA Amendments of 1969 (1970)	Same as prior provisions, except that the poverty threshold was $4,000 beginning with FY1973 (based on data from either the 1970 or the 1960 Decennial Census) but could not take effect until each LEA reached its maximum grant amount based on the $2,000 poverty threshold.[e]	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	None.	Same as prior provisions.
Education Amendments of 1974 (1974)	Children ages 5-17 in families at or below the poverty thresholds that were applied by the Census Bureau in compiling the 1970 Decennial Census;[f] two-thirds of the children in families receiving AFDC payments above the poverty threshold (i.e., the total number of eligible AFDC children multiplied by two-thirds); and neglected, delinquent, and foster children.	Same as prior provisions.	State APPE for public K-12 education, subject to a minimum of 80% and maximum of 120% of the national APPE, further multiplied by 0.40.[g]	None.	85% of prior-year grant amount.[h]	Same as prior provisions.

ESEA Legislation	Formula Child Count	Formula Child Eligibility Threshold for Local Educational Agencies (LEAs)	Expenditure Factor	Minimum State Grant Provisions	LEA Hold Harmless Provisions	Stages in the Grant Calculation Process
Education Amendments of 1978 (1978)	Children ages 5-17 (1) in poor families (based on 1980 Decennial Census data);[i] (2) beginning in FY1980, children in families receiving AFDC payments above the poverty level counted in full (as opposed to two-thirds); and (3) neglected, delinquent, and foster children. Additionally, half of the funds in excess of the FY1979 appropriations levels were allocated to states on the basis of counts of children in families with incomes below 50% of the median income for a four-person family (based on the 1976 Survey of Income and Education).	Same as prior provisions.	Same as prior provisions.	None.	Same as prior provisions.	Same as prior provisions.
Education Consolidation and Improvement Act (ECIA; 1981)	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	None.	Same as prior provisions.	Same as prior provisions.
ECIA Technical Amendments (1983)	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	None.	Same as prior provisions.	Same as prior provisions.

ESEA Legislation	Formula Child Count	Formula Child Eligibility Threshold for Local Educational Agencies (LEAs)	Expenditure Factor	Minimum State Grant Provisions	LEA Hold Harmless Provisions	Stages in the Grant Calculation Process
Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988 (1988)	Same as prior provisions, except they allowed the 1980 Census poverty thresholds to be applied to the 1980 Census data used to allocate funds (as opposed to the 1970 poverty thresholds) and allowed the 1990 Census poverty thresholds and data to be used when those data became available. Also eliminated the requirement that funds be allocated based on the 1976 Survey of Income and Education (SIE) data.	Same as prior provisions.	Same as prior provisions.	If appropriations for Title I exceeded $700 million and the Concentration Grant formula was not funded, no state could receive less than 0.25% of the total funding available for grants, subject to a series of caps.[k]	Same as prior provisions.	Same as prior provisions.
Improving America's Schools Act (IASA; 1994)	Same as prior provisions.	10 or more formula children and a formula child rate of more than 2%.	Same as prior provisions.	Up to 0.25% of total state grants, subject to a series of caps.	100% hold harmless for FY1996. For FY1997 through FY1999, 85%-95% of the previous-year grant, depending on the LEA's formula child rate, applicable only to LEAs meeting the formula's eligibility thresholds.	Same as prior provisions, except beginning in FY1999 grants were initially calculated at the LEA level rather than the county level.[l]

ESEA Legislation	Formula Child Count	Formula Child Eligibility Threshold for Local Educational Agencies (LEAs)	Expenditure Factor	Minimum State Grant Provisions	LEA Hold Harmless Provisions	Stages in the Grant Calculation Process
No Child Left Behind Act of 2001 (NCLB; 2002)	Children aged 5-17 (1) in families with income below the federal poverty threshold (based on Census Bureau Small Area Income and Poverty Estimates (SAIPE) data); (2) in institutions for neglected or delinquent children or in foster homes; and (3) in families receiving Temporary Assistance for Needy Families (TANF) payments above the poverty income level for a family of four.	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.[m]	85%-95% of the previous-year grant, depending on the LEA's formula child rate, applicable only to LEAs meeting the formula's eligibility thresholds.	Same as prior provisions.
Every Student Succeeds Act (ESSA; 2015)	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.

Source: Table prepared by the Congressional Research Service (CRS) based on CRS review of the Elementary and Secondary Education Act (ESEA) as originally enacted and subsequent amendments to the act.

Notes: The Education Amendments of 1972 and the Education Amendments of 1984 did not make substantial changes to the Title I-A formulas; thus these reauthorizations are not included in the table.

a. For FY1967 and FY1968, the low-income and expenditure factors were left unspecified for future congressional determination.

b. The FY1967 supplemental appropriations law (P.L. 89-697) required that, for FY1967, no state receive less than what it spent in FY1966.

c. The $3,000 threshold was never used for grant determination purposes.

d. The FY1968 Labor-HEW appropriations bill, which was enacted prior to the ESEA Amendments of 1967, added an initial state minimum grant provision. Under this provision, no state could receive less than it had received in FY1967.

e. The $4,000 threshold was never used for grant determination purposes.

f. These poverty thresholds are sometimes referred to as the "Orshansky" poverty thresholds.

g. The APPE used in a state's expenditure factor calculation could not be less than 80% of national APPE or more than 120% of national APPE. If a state's APPE was less than 80% of the national APPE, the state's APPE was automatically raised to 80% of the national APPE. If a state's APPE was more than 120% of the national APPE, the state's APPE was automatically reduced to 120% of the national APPE. After adjustments, should they be needed, a state's APPE was multiplied by 0.40. Different provisions applied to the calculation of the expenditure factor for Puerto Rico.

h. A separate annual appropriation of $15.7 million was authorized to be used at the discretion of the Commissioner of Education to help LEAs whose Basic Grants in any year were less than 90% of their grant amount in the previous year. This provision was not retained by the 1978 amendments.

i. Unlike the 50 states and the District of Columbia, no lower bound was applied to Puerto Rico's expenditure factor.

j. The 1980 Decennial Census data were to be used when they became available. However, the 1974 amendments did not remove references to the 1970 Census poverty thresholds. Thus, 1970 Census poverty thresholds were applied to 1980 Census data.

k. The application of the 0.25% minimum grant could not result in any state receiving a grant greater than 150% of its grant from the previous year or greater than 150% of the national average grant per formula child multiplied by the number of formula children in the state.

l. Exceptions were made to this requirement. For example, an exception was made for New York City and Hawaii, where each of their counties was treated as if it was a separate LEA.

m. The state minimum grant amount was raised from 0.25% to 0.35%, but only with respect to funds above the FY2001 level. As appropriations for Basic Grants did not exceed the FY2001 level, this change had no effect on grant amounts.

Table B-2. Summary of Changes to the Concentration Grant Formula Factors and Provisions

ESEA Legislation	Formula Child Count	Formula Child Eligibility Threshold for Local Educational Agencies (LEAs)	Expenditure Factor	Minimum State Grant Provisions	LEA Hold Harmless Provisions	Stages in the Grant Calculation Process
ESEA Amendments of 1969 (1970)[a]	Children ages 5-17 (1) in families with an annual income below $4,000 (based on data from the 1960 Decennial Census), (2) neglected, delinquent, and foster children, and (3) and children in families with income of at least $4,000 as a result of receiving AFDC. The $4,000 poverty threshold was reduced to $2,000 if appropriations were insufficient for each LEA to receive its maximum Basic Grant amount based on the $2,000 poverty threshold.[b,c]	Formula child rate of at least 20% or at least 5,000 formula children (provided that the number of formula children constituted at least 5% of the total number of school-age children served by the LEA).[d] Additionally, had to be eligible for a Basic Grant.	An LEA's Concentration Grant was equal to 30% of its maximum Basic Grant amount for FY1970 and 40% of its maximum Basic Grant amount for all subsequent fiscal years.	None.	None.	Grants determined at the LEA level and were allocated to LEAs via state educational agencies (SEAs).[e]

ESEA Legislation	Formula Child Count	Formula Child Eligibility Threshold for Local Educational Agencies (LEAs)	Expenditure Factor	Minimum State Grant Provisions	LEA Hold Harmless Provisions	Stages in the Grant Calculation Process
Education Amendments of 1974 (1974)	Children (1) in families with an annual income below $3,000, (2) in families with income at or above $3,000 as a result of receiving AFDC, or (3) in institutions for neglected or delinquent children or in foster homes.	Must be located in a county eligible for a Basic Grant and which had at least 10,000 formula children (provided these children accounted for at least 5% of the school-age population) or the number of formula children in the county had to be at least 200% of the average number of formula children in the state.	50% of state average per pupil expenditure (APPE) for public K-12 education.	None.	None.	Grants determined at the county level. The SEA subsequently determined grants for all LEAs in each eligible county.
Education Amendments of 1978 (1978)	Children ages 5-17 (1) in poor families (based on 1980 Decennial Census data),[f] (2) in families receiving AFDC payments above the poverty level; and (3) neglected, delinquent, and foster children.[c]	Must be located in a county eligible for a Basic Grant and which had over 5,000 formula children or formula children had to account for more than 20% of the total school-age population of the county. Only formula children in excess of these thresholds were used to determine grant amounts.	County maximum grant determined by multiplying the number of formula children residing in the county in excess of the eligibility thresholds by its maximum Basic Grant per formula child.[g]	0.25% of the total amount available for state grants.	None.	Grants determined at the county level. The SEA subsequently determined grants for all LEAs in each eligible county based on each LEA's number of formula children with a higher weight given to formula children in LEAs with higher formula child rates.[h]

ESEA Legislation	Formula Child Count	Formula Child Eligibility Threshold for Local Educational Agencies (LEAs)	Expenditure Factor	Minimum State Grant Provisions	LEA Hold Harmless Provisions	Stages in the Grant Calculation Process
Education Consolidation and Improvement Act (ECIA; 1981)	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	None.	Same as prior provisions.
ECIA Technical Amendments (1983)	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	None.	Same as prior provisions.
Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988 (1988)[i]	Same as prior provisions, except they allowed the 1980 Census poverty thresholds to be applied to the 1980 Census data used to allocate funds (as opposed to the 1970 poverty thresholds) and allowed the 1990 Census poverty thresholds and data to be used when those data became available.[c] Additionally, if the formula child rate was below 15% then only formula children above 6,500 were counted when allocating grants.	Number of formula children in the county had to exceed 6,500 or account for more than 15% of the total school-age population of the county. Additionally, a county had to be eligible to receive a Basic Grant. LEAs in counties receiving Concentration Grants also had to have more than 6,500 formula children or a formula child rate above 15% to be eligible for a Concentration Grant.	Same as prior provisions.	Greater of (1) up to 0.25% of total state grants, subject to a series of caps or (2) $250,000.	None.	Grants determined at the county level. The SEA subsequently determined grants for LEAs based on each LEA's proportionate share of eligible formula children provided that the LEA met the threshold eligibility requirements that applied to counties and was located in an eligible county.[j]

ESEA Legislation	Formula Child Count	Formula Child Eligibility Threshold for Local Educational Agencies (LEAs)	Expenditure Factor	Minimum State Grant Provisions	LEA Hold Harmless Provisions	Stages in the Grant Calculation Process
Improving America's Schools Act (IASA; 1994)	Same as prior provisions, except that all formula children (not just those above the 6,500 threshold) were included in the determination of grants.[c]	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	100% for FY1996 and 85% for all subsequent fiscal years.	Same as prior provisions through FY1998. Beginning in FY1999, grants were determined at the LEA level and were allocated to LEAs via SEAs.
No Child Left Behind Act of 2001 (NCLB; 2002)	Children ages 5-17 (1) in families with income below the federal poverty threshold (based on Census Bureau Small Area Income and Poverty Estimates (SAIPE) data); (2) in institutions for neglected or delinquent children or in foster homes; and (3) in families receiving TANF payments above the poverty income level for a family of four.	Same as prior provisions.	State APPE for public K-12 education, subject to a minimum of 80% and maximum of 120% of the national APPE, further multiplied by 0.40.	Same as prior provisions.[k]	85%-95% of the previous-year grant, depending on the LEA's formula child rate. LEAs that met the eligibility requirements for Concentration Grants for one year but failed to meet the requirements in a subsequent year continued to receive a grant based on the hold harmless provisions for four additional years.	Same as prior provisions.
Every Student Succeeds Act (ESSA; 2015)	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.

Source: Table prepared by the Congressional Research Service (CRS) based on CRS review of the Elementary and Secondary Education Act (ESEA) as originally enacted and subsequent amendments to the act.

Notes: The Education Amendments of 1972 and the Education Amendments of 1984 did not make substantial changes to the Title I-A formulas; thus these reauthorizations are not included in the table. From FY1970 through FY1974 the ESEA included the Special Grants for Urban and Rural Schools program and in FY1975

the ESEA included the Special Grant program. These grant programs were similar in purpose and scope to the Concentration Grant program; thus, for the purposes of this table, Special Grants for Urban and Rural Schools and Special Grants are not receiving separate coverage in this appendix table.

a. Appropriations for grant were limited to no more than 15% of all Title I appropriations in excess of $1.39 billion. If funding for all Title I programs (not just Title I-A grants to LEAs) was below $1.39 billion (as was the case in FY1970), no funds were to be appropriated for Special Grants. Special Grants were first funded in FY1971.

b. The $4,000 threshold was never used in grant determinations.

c. This was the same formula child population used in the determination of Basic Grants.

d. The eligibility requirements for Special Grants could be waived if an SEA determined than an LEA had an "urgent need" for aid to meet the special educational needs of educationally deprived children.

e. LEA level data needed for grant amount and eligibility determinations were provided to the Department of Health, Education, and Welfare (HEW) by state educational agencies (SEAs) (45 C.F.R. §116.10).

f. The 1980 Decennial Census data were to be used when they became available.

g. A county's maximum Basic Grant per formula child was equal to a county's maximum grant amount calculated under the Basic Grant formula divided by the county's prior year formula child count.

h. In distributing county Concentration Grants among LEAs in the county, each formula child was weighted at 1.0 if the LEA's percentage of such children (compared to its total population ages 5-17) was 20% or higher. If the LEA's percentage was less than 20%, then each formula child was weighted at less than 1.0, with the specific weight being equal to the LEA's percentage divided by 20%. Thus, if an LEA had a formula child rate of 10%, then the weight applied to formula children in that LEA when distributing Concentration Grants would be 10 divided by 20, or 0.5.

i. Concentration grants were required to receive all Chapter I-A appropriations between $3.9 billion and $4.3 billion and 10% of all appropriations in excess of $4.3 billion.

j. If no LEA in the county met these criteria, then the Concentration Grant would be shared by all LEAs in the county that had a number or percentage of formula children above the county average. In addition, states could reserve up to 2% of their Concentration Grants to distribute to LEAs with relatively high numbers or percentages of formula children located in counties that were not eligible for Concentration Grants.

k. The state minimum grant amount was raised from 0.25% to 0.35%, but only with respect to funds above the FY2001 level. As appropriations for Concentration Grants did not exceed the FY2001 level, this change had no effect on grant amounts.

Table B-3. Summary of Changes to the Targeted Grant Formula Factors and Provisions

ESEA Legislation	Formula Child Count	Formula Child Eligibility Threshold for Local Educational Agencies (LEAs)	Weighting of Formula Child Count and Rate	Expenditure Factor	Minimum State Grant	LEA Hold Harmless	Stages in the Grant Calculation Process
Improving America's Schools Act (IASA; 1994)	Children ages 5-17 (1) in families with income below the federal poverty threshold; (2) in families receiving AFDC or TANF payments above the poverty level;[a] and (3) neglected, delinquent, and foster children.	10 or more formula children and a formula child rate of 5% or more.	At all stages of the grant determination process, formula children were assigned weights on the basis of each LEA's number of formula children and formula child rate.[b]	State average per pupil expenditure (APPE) for public K-12 education, subject to a minimum of 80% and maximum of 120% of the national APPE, further multiplied by 0.40.	0.25% of total state grants, subject to a cap.	85%-95% of the previous-year grant, depending on the LEA's formula child rate, applicable only to LEAs meeting the formula's eligibility thresholds.	Grants were calculated at the LEA level, subject to state minimum grant provisions.

ESEA Legislation	Formula Child Count	Formula Child Eligibility Threshold for Local Educational Agencies (LEAs)	Weighting of Formula Child Count and Rate	Expenditure Factor	Minimum State Grant	LEA Hold Harmless	Stages in the Grant Calculation Process
No Child Left Behind Act of 2001 (NCLB; 2002)	Children ages 5-17 (1) in families with income below the federal poverty threshold (based on Census Bureau Small Area Income and Poverty Estimates (SAIPE) data); (2) in institutions for neglected or delinquent children or in foster homes; and (3) in families receiving Temporary Assistance for Needy Families (TANF) payments above the poverty income level for a family of four.	Same as prior provisions.	Same as prior provisions.[c,d]	Same as prior provisions.	0.35% of total state grants, subject to a cap.	Same as prior provisions.	Same as prior provisions.
Every Student Succeeds Act (ESSA; 2015)	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.

Source: Table prepared by the Congressional Research Service based on CRS review of the Elementary and Secondary Education Act (ESEA) as originally enacted and subsequent amendments to the act.

Notes: The Targeted Grant formula was initially authorized in FY1996. However, no funds were appropriated for the formula until FY2002, after the enactment of the No Child Left Behind Act of 2001 (NCLB).

a. In 1996, Aid to Families with Dependent Children (AFDC) was replaced by Temporary Assistance to Needy Families (TANF).

b. For Puerto Rico, all formula children received a weight of 1.72 (as opposed to using the weighting scales based on formula child rates and numbers). As a result of the 1.72 weight, Puerto Rico was estimated to receive approximately the same share of Targeted Grants as it received under Basic Grants and Concentration Grants prior to the IASA. This cap reduced grants below the level that Puerto Rico would have received if there was no cap on Puerto Rico's number and percentage of formula children, which would translate into a substantially higher aggregate weight than 1.72.

c. The ranges used to weight formula child counts were updated based on the distribution of formula children among all LEAs according to the latest data available in 2001.

d. Prior to NCLB, Puerto Rico's formula child count was weighted using an aggregate weight of 1.72. This was increased to 1.82 to reflect Puerto Rico's share of grants under the Basic Grant and Concentration Grant formulas for FY2001.

Table B-4. Summary of Changes to the Education Finance Incentive Grant (EFIG) Formula Factors

ESEA Legislation	Formula Child Count	Formula Child Eligibility Threshold for LEAs	Weighting of Formula Child Count and Rate	Expenditure Factor	Additional Formula Factors	Minimum State Grant	LEA Hold Harmless	Stages in the Grant Calculation Process
Improving America's Schools Act (IASA; 1994)	Total school-age population ages 5-17.	Had to receive funds under Basic Grants, Concentration Grants, and/or Targeted Grants.	For allocation of funds within states only, formula children were assigned weights on the basis of each LEA's number of formula children and formula child rate.	None.	State effort and equity factors were applied in the calculation of state total grants.[a]	0.25% of total state grants.	None.	Grants were first calculated for states overall, then state total grants were suballocated to LEAs in a given state in proportion to total LEA grants under the other Title I-A formulas.

ESEA Legislation	Formula Child Count	Formula Child Eligibility Threshold for LEAs	Weighting of Formula Child Count and Rate	Expenditure Factor	Additional Formula Factors	Minimum State Grant	LEA Hold Harmless	Stages in the Grant Calculation Process
No Child Left Behind Act of 2001 (NCLB; 2002)	Children ages 5-17 (1) in families with income below the federal poverty threshold (based on Census Bureau Small Area Income and Poverty Estimates (SAIPE) data); (2) in institutions for neglected or delinquent children or in foster homes; and (3) in families receiving Temporary Assistance for Needy Families (TANF) payments above the poverty income level for a family of four.	10 or more formula children and a formula child rate of 5% or more.	Same as prior provisions.[b]	State average per pupil expenditure (APPE) for public K-12 education, subject to a minimum of 85% and maximum of 115% of the national APPE, further multiplied by 0.40.	Same as prior provisions.	Up to 0.35% of total state grants, subject to a cap.	85%-95% of the previous-year grant, depending on the LEA's formula child rate, applicable only to LEAs meeting the formula's eligibility thresholds.	Grants were first calculated for states overall, then state total grants were suballocated to LEAs in a given state based on each LEA's proportional share of a weighted formula child count.
Every Student Succeeds Act (ESSA; 2015)	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.

Source: Table prepared by the Congressional Research Service based on CRS review of the Elementary and Secondary Education Act (ESEA) as originally enacted and subsequent amendments to the act.

Notes: The EFIG formula was initially authorized in FY1996. However, no funds were appropriated for the formula until FY2002, after the No Child Left Behind Act of 2001 (NCLB) made substantial changes to it.

a. The effort factor is calculated based on (1) the ratio of the three-year average APPE for public elementary and secondary education to the three-year average state per capita income (PCI) divided by (2) the ratio of the three-year average national APPE to the three-year average national PCI. The equity factor is determined based on variations in APPE among the LEAs in each state. At the LEA level, a state's equity factor determines which of three sets of weights are used to determine an LEA's weighted formula child count.

b. The ranges used to weight formula child counts were updated based on the distribution of formula children among all LEAs according to the latest data available in 2001.

Table B-5. Summary of Changes to General Provisions Applicable to All Title I-A Formulas

ESEA Legislation	Outlying Areas and Bureau of Indian Affairs/Education (referred to as the BIE)	Treatment of Puerto Rico	Allocation of Grants to Schools	Operation of Schoolwide Programs	State Reservation for Administration	Applicable Fiscal Accountability Requirements	Other Provisions of Note
ESEA as originally enacted (1965)	Funds were provided to the Outlying Areas via a reservation of up to 2% of the total appropriations for Basic Grants for Puerto Rico and the Outlying Areas; no funds were provided to the BIE.	Funds provided to Puerto Rico via a reservation of up to 2% of the total appropriations for Basic Grants for Puerto Rico and the Outlying Areas.	Schools in areas with high concentrations of children from low-income families were eligible to receive Title I-A funds.	None.	1% of grant allocation for administration, technical assistance, and evaluation.	Maintenance of effort (MOE).[a]	None.
Amendments to P.L. 81-815 and P.L. 81-874 (1965)	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	None.	Greater of (1) 1% of the total Basic Grant amounts paid to all LEAs in the state or (2) $75,000.	Same as prior provisions.	None.
ESEA Amendments of 1966 (1966)	Funds were provided to the Outlying Areas and the BIE via a reservation of up to 2% of the total appropriations for Basic Grants for Puerto Rico, the Outlying Areas, and the BIE.	Funds provided to Puerto Rico via a reservation of up to 2% of the total appropriations for Basic Grants for Puerto Rico, the Outlying Areas, and the BIE.	Same as prior provisions except that Title I-A programs in schools were required to involve expenditures of at least $2,500.	None.	Greater of (1) 1% of the total Basic Grant amounts allocated to all LEAs in the state and funds provided to states under other programs included in Title I-A[b] or (2) $75,000.	Same as prior provisions.	None.

ESEA Legislation	Outlying Areas and Bureau of Indian Affairs/Education (referred to as the BIE)	Treatment of Puerto Rico	Allocation of Grants to Schools	Operation of Schoolwide Programs	State Reservation for Administration	Applicable Fiscal Accountability Requirements	Other Provisions of Note
ESEA Amendments of 1967 (1968)	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	None.	Same as prior provisions.	Same as prior provisions.	If appropriations were below the full funding levels for the SEA programs authorized under Title I,[b] then these programs had to be fully funded by reducing the appropriation level for the Basic Grant program.
ESEA Amendments of 1969 (1970)	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	None.	Same as prior provisions.	MOE; supplement, not supplant (SNS),[c] and comparability.	Same as prior provisions.

ESEA Legislation	Outlying Areas and Bureau of Indian Affairs/Education (referred to as the BIE)	Treatment of Puerto Rico	Allocation of Grants to Schools	Operation of Schoolwide Programs	State Reservation for Administration	Applicable Fiscal Accountability Requirements	Other Provisions of Note
Education Amendments of 1974 (1974)	Funds were provided to the Outlying Areas and the BIE via a reservation of up to 1% of the total appropriations for Basic Grants.	Under Basic Grants, Puerto Rico was treated as an LEA and state for the purposes of grant determination. However, unlike the 50 states and the District of Columbia, no lower bound was applied to Puerto Rico's expenditure factor.[d]	Schools in areas where high concentrations of children from low-income families resided and schools with a high concentration of students in average daily attendance from low-income families were eligible for Title I-A funds for a three-year period. In addition, up to 20 LEAs could be given approval by the Commissioner of Education each year to test new methods for the selection of Title I-A schools.	None.	Greater of (1) 1% of total Title I funds or (2) $150,000.	Same as prior provisions.	Same as prior provisions.

ESEA Legislation	Outlying Areas and Bureau of Indian Affairs/Education (referred to as the BIE)	Treatment of Puerto Rico	Allocation of Grants to Schools	Operation of Schoolwide Programs	State Reservation for Administration	Applicable Fiscal Accountability Requirements	Other Provisions of Note
Education Amendments of 1978 (1978)	Same as prior provisions.	Puerto Rico was treated as an LEA and state for the purposes of grant determination under Basic Grants, Special Incentive Grants, and Special Grants. A ceiling of 150% of its prior year Title I-A grant was placed on Puerto Rico's Title I-A grant amount. Additionally, a change was made to the Basic Grant expenditure factor calculations for Puerto Rico that essentially increased its expenditure factor, thus increasing its Basic Grant amount.	LEAs were permitted to allocate funds to schools with a high incidence of educational deprivation in addition to schools with concentrations of children from low-income families. If LEA grants were insufficient to provide funding to all eligible schools, the LEA ranked its schools by the concentration of children from low-income families and served schools in rank order. In addition, schools could automatically qualify for Title I-A funds if the percentage of students from low-income families was at least 25%.[e]	Schools with a percentage of children from low-income families of 75% or higher could operate a schoolwide program.	Greater of (1) 1.5% of total Title I funds or (2) $225,000.	Same as prior provisions.[f]	Same as prior provisions.

ESEA Legislation	Outlying Areas and Bureau of Indian Affairs/Education (referred to as the BIE)	Treatment of Puerto Rico	Allocation of Grants to Schools	Operation of Schoolwide Programs	State Reservation for Administration	Applicable Fiscal Accountability Requirements	Other Provisions of Note
Education Consolidation and Improvement Act (ECIA; 1981)	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	Eliminated schoolwide program option.	Greater of (1) 1% of total Title I funds or (2) $225,000.	Same as prior provisions.[g]	Same as prior provisions.
ECIA Technical Amendments (1983)	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.	Schools with a percentage of children from low-income families of 75% or higher could operate a schoolwide program.	Same as prior provisions.	Same as prior provisions.[h]	Same as prior provisions.
Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988 (1988)	Same as prior provisions except the Secretary was required to additionally reserve funds for competitive grants to the Outlying Areas, the Marshall Islands, Micronesia, and Palau. The reservation amount was based on the funds received by the Marshall Islands and Micronesia for FY1989.	Puerto Rico was treated as an LEA and state for grant determinations except that a cap was placed on its expenditure factor.	Same as prior provisions.	Same as prior provisions.	Greater of (1) 1.0% of total Title I funds or (2) $325,000.	Same as prior provisions.[i]	Same as prior provisions.

ESEA Legislation	Outlying Areas and Bureau of Indian Affairs/Education (referred to as the BIE)	Treatment of Puerto Rico	Allocation of Grants to Schools	Operation of Schoolwide Programs	State Reservation for Administration	Applicable Fiscal Accountability Requirements	Other Provisions of Note
Improving America's Schools Act (IASA; 1994)	Funds were provided to the Outlying Areas and the BIE via a reservation of 1% of total Title I-A appropriations. From the funds reserved for the BIE and Outlying Areas, up to $5 million was reserved for competitive grants to the Marshall Islands, Micronesia, and Palau.[j]	Puerto Rico was treated as an LEA and state for grant determinations under all four Title I-A formulas. The expenditure factor for Puerto Rico under Basic Grants and Targeted Grants was capped. Under Targeted Grants all formula children received a weight of 1.72.	Schools could be automatically qualified to participate in Title I-A if their percentage of students from low-income families was at least 35%. All schools with high (over 75%) rates of children from low-income families had to be served prior to serving schools in rank order by specific grade levels.	Schools with a percentage of children from low-income families of 50% or higher could operate a schoolwide program.	Same as prior provisions.	Same as prior provisions.[k]	None.

ESEA Legislation	Outlying Areas and Bureau of Indian Affairs/Education (referred to as the BIE)	Treatment of Puerto Rico	Allocation of Grants to Schools	Operation of Schoolwide Programs	State Reservation for Administration	Applicable Fiscal Accountability Requirements	Other Provisions of Note
No Child Left Behind Act of 2001 (NCLB; 2002)	Grants to schools operated or supported by the BIE and Outlying Areas were provided via a reservation of 1% of total Title I-A appropriations. From the funds reserved for the BIE and Outlying Areas, up to $5 million was reserved for competitive grants to the Outlying Areas and Palau.	Same as prior provisions except the cap on Puerto Rico's expenditure factor was slightly increased and was applied to Concentration Grants and EFIG in addition to Basic Grants and Targeted Grants. Under Targeted Grants all formula children received a weight of 1.82.	Same as prior provisions.	Schools with a percentage of children from low-income families of 40% or higher could operate a schoolwide program.	Greater of (1) 1% of state total allocations under all formulas for ESEA Title I-A, plus funds allocated under the Migrant Education Program (Title I-C) and the Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent, or At-Risk (Title I-D), or (2) $400,000.[1]	Same as prior provisions.	None.

ESEA Legislation	Outlying Areas and Bureau of Indian Affairs/Education (referred to as the BIE)	Treatment of Puerto Rico	Allocation of Grants to Schools	Operation of Schoolwide Programs	State Reservation for Administration	Applicable Fiscal Accountability Requirements	Other Provisions of Note
Every Student Succeeds Act (ESSA; 2015)	Beginning in FY2017, 0.7% of total Title I-A appropriations are reserved for the BIE and 0.4% of total Title I-A appropriations are reserved for the Outlying Areas provided the total amount of remaining funds available to make grants to states is at least as much as the total amount of funds available to make grants to states in FY2016. If appropriations are insufficient to meet this requirement the reservation of funds for the BIE and Outlying Areas is implemented as required by law prior to the enactment of ESSA.	Same as prior provisions.	Same as prior provisions except that states may choose to serve high schools with more than 50% of their children from low-income families before choosing to serve schools in rank order by specific grade levels.	Same as prior provisions.	Same as prior provisions.	Same as prior provisions.[m]	None.

Source: Table prepared by the Congressional Research Service (CRS) based on CRS review of the Elementary and Secondary Education Act (ESEA) as originally enacted and subsequent amendments to the act.

Notes: The Education Amendments of 1972 and the Education Amendments of 1984 did not make substantial changes to the Title I-A formulas; thus these reauthorizations are not included in the table.

a. LEAs receiving Title I funds were required to provide from state and local sources, a level of funding for public elementary and secondary education for the preceding fiscal year that was at least as much as was provided in the second preceding year.

b. The other programs authorized under Title I-A included an SEA program for children with disabilities, an SEA program for migrant children, and an SEA program for neglected and delinquent children.

c. SNS applied only to LEAs.

d. Puerto Rico did not receive funds under Special Incentive Grants or Special Grants.

e. Prior to the 1978 amendments, HEW regulations stipulated that schools could be automatically qualified to participate in Title I-A if their percentage of students from low-income families was at least 30% (45 C.F.R. §116a.20(b)(2)).

f. The amendments also required a study of alternatives to LEA compliance with comparability requirements.

g. LEAs receiving Title I funds were required to provide from state and local sources, a level of funding for public elementary and secondary education for the preceding fiscal year that was at least 90% of what was provided in the second preceding year. In addition, a new requirement was added that an LEA would be deemed to have met the comparability requirement if the LEA had a districtwide salary schedule; a policy to ensure equivalence among schools in teachers, administration, and auxiliary personnel; and a policy to ensure equivalence among schools in the provision of curricular materials and instructional supplies. Subsequently, in 1982 ED scaled back the comparability regulations, including removing provisions related to the exclusions of salary differentials based on years of employment and the definition of eligible personnel (45 C.F.R. §200.63), and stated that states were free to develop their own methods of meeting the law and regulations (U.S. Department of Education, "Chapter 1 of the Education Consolidation and Improvement Act of 1981; Financial Assistance to Local Educational Agencies to Meet Special Educational Needs of Disadvantaged Children," 47 *Federal Register* 52342, November 19, 1982).

h. Extended SNS requirements to apply to SEAs and other state agencies.

i. Additional changes were made to comparability requirements. For example, comparability no longer had to be determined by LEAs with only one school at each grade level.

j. This competitive grant program is known as the Territories and Freely Associated States Education Grant program. It is also commonly referred to as the PREL grant.

k. With respect to comparability, the IASA stipulated that documentation need only be updated biennially and "Title I-like funds" could only be excluded from comparability calculations if the funds were spent in Title I eligible areas. Additionally, a provision to exclude salary differentials based on years of employment (commonly referred to as longevity pay) from the determination of comparability was re-added to the statute. This provision had been removed from both statute and regulations in the 1980s when the comparability requirements were changed to stipulate that LEAs had to provide an assurance of comparability to states as opposed to demonstrating comparability using data.

l. If total appropriations for ESEA Title I, Parts A, C, and D exceed $14 billion, then state administration reservations are capped at the level that would pertain if the total appropriations for these programs were $14 billion. This limit was applicable for the first time in FY2008.

m. The ESSA modified both MOE and SNS requirements applicable to all Title I-A formulas. For more information, see CRS In Focus IF10405, *Fiscal Accountability Requirements That Apply to Title I-A of the Elementary and Secondary Education Act (ESEA)*, by Rebecca R. Skinner.

Appendix C. Selected Acronyms Used in This Report

AFDC: Aid to Families with Dependent Children

APPE: Average per pupil expenditures

ARRA: American Recovery and Reinvestment Act

BIA: Bureau of Indian Affairs

BIE: Bureau of Indian Education

CV: Coefficient of variation

ECIA: Education Consolidation and Improvement Act

ED: U.S. Department of Education

EFIG: Education Finance Incentive Grants

ELLs: English language learners

ESEA: Elementary and Secondary Education Act

ESSA: Every Student Succeeds Act

GEPA: General Education Provisions Act

HEW: Department of Health, Education, and Welfare

IASA: Improving America's Schools Act

IDEA: Individuals with Disabilities Education Act

LEA: Local educational agency

MOE: Maintenance of effort

NAEP: National Assessment of Educational Progress

NCLB: No Child Left Behind Act

NDEA: National Defense Education Act

NIE: National Institute of Education

PCI: Per capita income

SAIPE: Small Area Income and Poverty Estimates

SEA: State educational agency

SIE: Survey of Income and Education

SNS: Supplement, not supplant

TANF: Temporary Assistance to Needy Families

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