

Title 1-A Funding Formula Outline

[Intro video of LBJ](#)

[Precursor to federal funding](#): defense education act

1. Key Issues Overview

- a. Formula children: children included in the determination of the population (3)
 - i. Debate over emphasis that should be placed on the *percentage* versus the *count* of formula children in an LEA. (3)
 - 1. Targeted and EFIG use formula child rate = dividing the number of formula children by the number of total children 5-17 in the LEA.
 - a. **Weighted counts would appear to favor LEAs with higher formula child count rates (often rural LEAs) over LEAs with higher numbers of formula children (urban LEAs).**
 - b. In general, c. 1988, urban LEAs qualified for concentration grants based on their child counts while rural LEAs qualified based on their child formula rates. (35)
 - ii. Who is 'poor'?
 - 1. Aid to Families with Dependent Children (AFDC) vs. Temporary Aid to Needy Families (TANF)
 - 2. Census and other counts
 - 3. The problem of targeting: poor vs. needy (6)
 - a. How to target Title 1 funds more effectively?
 - b. "Less poor but still needy" districts
 - iii. Under current law, ED determines T1 grants to LEAs under four formulas. After calculating grants, ED provides each state with information on the grants calculated...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 in their own LEAs. (9)
- b. Disrupting the distribution
 - i. State minimum grants (5)
 - 1. Increase the amount sent to small states
 - 2. Reduce the amount of funding provided to all the other state in order to support smaller states
 - ii. Hold harmless provisions (5)
 - 1. Whereby you don't get less than you did the previous year (5)
 - iii. **State minimums and hold harmless 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.** (6)
 - iv. Problems of federalism:

1. Members in both the House and Senate were candid about supporting the legislation only if their state or district did not lose Title 1 funds under a formula change. (39)
 2. 1994: compromise on a single new formula was not reached; nor was there agreement on existing eliminating formulas (40)
- c. Average Per Pupil Expenditure (APPE) (4)
- i. Formulas include a factor that accounts for how much money an entity spends on education.
 1. Expenditure factor has consistently been based on state or national APPE.
 2. Debate over whether funds should be spread broadly across the country or concentrated in the areas of greatest need. (4)
 3. Pits higher spending states against lower spending states.
 - a. **1970s: Fed govt put bounds on the EF that helped low-spending states and hurt high-spending states.**
 - ii. Under current law, the expenditure factor for all formulas is based on state APPE.
 1. State APPE calculated by dividing average '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.
 - a. 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 expenditures made from Title 1 funds.
 - iii. Maintenance of Effort (MOE)
 1. Recipients required to provide a level of funding for public elementary and secondary education for the preceding that was at least as much as the level of funding provided before.
- d. Meet The Four Formulas
- i. Basic (1965)
 - ii. Concentrated (1978)
 - iii. Targeted (1994)
 - iv. Education Finance Incentive Grants (EFIG) (1994)
 - v. Ghost Formulas
 1. Equity Formula (2015, didn't pass but interesting anyway)
 - a. Same as EFIG but removed the effort factor used in the determination of state level grants and used the expenditure factor for all states as opposed to a state-level expenditure factor. (44)
 2. Special Incentive Grant
 - a. Authorized in 1969 with an "effort index" based on the ratio of nonfederal educational expenditures to personal income (19)

2. Stories of the Formulas

a. The Basic Grant

- i. War on Poverty (1965): a national problem of...men being rejected by the military draft, employment and manpower retraining problems, low levels of education, high youth unemployment rates (7)
 1. There are concentrations of educationally disadvantaged children
 2. Previous federal interventions fail due to concerns about aid to private schools, aid to segregated schools, or federal control over K12 education (10)
- ii. 1965: based on the number of children from low-income families and each state's APPE.
 1. A 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.**
 - a. Johnson administration justified **use of family income (as opposed to property value** per child or per capita income) in the formula because it met four criteria (13)
 - b. Expenditure factor needed "to compensate states where the cost of educating a child was higher...compensated states with higher cost of living (13)
 - c. Could've had a flat allocation of \$200 per child or an effort index, didn't pass.
 - d. Problems: **the 20 wealthiest counties in the nation...were allocated almost twice as much as the 10 poorest counties.**
 - i. The 'patently foolish' formula...reflected a 'political decision' to spread the funds as broadly as possible, rather than concentrating them in the areas of greatest need, to build a 'powerful lobby for the continuation and expansion of the program. (14)
 2. Not provided to private schools (11)
 3. **Provided to counties** until 1999 when LEA data was available (11)
 4. Initial regulations said "an attendance area" was defined as a geographical area served by a public school
 5. '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.
- iii. Notable shifts, etc

1. 1967: Major controversy over the **appropriations falling considerably short of the authorization level of the program.** (19)
 2. 1968: failed proposal to **create a 'block grant'** based on the idea that states would be better able to determine local needs...and eliminate red tape. (20)
 - a. Reagan tried to do this in 1981 (31)
 3. 1969: creation of a "supplement, not supplant" requirement that required LEAs to provide an assurance that Basic Grant funds were not supplanting nonfederal funds in their districts. (21)
 4. 1974: fears of urban districts and wealthier states that spent more on AFDC (26) being favored, changed every factor of the formula. (24)
 - a. **Expenditure factor changed to 40% of state APPE** with a floor and ceiling (25)
 - i. The APPE used in a state's expenditure factor calculation could not be less than 800% of national APPE or more than 120% of national APPE.
 - ii. **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.**
 - b. The case of NY vs. TX (26)
 5. 1988: amendments **added minimum grant provisions**...if the appropriations exceeded \$700 million and the concentration grant not funded, **no state would receive less than .25%** the total funding available for grants.
 6. 1994
 - a. state minimum grant level raised (37)
 - b. LEAs need a rate of more than 2% to qualify.
- b. Concentration Grant
- i. Precursor in 1969: Special grants to urban and rural schools which provided additional funding to areas where there were high concentrations of disadvantaged children. (20)
 - ii. A study of the formulas was conducted in 1978, found that per pupil Title 1 expenditures were higher in predominantly urban and suburban states and the inclusion of AFDC children in the formula provided the largest benefits to northeastern states. (28)
 - iii. Essentially a new version of the previous special grants programs (29)
 1. Funding under the previous special incentive grants program was seen as 'exceedingly unpredictable' (30)
 2. Federal incentives to promote state compensatory education programs were considered 'more consistent' with the goals of Title 1. (30)

- iv. 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.
 - 1. **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.**
 - 2. No state could receive less than .25% of the total amount available for state grants. (29)
 - a. This was to protect rural districts (31)
- v. Notable shifts, etc
 - 1. Not funded in 1982-83 (32)
 - 2. 1988 amendments
 - a. **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%.**
 - b. Modified the .25% state minimum grant amount with caps and added an absolute minimum grant amount of \$250,000. (34)
 - i. This change generally favors rural districts (35)
 - 3. 1994
 - a. Raise minimum grant level
 - b. If a county met the 6500 poor child threshold but not the 15% threshold, all formula children, not just those above 6500, would be counted in calculating CG. (37)
 - 4. NCLB
 - a. BG expenditure factor now applied to CG (42)
 - b. Expanded hold harmless
 - c. Critiques of a 'cliff effect' where you might miss eligibility if you don't have enough poor students
 - d. **Called for substantial increase in T1 funding (44)**
 - i. Can be necessary due to hold harmless provisions
- c. Targeted Grant
 - i. Precursor: 1988 debates, the Senate bill made changes to concentration grants to improve the targeting of Chapter 1 dollars to areas that have a particularly high number of educationally disadvantaged and low-income students. (35)
 - 1. House rejected this change (Natcher)
 - ii. Birth in 1994
 - 1. The new TG formula was similar to the BG formula except that **formula children it counted were assigned weights based on the formula count or rate for counties.** (37)

- a. The higher the county's formula child rate or number of formula children was, the higher its Title 1 grant per child would be.
 - 2. Idea is to target funds to aid "other less poor but still needy communities" (39)
 - iii. Interesting to see what Clinton admin proposed but got rejected (39)
 - 1. 50% of appropriations would be allocated under each of the BG and CG formulas
 - 2. Only formula children above a 2% rate threshold would be counted in determining these grants
 - a. **Absorption factor?**
 - 3. CG would be 6500 and 18% rate (national average)
 - iv. Notable changes, etc
 - 1. NCLB: **state minimum grant raised from .25% to .35%**
 - a. The application of these minimum grant provisions could not result in a state receiving a TG greater than the average .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. (42)
- d. Education Finance Incentive Grant
- i. Precursor: Effort index in 1967 (38)
 - ii. Birth in 1994: Based on **total school-age population (not just formula children) multiple by an effort factor and an equity factor.** (38)
 - 1. 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 to states to reduce those disparities. (40)
 - a. The effort factor 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. (44)
 - iii. The idea was to create a new formula. But the compromise was not reached; nor was there agreement on eliminating existing formulas. (40)
 - 1. This one disadvantages southern states, or 'needier' (40)
 - iv. Notable changes, etc
 - 1. NCLB
 - a. **Population factor changed from total school-age children to the same formula child count** used to calculate BG, CG, TG. (42)
 - b. Add a state expenditure factor like the others (43)
 - c. LEA allocation based on proportional share of a weighted formula child count
 - d. Tiered hold harmless
 - e. Minimum grant of .35% of total state grants

General impressions:

The basic grant puts state APPE into relationship with the number of poor kids. Each succeeding formula tries to sharpen that allocation in a nested way. The CG relates the BG to number of poor kids above a certain threshold. The TG weights the CG to account for 'needy' districts. The EFIG tries to nudge the state APPE up. But the very forces attempting to sharpen the allocation also dulls it.

Trying to provide federal funding for 'poor' school districts involves some difficult questions about what equity means. How do you determine what a poor district is? How does that differ from 'needy' districts? Where do you draw the line? And how do you calculate and distribute the money in a country with our brand of federalism?

The formulae kept emerging to fix these problems under the the political circumstances, falling along urban and rural lines. It was almost impossible to reconcile these differences, someone who always say someone else was being left out. As soon as a new formula was proposed, changes were made to it that made it similar to previous formulas. There's a gravitational force that brings them back to the same Bermuda Triangle of interest convergence.

The numbers kept compounding, getting more complex, and people wanted to make it even *more* complex for ESSA, but it failed.

So many acronyms, measurements, etc. Nearly always a debate over which data to use when making decisions about who is poor, etc. 'Formula children' is a weird expression. APPE is super important. Imagine what it would be like to compare everything to national APPE, or the lowest effort state APPE.

Highlighted the extent to which the US still administers education in its semi-colonial territories.

Interesting insight into the legislative process, where compromise, addition, and amendment between the three branches had such a huge impact on these formulae. While compromise can be good it can also multiply and maintain redundancies, unnecessary complexities, losing sight of the program.

I'd like to understand each of these formula using a technographic approach, trying to understand them as distinct with district features. Maybe one way to do this is by personifying each of them, as though they're characters or super heroes, and given each of them powers.

I'd like to know the politics and struggle over each one better: what was the partisan makeup of the congress at that time?