

# The Allocation Process for Title I Grants

## I. Program Overview

Title I of the No Child Left Behind Act of 2001 is the U.S. government's largest educational program to assist disadvantaged children. Established in 1965 as a "War on Poverty" program, Title I now funds programs intended to improve learning for students at risk of educational failure.<sup>1</sup> Such students include "low-achieving children in our Nation's highest-poverty schools, children with limited English proficiency, children of migratory workers, children with disabilities, Indian children, children who are neglected or delinquent, and young children and their parents who are in need of family-literacy services."<sup>2</sup>

Title I funds are intended to provide instruction and instructional support for these disadvantaged children so that they can master challenging curricula and meet state standards in core academic subjects. The law does not stipulate how Title I funds are to be spent. Instead, Title I is an example of *flexible funding* that local and state educational agencies may use as they deem best.<sup>3</sup> Title I funds are commonly used to support extended-day kindergarten programs; learning laboratories in mathematics, science, and computers; special after-school and summer programs to extend and reinforce the regular school curriculum; and other services to extend and accelerate academic progress. In addition, some Title I funds are also used to pay for additional teachers, professional development, and computers.

The U.S. Department of Education is responsible for the allocation of Title I funds to local education agencies<sup>4</sup> (LEAs), states, U.S. territories, and other educational agencies. Each year the department's National Center for Education Statistics (NCES) determines the distribution of Title I funds, or the allocations of the various Title I grants.

Once NCES has calculated all allocations, the department sends instructions for the distribution of Title I funds along with the actual funding to each of the states, the District of Columbia, and the Commonwealth of Puerto Rico (which, for administrative purposes, are referred to as "state" governments<sup>5</sup> and to the Outlying Territories: American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the Virgin Islands (which are referred to as "territorial" governments).<sup>6</sup> Upon receipt, the states and territories distribute their Title I funds to those educational agencies that NCES's instructions designate as entitled to receive Title I funding.<sup>7</sup>

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<sup>1</sup> First enacted in 1965 as Title I of the Elementary and Secondary Education Act of 1965 (P. L. 89-10), Title I became Chapter 1 under the Education Consolidation and Improvement Act of 1981 (Part of P. L. 97-35). In 1994 Congress reauthorized Chapter 1 of P.L. 97-35 as Title I under the Improving America's Schools Act of 1994 (P.L. 103-382). In 2001 Congress again reauthorized Title I under the No Child Left Behind Act of 2001 (P.L. 107-110).

<sup>2</sup> P. L. 107-110, sec 1001 (2).

<sup>3</sup> For regulations detailing the permissible uses for such funds, see sections 1114 through 1119.

<sup>4</sup> Although the vast majority of LEAs are school districts, the term local education agency is used instead of school district because for some populations of Title I-eligible children—most notably orphans or delinquent youth—the local school district is not the agency responsible for their education. In such cases, the LEA may be an orphanage, church, delinquency facility, or other agency.

<sup>5</sup> Sec. 1122(e)

<sup>6</sup> When the Title I program began in 1965, the allocation process for Basic Grants was a two-tiered procedure: first, states received allocations; then, the states distributed those allocations to *counties* based on the eligible population within each county. In 1974, the commissioner of education determined that direct allocations to the

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

## II. Outline of Title I Grants

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

### A. Grants to Local Education Agencies (LEAs)

**Basic, Concentration, Targeted, and Education Finance Incentive Grants** (Title I, Part A—Improving Basic Programs Operated by Local Education Agencies) constitute the core of Title I funding. These grants are intended to help elementary and secondary schools establish and maintain programs that will improve the educational opportunities of low-income and disadvantaged children.<sup>8</sup>

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

- **Basic Grants** are the primary vehicle for Title I funding and are the easiest grants for which LEAs can qualify. They accounted for approximately \$7.1 billion of Title I funds distributed in Fiscal Year 2002 (FY 02), about 85 percent of the \$7.6 billion allocated in FY 02.
- **Concentration Grants** provide additional funds to LEAs with especially large populations of low-income and disadvantaged children. They accounted for approximately \$1.4 billion of the amount allocated in FY 02.
- **Targeted Grants** provide additional funds to LEAs according to a weighting system, which is designed to ensure that the greatest proportion of funding goes to LEAs with the greatest number of low-income and disadvantaged children. FY 02 was the first year in which states were funded under this grant, accounting for approximately \$1 billion of the total allocation for FY 02.
- **Education Finance Incentive Grants (EFIG)** are made to states to provide LEAs with additional funding for low-income and disadvantaged children, the exact amount of which varies depending on measures of state equity and effort in funding public education. These grants

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counties would better meet the intent of Congress, and the system was changed accordingly. In 1994, the procedure was amended such that LEAs now directly receive allocations for Title I, Part A.

<sup>7</sup> Some Concentration Grants may be kept by states (and not be distributed to LEAs) when such funds are a product of the Small State Minimum provisions of Title I, explained in Part IV.B.2. Also for Basic, Concentration, and Targeted Grants, states may disregard NCES's instructions for distributing funding to LEAs with less than 20,000 resident school-age children (i.e., aged 5 to 17, inclusive), if they wish [sec. 1124(a)(2)(B)]. If states do so, they must aggregate the allocations to all such LEAs and redistribute them on a consistent basis, respecting eligibility criteria and hold-harmless provisions (refer to Part III.B and IV.B.1.a.).

<sup>8</sup> For regulations detailing the permissible uses for such funds, see sections 1114, 1115, 1116, 1117, 1118, and 1119, 1120.

accounted for approximately \$786 million of the total allocation for FY 02. FY 02 was the first year these grants for LEAs were funded.

## B. Grants to States

- **Grants for Even Start Family Literacy** (Title I, Part B—Even Start Family Literacy Programs) fund programs for children of parents with poor literacy skills who are less likely to receive early literacy training at home or to be enrolled in a preschool program. The purpose of such grants is “to help break the cycle of poverty and illiteracy by improving the educational opportunities of the Nation’s low-income families.”<sup>9</sup>

Given to states (including the District of Columbia and Puerto Rico) based on the amount of Basic and Concentration Grants they receive in a given year, Even Start Grants provide funds to support local programs that integrate early childhood and adult education, adult literacy, and parenting education in an effort to promote family-centered education.<sup>10</sup>

When congressional funding for Even Start exceeds that for the previous fiscal year, the secretary of education may also award grants of less than one million dollars for statewide family literacy incentives.<sup>11</sup>

- **Grants for Education of Migratory Children** (Title I, Part C) fund programs that assist children whose families move frequently to pursue agricultural work and whose achievement and learning suffer as a result.

These grants are made to states and territories based on both the estimated number of migratory children, aged 3-21, who reside full-time in the state or territory and the “full-time equivalent” of the estimated number of such children who reside there part-time.<sup>12</sup> Children who are eligible to receive services under Title I, Part A, do not also receive services under this part of Title I.<sup>13</sup>

- **Grants for Neglected and Delinquent Children** (Title I, Part D) fund programs designed to address the educational needs of neglected and delinquent children as well as programs to reduce the dropout rate of neglected, delinquent, pregnant, and parenting teens.

These grants are made to states (including the District of Columbia and Puerto Rico) based on the number of neglected and delinquent children in the state who (according to the Department of Education’s Division of Compensatory Education Programs) meet the following criteria: (1) are enrolled at least 15 hours a week in educational programs in adult correctional institutions, (2) are enrolled at least 20 hours a week in educational programs in institutions for neglected or delinquent children, or (3) are enrolled at least 20 hours a week in community day programs for neglected or delinquent children.<sup>14</sup>

Each state (i.e., state educational agency) allocates the funds it receives to local or state agencies that provide free public education for children (1) in adult correctional institutions, (2) in

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<sup>9</sup> Sec. 1231.

<sup>10</sup> Some restrictions apply to states’ use of such grants; see sections 1234 and 1235. For rules regulating states’ subgrant selection process, see section 1238.

<sup>11</sup> Sec. 1232(c)(1)

<sup>12</sup> Sec. 1303(a)(1)

<sup>13</sup> Sec. 1306(b)(2)

<sup>14</sup> Sec. 1412(a)(1)(A)

institutions for neglected or delinquent children, or (3) attending community day programs for neglected or delinquent children.

- **Grants for Capital Expenses for Private School Children** (Title I, Part A, sec. 1120) helps LEAs defray the costs associated with providing Title I instruction to Title I-eligible children who attend religiously affiliated schools. Such funds, which are provided for Title I-eligible children in compliance with the Supreme Court's decision in *Aguilar v. Felton*, 473 U.S. 402 (1985), can cover the cost of transportation or renting public space to ensure that Title I-funded support services do not lead to excessive entanglement of church and state in violation of the First Amendment's Establishment Clause.

### C. Grants to Specific Education Agencies (Set-asides)

- **The secretary of the interior, the Pacific Resources for Education and Learning, the Freely Associated States, and the Outlying Territories** (Title I, Part A, sec. 1121) share funding, reserved by the secretary of education, equal to 1 percent of the total Title I, Part A, appropriation. These funds are distributed as follows:
  - (1) \$5 million of these reserved funds pays for Part A grants to LEAs in the freely associated states and the outlying areas. The freely associated states consist of the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.<sup>15</sup> The outlying territories include American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands. The secretary of education awards these grants on a competitive basis for innovative educational programs based on the recommendation of the Pacific Resources for Education and Learning (PREL).<sup>16</sup> PREL may receive 5 percent of this amount to cover its administrative costs for such assistance.
  - (2) The remainder of the reserved funds pays for Part A grants to the Bureau of Indian Affairs (BIA) LEAs under the jurisdiction of the secretary of the interior to meet the educational needs of Indian children on reservations and out-of-state Indian children in elementary and secondary schools.<sup>17</sup>
- **Family Literacy Programs for Migratory Children, Outlying Territories, and Indian Tribes** (Title I, Part B, sec. 1232(a)(1)) share funding, reserved by the secretary of education, equal to 5 percent of the total Title I, Part B (Even Start) appropriation (or, if the Even Start appropriated amount exceeds \$200 million, then 6 percent of the amount will be reserved). This reserved amount pays for family literacy programs addressing the particular needs of migratory children, the outlying territories, and Indian tribes and tribal organizations. Beginning December 21, 2000, the secretary of education awarded a single grant on a competitive basis, for a period of sufficient duration, to a woman's prison housing their preschool children to demonstrate the effectiveness of the program.<sup>18</sup>
- **Evaluation and Other Federal Activities** (Title I, Part B, sec. 1232(b)(1)) receive a reserved amount of the Title I, Part B (Even Start) appropriation that does not exceed 3 percent of total Title I, Part B appropriation for that fiscal year. These reserved funds pay for a mandated

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<sup>15</sup> Although entitled, the Republic of the Marshall Islands and the Federated States of Micronesia do not actually receive direct allocations under Title I. They have received funding indirectly from PREL.

<sup>16</sup> Pacific Resources for Education and Learning is the new name for the Pacific Regional Education Laboratory.

<sup>17</sup> The Basic Grant payments to the secretary of the interior for out-of-state Indian children is capped at 40 percent of the average per-pupil expenditure in the state in which the children are schooled, or, if the amount is greater, at 48 percent of such expenditure in the United States; sec. 1121(d)(2).

<sup>18</sup> Sec. 1232(a)(2)

independent evaluation of Even Start programs<sup>19</sup> and, through grants or contracts, provide technical assistance, program improvement, and replication activities.

- **Family Literacy Initiatives** (Title I, Part B, sec. 1232(c)(1)(a)) may receive a reserved amount, not to exceed \$1 million, when (a) at least one state education agency applies and submits an application that meets specified requirements and goals and (b) the appropriation for Title I, Part B exceeds the preceding fiscal year's appropriation. These funds support state grants for planning and implementing statewide family literacy initiatives and for coordinating and integrating existing federal, state, and local literacy resources. Such grants must be matched by state funding that equals or exceeds the grant.
- **Coordination of Migratory Education Activities** (Title I, Part C, sec. 1308) is funded an amount of not more than \$10 million reserved by the secretary of education from the total allocation from Title I, Part C (Migratory Children). This reserved amount funds grants to or contracts with public and private nonprofit entities seeking to improve the interstate and intrastate coordination of education for migratory children. The secretary awards not more than \$3 million of this reserved amount (in individual amounts of not more than \$250,000) to state educational agencies with consortium agreements.<sup>20</sup>

#### **D. Other Grants**

- **Supplemental grants** may compensate LEAs that previously received some Title I funding (usually Concentration Grants) but that do not qualify for any Title I funds in the current year. Title I legislation does not mandate supplemental grants, but Congress has routinely provided them. No legislation governs eligibility for or distribution of supplemental grants in general. When Congress allocates funds for Supplemental Grants, it stipulates eligibility requirements. In FY 99, Congress allocated \$56 million for Supplemental Grants and stipulated that such funds should be distributed to those LEAs not qualifying for Concentration Grants in FY 99 that had received Concentration Grants in FY 98.

### **III. Requirements for Title I Funds**

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

#### **A. Eligibility Count**

To determine the number of Title I-eligible children or the *eligibility count* of a given LEA or state,<sup>21</sup> the Department of Education determines the number of children aged 5 to 17, inclusive, who live in:

- (1) families with incomes at or below the poverty level (according to Department of Commerce),<sup>22</sup>

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<sup>19</sup> Sec. 1239

<sup>20</sup> Sec. 1308(d), sec 1303(d)

<sup>21</sup> Sec. 1124(c)

<sup>22</sup> The U.S. poverty level is revised annually. For the current poverty thresholds, see <http://www.census.gov/>

- (2) families with incomes above the poverty level, but who receive local assistance through Part A of Title IV of the Social Security Act (i.e., Temporary Aid to Needy Families) (according to Department of Health and Human Services);
- (3) institutions for neglected and delinquent children that local governments administer (according to Department of Education);<sup>23</sup> and
- (4) foster homes in which the foster parents receive payments from a state or county for the children's support (according to Department of Health and Human Services).

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

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

The secretary of education and the secretary of commerce together may determine that some or all of the data used to determine the eligibility count for an LEA are unreliable or inappropriate.<sup>24</sup>

## **B. Qualifying for Specific Title I Grants**

### **1. Basic Grants**

To qualify for a Basic Grant, an LEA must have at least 10 children who are within one or more of the four categories of eligibility listed above and that number must represent more than 2 percent of its 5- to 17-year-old population.<sup>25</sup>

### **2. Concentration Grants**

To qualify for a Concentration Grant, an LEA must have an eligibility count of more than 6,500 or more than 15 percent of its 5- to 17-year-old population in the LEA must be within one or more of the categories of eligibility listed above.<sup>26</sup>

### **3. Targeted Grants**

To qualify for a Targeted Grant, an LEA must have an eligibility count of at least 10 children and that number must represent at least 5 percent of its 5- to 17-year-old population in the LEA. To qualify for the largest proportion of funds under the Targeted Grants' weighting system, an LEA must have an eligibility count of at least 35,514, or more than 38.24 percent of its 5- to 17-year-old population in the LEA must be within those categories of eligibility listed above.<sup>27</sup>

### **4. Education Finance Incentive Grants**

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hhes/poverty/threshld. P.L. 107-110 does not specify how to handle families "at" the poverty line; the Department of Education includes implied beneficiaries when in doubt.

<sup>23</sup> An LEA's eligibility count excludes the number of delinquent children in local institutions unless the LEA meets the requirements of Title I, Part D, Subpart 2.

<sup>24</sup> Sec. 1124(c)(3)

<sup>25</sup> Sec. 1124(b)

<sup>26</sup> Sec. 1124A(a)(1)(A)

<sup>27</sup> Different eligibility counts apply when the secretary of education allocates funds on the basis of counties. For these rules see sec. 1125(a)(2).

To qualify for an EFIG, an LEA must have an eligibility count of at least 10 and that number must represent at least 5 percent of its 5- to 17-year-old population.<sup>28</sup>

## **5. Grants for Even Start Family Literacy**

There are no eligibility requirements for these grants. States (including the District of Columbia and Puerto Rico) receive Even Start funding in proportion to their Basic, Concentration, Targeted, and EFIG Grants, with a minimum guaranteed.<sup>29</sup>

## **6. Grants for Education of Migratory Children**

There are no eligibility requirements for these grants. States and territories that successfully apply for these grants receive funding in proportion to (a) the number of migratory children reported in the state or territory by the Department of Education's Office of Migrant Education and (b) the state's or territory's adjusted per-pupil expenditure.<sup>30</sup>

## **7. Grants for Neglected and Delinquent Children**

To qualify for a Neglected and Delinquent Education Grant, states must provide free education for children (1) in adult correctional institutions, (2) in institutions for neglected or delinquent children, or (3) attending community day programs for neglected or delinquent children. States that successfully apply for these grants receive funding in proportion to (a) the number of such children reported in the state by the Department of Education's Student Assistance and School Accountability (SASA) Programs, and (b) the state's adjusted per-pupil expenditure.<sup>31</sup>

## **8. Capital Expenses for Private School Children**

There are no eligibility requirements for this grant. States receive Capital Expense funding in proportion to the number of Title I-eligible children in religiously affiliated schools in the state, as reported by the Department of Education's SASA Programs.<sup>32</sup>

## **9. Set-asides**

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

## **10. Supplemental grants**

Supplemental grants are not stipulated in Title I legislation, but rather are congressionally mandated on a year-by-year basis. In recent years, Congress has made supplemental grants available to LEAs that received a Concentration Grant in the previous fiscal year but none in the current fiscal year.

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<sup>28</sup> P.L. 107-110, sec. 1125A(c).

<sup>29</sup> Sec. 1232(d)(2) and sec. 1232(d)(3)

<sup>30</sup> Sec. 1303. For details on the application process, see sec. 1304. Note that the secretary of education can reduce the amount of this grant if he or she determines that the amount allocated is excessive for what a state proposed to do with the funds, see sec. 1303(c)(2).

<sup>31</sup> Sec. 1411. The secretary of education must approve the proposed plan of each state applying for these grants, see sec. 1414. Funds received under these grants must be used according to guidelines in sections 1415 and 1416.

<sup>32</sup> Sec. 1120(e)

## IV. Authorization and Allocation Amounts

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

The amount of funding that an LEA or state is authorized or eligible to receive under Title I is its *authorization amount*. In general, this amount is based on (1) the number of Title I-eligible children in the LEA or state, (2) the per-pupil cost of education in the state, and (3) the percentage of the state's per-pupil cost that Congress will fund.<sup>33</sup> Congress wrote Title I legislation so that the federal government pays approximately 40 cents on the dollar for educational services provided to disadvantaged children. The 40 cents per dollar, however, can vary, as explained below.

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

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

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

### A. Calculating the Authorization Amount for Grants

#### 1. Formula for Basic Authorization

The authorization amount for a qualifying LEA equals its *eligibility count* (i.e., the number of Title I-eligible children within its jurisdiction)<sup>34</sup> multiplied by the *adjusted per-pupil expenditure* for the state in which the LEA is located.

##### a. Adjusted Per-Pupil Expenditure (PPE)

The per-pupil costs of education differ from state to state, so the federal government does not give every LEA the same amount of money per Title I-eligible child. Instead Title I legislation attempts to provide an equitable distribution of Title I funds based on the state per-pupil expenditure, or state PPE, of each LEA.<sup>35</sup>

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<sup>33</sup> The amount of funding that a state receives under some grants is also based on a weighting scheme and for FIG it is also based on an Equity Factor and Effort Factor (explained in Part IV.A.4.a and b on p.16 of this document).

<sup>34</sup> See Part III A on p.5 for eligibility requirements.

<sup>35</sup> The calculation of the Adjusted PPE for every LEA in the same state is based on the respective state's PPE.

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

Some states' PPEs vary from the U.S. average PPE, with the result that LEAs in those states have disproportionately high or low Adjusted PPEs relative to the U.S. average. To compensate for this, Title I legislation provides the following rules:<sup>36</sup>

- *An LEA's Adjusted PPE cannot be less than 32 percent of the U.S. average PPE.*
- *An LEA's Adjusted PPE cannot be more than 48 percent of the U.S. average PPE.*

There are a few exceptions to these rules. Puerto Rico's Adjusted PPE for the Basic, Concentration, and Targeted Grants equals the number of eligible children in Puerto Rico multiplied by the product of (a) the ratio of average PPE in Puerto Rico to the lowest PPE of the 50 states and the District of Columbia, and (b) 32 percent of the *U.S. average PPE*.<sup>37</sup> For EFIG, the formula is the same except that 34 percent of the U.S. average PPE is used instead of 32 percent.<sup>38</sup> The PPEs for LEAs under the Bureau of Indian Affairs equal 0.48 percent of the *U.S. average PPE*. The PPEs for LEAs in the outlying territories are adjusted to remain within 80 and 120 percent of the *outlying territories' average PPE*, not the *U.S. average PPE*.

For further explanation of this formula, see Part V.A.4 (on p.24 of this document).

## **2. Formula for Concentration Authorization**

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

## **3. Formula for Targeted Authorization**

The authorization amount for Targeted Grants to a qualifying LEA equals that LEA's *weighted eligibility count* multiplied by its *Adjusted PPE* (as defined in Part IV.A.1 on p.8).

### **a. Weighted Eligibility Count**

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

Title I's weighting system accomplishes this by segmenting an LEA's "need" (as measured either by the number of disadvantaged children or by the percentage of the whole population

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<sup>36</sup> Sec. 1124(a)(1)(B)

<sup>37</sup> Sec. 1124(a)(4)(A). The "ratio of the average PPE in Puerto Rico to the lowest PPE of the 50 states and the District of Columbia" shall not be less than 77.5 in FY 02, 80.0 in FY 03, 80.5 in FY 04, and 90.0 in FY 05 [sec. 1124(a)(4)(B)]. If this ratio makes Puerto Rico receive more than any of the 50 states or the District of Columbia, use the greater of the following amounts as the ratio: (1) the original unadjusted ratio, (2) the ratio required for the preceding FY, (3) the ratio used in the preceding FY [sec. 1124(a)(4)(c)].

<sup>38</sup> Sec 1125A(b)(1)(A)(i)

of school-age children who are disadvantaged) into five categories and assigning a different weighting factor to each segment. Thus Title I-eligible children within a single category are weighted the same, but Title I-eligible children in different categories are weighted differently, according to the weighting factors of the categories.

An LEA's *weighted eligibility count* is the sum total of its weighted child counts in each applicable category. LEAs are entitled to have their eligibility count weighted by both the number and by the percentage of disadvantaged children in their jurisdiction. They receive the larger of the two weighted eligibility counts as their official count for the purposes of calculating their authorization amount. The categories and weighting factors for each are as follows:<sup>39, 40</sup>

A weighting factor of	applies to the number of Title I-eligible children in the LEA
1.0	from 1 to 691 (inclusive)
1.5	from 692 to 2,262 (inclusive)
2.0	from 2,263 to 7,851 (inclusive)
2.5	from 7,852 to 35,514 (inclusive)
3.0	in excess of 35,514.
A weighting factor of	applies to the number of Title I-eligible children in the LEA that constitutes
1.0	up to and equal to 15.58 percent of the school-age population
1.75	greater than 15.58 and less than or equal to 22.11 percent of the school-age population

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<sup>39</sup> For both LEAs and counties, NCES interprets the percentage cut-off points for the weighted eligibility count of Title I-eligible children as “*less than or equal to*,” whereas the Title I legislation under Part A, section 1125 states “*but not more than*.” For example, NCES states that the number of Title I-eligible children who receive a weighting factor of 1.75 must constitute greater than 15.58 and *less than or equal to* 22.11 percent of the school-age population. Title I legislation states that the number of eligible children who receive a weighting factor of 1.75 constitute more than 15.58 percent, *but not more than* 22.11 percent.

<sup>40</sup> If the secretary of education chooses to use county population data to calculate grants, the categories and weighting factors for each are:

A weighting factor of	applies to the number of Title I-eligible children in the LEA
1.0	from 2 to 2,311 (inclusive)
1.5	from 2,312 to 7,913 (inclusive)
2.0	from 7,914 to 23,917 (inclusive)
2.5	from 23,918 to 93,810 (inclusive)
3.0	in excess of 93,810.

Also,

A weighting factor of	applies to the number of Title I-eligible children in the LEA that constitutes
1.0	up to and equal to 15.00 percent of the school-age population
1.75	greater than 15.00 and less than or equal to 19.00 percent of the school-age population
2.5	greater than 19.00 and less than or equal to 24.20 percent of the school-age population
3.25	greater than 24.20 and less than or equal to 29.20 percent of the school-age population
4.0	greater than 29.20 percent of the school-age population.

- 2.5 greater than 22.11 and less than or equal to 30.16 percent of the school-age population
- 3.25 greater than 30.16 and less than or equal to 38.24 percent of the school-age population
- 4.0 greater than 38.24 percent of the school-age population.

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

<u>Weight</u>	<u>Categories</u>	<u>Number of Title I-eligible children</u>	<u>Weighted count</u>
1	between 1 and 691	691	691.0
1.5	between 692 and 2,262	1,571	2,356.5
2	between 2,263 and 7,851	5,589	11,178.0
2.5	between 7,852 and 35,514	27,663	69,157.5
3	in excess of 35,514	<u>1</u>	<u>3.0</u>
		35,515	83,386.0

The one exception to this system is Puerto Rico. Its weighted eligibility count cannot be greater than its eligibility count multiplied by 1.82.<sup>41</sup>

#### **4. Authorization for Education Finance Incentive Grant**

The authorization amount for an EFIG to a state equals the product of that state’s eligibility count multiplied by (a) its EFIG-*adjusted per-pupil expenditure*, (b) its Effort factor, and (c) 1.3 minus its Equity Factor.

Authorization amounts for EFIGs are not calculated for each LEA. Each LEA’s portion of its state’s EFIG allocation is calculated based on an equity factor after the state’s allocation amount is determined (see Part IV.B.4 on p.16 of this document).

##### **a. Adjusted Per-pupil Expenditure**

The EFIG-Adjusted PPE is calculated in the same way as the Basic Grants Adjusted PPE (see Part IV.A.1.a on p.8), except that a state’s Adjusted PPE cannot be less than 34 percent or more than 46 percent of the U.S. average PPE. There is no minimum or maximum ERIG-Adjusted PPE.

##### **b. Effort Factor**

EFIG is designed to reward LEAs in states that devote a greater percentage of income per-capita to elementary and secondary education. EFIG’s Effort factor ensures that states that devote a greater percentage of their resources to education receive more EFIG funding than

<sup>41</sup> Sec. 1125(c)(1 and 2)(D)

states that spend a lesser percentage (but may spend a larger amount). The Effort factor is the quotient of a fraction, which cannot be less than 0.95 or greater than 1.05. The numerator of this fraction is the product of the 3-year average per-pupil expenditure in the state multiplied by the 3-year average per capita income in the United States. The denominator is the product of the 3-year average per capita income in the state multiplied by the 3-year average per-pupil expenditure in the United States. As a formula it is:

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

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

### c. Equity Factor

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

There is one exception to this rule. The equity factor for states that (a) meet the disparity standard described in section 222.162 of title 34, *Code of Federal Regulations*<sup>42</sup> or (b) have only one LEA (e.g., Hawaii and the District of Columbia) shall not be greater than 0.10.

## 5. Authorization for Even Start Family Literacy

The authorization amount for Even Start Grants to a state equals *the largest of the following three amounts*.<sup>43</sup>

- (a) \$250,000
- (b) one-half of 1 percent of the total appropriation for Even Start
- (c) a percentage of the total Even Start appropriation equal to the ratio

$$\frac{\text{the sum of Basic and Concentration Grants made to LEAs in the state}}{\text{the sum of Basic and Concentration Grants made to all LEAs in the United States}}^{44}$$

## 6. Authorization Formula for Education of Migratory Children

The authorization amount for a Migratory Children Grant to a state or territory equals *the number of migratory children, aged 3 to 21, in that state or territory* [as defined by sec. 1303]

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<sup>42</sup> Title 34 of the *Code of Regulations* states that a state aid program should equalize expenditures if the disparity in the amount of expenditures per pupil for free public education among LEAs in the state is no more than 25 percent. In determining the disparity percentage, the secretary disregards LEAs with per-pupil expenditures or revenues above the 95th or below the 5th percentile of those expenditures or revenues in the state.

<sup>43</sup> Sec. 1232(d)(3)

<sup>44</sup> The number of LEAs in the United States includes LEAs in Puerto Rico, but not in any of the territories. LEAs in the territories receive Even Start Funding through the Title I, Part B, set-aside explained in part II.C.

(according to the Office of Migrant Education) multiplied by its *adjusted per-pupil expenditure* (as defined in Part IV.A.1.a on p.8). Note that Puerto Rico's Adjusted PPE is determined differently than any other state's Adjusted PPE.<sup>45</sup>

## **7. Neglected and Delinquent Children Authorization Formula**

The authorization amount for Neglected and Delinquent Children Grants to a state equals *the number of neglected and delinquent children in that state who are enrolled in education programs*<sup>46</sup> (according to the Student Assistance and School Accountability Programs) multiplied by its *adjusted per-pupil expenditure* (as defined in Part IV.A.1 on p.8 of this document). Note that Puerto Rico's Adjusted PPE is determined differently than any other state's Adjusted PPE.<sup>47</sup>

## **8. Authorization for Capital Expenses**

There is no authorization amount for Capital Expense Grants. The amount allocated for these grants is divided proportionately, with each state receiving a percentage of the total allocation (refer to Part IV.B.7 on p.21 of this document).

## **9. Set-asides**

The authorization amount for Basic and Targeted Grants funded by the set-aside of Title I, Part A, for LEAs under the Department of the Interior and in outlying territories is calculated by the Department of Education's Budget Office, which handles all set-asides. The authorization amount equals the LEA's *eligibility count* multiplied by the *adjusted per-pupil expenditure*.

There are no other authorization amounts for set-asides.

# **B. Calculating the Allocation Amount for Grants**

## **1. Allocation Formula for Basic Grants**

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

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

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

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<sup>45</sup> Sec. 1303(b)

<sup>46</sup> For the enrollment requirements to count as a neglected or delinquent child, refer to grant description in Part II.B on p.3 of this document.

<sup>47</sup> Sec. 1412(b)

amount for each LEA because requirements for *hold-harmless* provisions and *Small State Minimum* modify every LEA's allocation amount.

**a. Hold-Harmless Provisions**

The idea of a "hold-harmless" provision is that an LEA should not incur a loss of more than 15 percent of its preceding year's Title I funds because of a drop in its eligibility count for a given fiscal year.<sup>48</sup> An LEA will retain a certain percentage of its prior year's funding depending on the following criteria.

- An LEA will receive no less than 95 percent of its prior year's amount of funding if the ratio of its eligibility count to the 5- to 17-year-old population in the LEA is equal to or greater than 0.3.
- An LEA will receive no less than 90 percent of its prior year's amount of funding if the ratio of its eligibility count to the 5- to 17-year-old population in the LEA is between 0.15 and 0.3.
- An LEA will receive no less than 85 percent of its prior year's amount of funding if the ratio of its eligibility count to the 5- to 17-year-old population in the LEA is less than 0.15.

**b. Small State Minimum**

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

- (1) 0.25 percent of the total appropriations for that grant for the FY 2001, plus 0.35 percent of the total amount allocated to states in excess of the amount allocated for the grant in FY 2001, or
- (2) the average of (a) the amount in point (1) above, and (b) the state's eligibility count multiplied by 150 percent of the national average per-pupil payment.<sup>49</sup>

If the sum of LEA allocations for a state is less than the Small State Minimum, then that state receives the Small State Minimum.<sup>50</sup> When this occurs, the entire schedule of allocations for all LEAs must be recalculated.

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

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

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<sup>48</sup> Sec. 1122(c)

<sup>49</sup> The national average per-pupil payment is the total amount of Title I funding per grant distributed among the 50 states, the District of Columbia, and Puerto Rico, divided by the total number of children eligible for that particular grant in the 50 states, the District of Columbia, and Puerto Rico.

<sup>50</sup> The law provides special privileges for states entitled to the Small State Minimum and states retain these privileges even if, under Hold-Harmless provisions, they receive more than the Small State Minimum.

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

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

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

## 2. Allocation Formula for Concentration Grants

The allocation amount for a qualifying LEA is determined according to the same formula used to determine Basic Grant allocations, including the hold-harmless provision (see Part IV.B.1.a on p.14 of this document) and Small State Minimums (see Part IV.B.1.b on p. 14 of this document), except the hold-harmless provision expires after 4 years<sup>51</sup> of its first application and the Small State Minimum is calculated according to the formula below:

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

- (1) 0.25 percent of the total Concentration Grant appropriations for the FY 2001, plus 0.35 percent of the total amount allocated to states in excess of the amount allocated for the grant in FY 2001; or
- (2) the average of (a) the amount in point (1) above and, (b) the greater of the following two amounts: (i) \$340,000 or (ii) the eligibility count multiplied by 150 percent of the national average per-pupil payment.<sup>52</sup>

For an illustration of these steps, see Appendix B.

## 3. Allocation Formula for Targeted Grants

The allocation amount for a qualifying LEA is determined according to the same formula used to determine Basic Grant allocations, including the hold-harmless provisions (see Part IV.B.1.a on p.14 of this document) and Small State Minimums (see Part IV.B.1.b on p. 14 of this document), except that the Small State Minimum is calculated according to the formula below:

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

- (1) 0.35 percent of the total Targeted Grant appropriation for the fiscal year;<sup>53</sup> or

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<sup>51</sup> Sec. 1122(c)(2).

<sup>52</sup> See footnote 46.

<sup>53</sup> Note that the Small State Minimum differs from that for Basic and Concentration Grants in both the percent it uses and in the fiscal year used: Basic and Concentration Grants use FY 01 as a base year; Targeted Grants use the current fiscal year.

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

For an illustration of these steps, see Appendix C.

#### **4. Allocation Formula for Education Finance Incentive Grants**

The allocation amount for a qualifying LEA cannot be determined by a simple formula because it depends on

- the EFIG allocation amount for each state,
- the percentage of the Title I-eligible children in the state that LEA serves, and
- whether hold-harmless provisions apply.

Thus several steps are required to determine the allocation amount for each qualifying LEA. First, the allocation amount for each state must be calculated. The allocation amount for each state equals its authorization amount (as defined in Part IV.A.4 on p.11 of this document) unless this amount is less than the Small State Minimum, in which case the state’s allocation amount equals the Small State Minimum.<sup>54</sup>

##### **a. Small State Minimum**

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

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

Once the allocation amount for each state is known, the next step is to determine the proportion of the state’s total EFIG allocation that each qualifying LEA receives as its allocation. Each qualifying LEA receives a proportion of the state’s total EFIG allocation that equals:

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

This allocation system applies the same logic as the Targeted Grant’s weighted eligibility count: by dividing the allocation amount among LEAs according to the proportion of the state’s Title I-eligible children that the LEA serves, LEAs with the greatest need (i.e., the greatest number or proportions of disadvantaged children) receive the greatest proportion of EFIG funding. In addition, EFIG’s weighting system ensures that in states with the most disparity, LEAs with the largest proportions of disadvantaged children receive

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<sup>54</sup> A state’s authorization amount can also differ from its final allocation amount if the secretary of education (a) determines that “either the combined fiscal effort per student or the aggregate expenditures within the State with respect to the provision of free public education” is less than 90 percent of such effort or funds two years prior and (b) does not grant the state a waiver [Sec. 1125A (e)]. In such a case, the state’s allocation amount is reduced in the same proportion as the state fails to meet the level of effort or funding of two years prior.

disproportionately larger portions of EFIG funding than LEAs with the same proportion of disadvantaged children in states with less disparity. EFIG’s weighting system accomplishes this by (1) classifying states into low, moderate, and high equity states and (2) segmenting an LEA’s “need” (as measured either by the number of disadvantaged children or by the percentage of the whole population of school-age children who are disadvantaged) into five categories and assigning a different weighting factor to each category. Thus, like the Targeted Grant’s weighting system, Title I-eligible children within a single category are weighted the same, but Title I-eligible children in different categories are weighted differently, according to the weighting factors of the categories. Unlike the Targeted Grant’s weighting system, however, LEAs with the same number or proportion of Title I-eligible children can have different weighted eligibility counts if they are in states with different classifications of equity.

**b. Weighted Eligibility Count**

An LEA’s *weighted eligibility count* is the sum total of its weighted child count in each applicable category under the appropriate state equity classification (see below). LEAs are entitled to have their eligibility count weighted by both the number and by the percentage of disadvantaged children that they serve. LEAs receive the larger of the two weighted eligibility counts as their official count for the purposes of calculating their allocation. The categories and weighting factors for each of the state equity classifications are as follows:<sup>55, 56</sup>

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

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

A weighting factor of	applies to the number of Title I-eligible children in the LEA that constitutes
1.0	up to and equal to 15.58 percent of the school-age population
1.75	greater than 15.58 and less than or equal to 22.11 percent of the school-age population
2.5	greater than 22.11 and less than or equal to 30.16 percent of the school-age population

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<sup>55</sup> For both LEAs and counties, NCES interprets the percentage cut-off points for the weighted eligibility count of Title I-eligible children as “*less than or equal to*,” whereas the Title I legislation under Part A, section 1125A states “*but not more than*.” For example, in states with an equity factor less than 0.10, NCES states that the number of Title I-eligible children who receive a weighting factor of 1.75 must constitute greater than 15.58 and *less than or equal to* 22.11 percent of the school-age population. Title I legislation states that the number of eligible children who receive a weighting factor of 1.75 constitute more than 15.58 percent, *but not more than* 22.11 percent.

<sup>56</sup> If the secretary of education chooses to use county population data to calculate grants, different categories and weighting factors are used [see sec. 1125(A)(d) for a complete listing].

- 3.25 greater than 30.16 and less than or equal to 38.24 percent of the school-age population
- 4.0 greater than 38.24 percent of the school-age population.

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

A weighting factor of applies to the number of Title I-eligible children in the LEA

- 1.0 between 1 and 691 (inclusive)
- 1.5 from 692 to 2,262 (inclusive)
- 2.25 from 2,263 to 7,851 (inclusive)
- 3.375 from 7,852 to 35,514 (inclusive)
- 4.5 in excess of 35,514.

A weighting factor of applies to the number of Title I-eligible children in the LEA that constitutes

- 1.0 up to and equal to 15.58 percent of the school-age population
- 1.5 greater than 15.58 and less than or equal to 22.11 percent of the school-age population
- 3.0 greater than 22.11 and less than or equal to 30.16 percent of the school-age population
- 4.5 greater than 30.16 and less than or equal to 38.24 percent of the school-age population
- 6.0 greater than 38.24 percent of the school-age population.

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

A weighting factor of applies to the number of Title I-eligible children in the LEA

- 1.0 between 1 and 691
- 2.0 from 692 to 2,262 (inclusive)
- 3.0 from 2,263 to 7,851 (inclusive)
- 4.5 from 7,852 to 35,514 (inclusive)
- 6.0 in excess of 35,514.

A weighting factor of applies to the number of Title I-eligible children in the LEA that constitutes

- 1.0 up to and equal to 15.58 percent of the school-age population
- 2.0 greater than 15.58 and less than or equal to 22.11 percent of the school-age population
- 4.0 greater than 22.11 and less than or equal to 30.16 percent of the school-age population
- 6.0 greater than 30.16 and less than or equal to 38.24 percent of the school-age population
- 8.0 greater than 38.24 percent of the school-age population.

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

Weight	Categories	Number of Title I-eligible children	Weighted count
1	between 1 and 691	691	691.0
2	between 692 and 2,262	1,571	3,142.0
3	between 2,263 and 7,851	5,589	16,767.0
4.5	between 7,852 and 35,514	27,663	124,483.5
6	in excess of 35,514.	1	6.0
		<u>35,515</u>	<u>145,089.5</u>

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

The same hold-harmless provisions as applied to Basic, Concentration, and Targeted Grants (see Part IV.B.1.a on p.14 of this document) apply to EFIG.<sup>57</sup> However, FY 02 appropriation marks the first time that the Targeted Grants and EFIG formulas were funded, so there was no prior year amount to use as the hold-harmless base. Therefore, the hold-harmless provision had no effect on the 2002-03 school year Targeted Grant and EFIG allocations. The 2002-03 school year allocations determined for Targeted Grants and EFIG will be used as the hold-harmless base amount when the 2003-04 school year allocations are calculated.

For an illustration of these steps, see Appendix D.

## 5. Allocation Formula for Even Start Family Literacy Grants

The allocation amount for states authorized to receive the state minimum (i.e., states whose authorization amount is \$250,000 or one-half of 1 percent of the total appropriation for Even Start) equals the state minimum (\$250,000 or, if it is greater, one-half of 1 percent of the total appropriation for Even Start). Each remaining state's allocation amount equals (a) multiplied by (b):

- (a)  $\frac{\text{the sum of Basic and Concentration Grants made to LEAs in the state}}{\text{the sum of Basic and Concentration Grants made to all LEAs in the United States}}^{58}$
- (b) (the amount of Title I funding appropriated by Congress for that fiscal year) – (the number of states authorized to receive state minimum \* the state minimum)

## 6. Allocation Formula for Education of Migratory Children Grants

The allocation amount for each state depends on

- that state's authorization amount,
- the total of authorized amounts to all states, and
- the amount of Title I funding appropriated by Congress the applicable fiscal year.

<sup>57</sup> Sec 1125A(g)(3)

<sup>58</sup> The number of LEAs in the United States includes LEAs in Puerto Rico, but not in any of the territories. LEAs in the territories receive Even Start Funding through the Title I, Part B, set-aside explained in part II.C on p.4 of this document.

If the appropriation of funding for this part is insufficient, each state's allocation amount is determined by ratably reducing the authorization amount to an allocation amount (i.e., by multiplying the total appropriation for Migratory Children Grants by the ratio of the state's authorization amount to the sum total of authorized amounts to all states).<sup>59</sup>

### **7. Allocation Formula for Neglected and Delinquent Children Grants**

The allocation amount for a qualifying state is determined according to the same formula for Migratory Children Grant allocations.

### **8. Allocation Formula for Capital Expenses for Private School Children**

The allocation amount for each state depends on

- the number of Title I-eligible children in religiously affiliated schools in the state,
- the number of Title I-eligible children in religiously affiliated schools in the nation, and
- the amount of Title I funding appropriated by Congress for the applicable fiscal year.

Each state's allocation amount is a percentage of the total appropriations equal to the ratio:

$$\frac{\text{number of Title I-eligible children in religiously affiliated schools in the state}}{\text{number of Title I-eligible children in religiously affiliated schools in the United States}}$$

### **9. Set-aside Allocation Formula for Basic and Targeted Grants**

The allocation amounts for the Department of the Interior's and outlying territories' Basic and Concentration Grants are calculated in the same way that all states' Basic and Concentration Grants are calculated, with the following differences:

- The Adjusted PPE for all BIA LEAs is set at the maximum (i.e., at the highest legal Adjusted PPE).
- The universe of "all LEAs" used in the calculation is limited to those LEAs in the BIA and outlying territories.
- Instead of *ratably reducing* to the total appropriation for Basic or Concentration Grants, these calculations ratably reduce to the amount of funding set aside in Title I, Part A.
- No small state minimums apply. (Hold-harmless provisions, however, do apply.)

## **V. Allocation Process**

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

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<sup>59</sup> Precedence dictates that this allocation is made in whole dollars. Thus, the schedule of allocations for all states is rounded to the nearest dollar and adjusted if it does not exactly equal the total appropriation (How this adjustment is made is explained in Part V.C.2.9 on p.28 of this document).

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

## A. Data Preparation

### 1. Assembling Title I Data Sets

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

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#### STATE-LEVEL DATA<sup>60</sup>

<b>Data Element</b>	<b>Data Source</b>	<b>Date Available From Source</b>
Number of neglected and delinquent children	Student Assistance and School Accountability (SASA) Programs Department of Education Sandy Brown, (202) 260-0976	Annually in February
Number of migratory children	SASA Programs Department of Education Sandy Brown, (202) 260-0976	Annually in February
Eligibility count from religiously affiliated Schools	No official count. Data is reported from each state to the Title I office. Sandy Brown, (202) 260-0976	Annually
Per-pupil expenditure for each state and territory	National Center for Education Statistics Department of Education Frank Johnson, (202) 502-7362	Annually in September
Per capita income For each state and territory	Bureau of Economic Analysis Regional Economics Information Systems Staff, (202) 606-5360	Annually in September

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#### LEA-LEVEL DATA

<b>Data Element</b>	<b>Data Source</b>	<b>Date Available From Source</b>
Children aged 5 – 17, inclusive		
living in families at or below the poverty level	Bureau of the Census, Population Division Department of Commerce Paul Siegal, (301) 457-3182	Annually in December
living in families receiving Temporary Aid to Needy Families (TANF)	SASA Programs <sup>61</sup> Department of Education Sandy Brown, (202) 260-0976	Annually in February
in institutions for	SASA Programs <sup>61</sup>	Annually in

<sup>60</sup> Note that this data set includes data for all 50 states, the District of Columbia, Puerto Rico, and all U.S. territories.

<sup>61</sup> Original data source is the Department of Health and Human Services.

neglected and delinquent children	Department of Education Sandy Brown, (202) 260-0976	February
in foster homes	SASA Programs <sup>61</sup> Department of Education Sandy Brown, (202) 260-0976	Annually in February
in the population at large	Bureau of the Census, Population Division Department of Commerce Paul Siegal, (301) 457-3182	Annually in December
Per-pupil expenditure for each LEA	National Center for Education Statistics Department of Education Frank Johnson, (202) 502-7362	Annually in September
Total resident population	Bureau of the Census, Population Division Department of Commerce Paul Siegal, (301) 457-3182	Annually in December
Preceding year's Basic and Concentration Grants <sup>62</sup>	SASA Programs Department of Education Sandy Brown, (202) 260-0976	Annually in March

## 2. Data Processing

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

### a. Preparing Data on Per-Pupil Expenditure (PPE)

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

The basic data for computing the PPE are (a) the Current Net Expenditures, (b) the Total Exclusions<sup>63</sup> of federal education monies, and (c) the average daily attendance as defined by state or territorial law, for each state and territory. Current Net Expenditures record the total amount spent on education within a given state or territory for a single federal fiscal year; Total Exclusions record the amount of federal funding for education received by a given state and territory.

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

<sup>62</sup> This is the amount actually reported as received by an LEA in the previous year. NCES recommends using this figure instead of the amount recorded by NCES to have been allocated. At the time of publication, however, no final decision has been made as to which figure will be used in the future.

<sup>63</sup> Total Exclusions are defined in Appendix E of the National Public Education Financial Survey (p.12, <http://www.nces.ed.gov/ccd/pdf/stfis00form.pdf>, accessed March 24, 2003)

- Once computed (or when received already computed), the PPE is recorded in whole dollars.<sup>64</sup> (An Integer function is used to round the PPE to whole dollars.)

#### **b. Preparing Data on Poverty**

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

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

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

When NCES does not receive the number of TANF, Neglected, Delinquent, and Foster children for all LEAs at once,

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

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

### **3. Verifying Data**

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

To verify data, NCES receives a copy of the data files created by the Division of Compensatory Education Programs (contact person: Sandy Brown, (202) 260-0976) and combines these files with NCES’s files. The columns in this combined file are then sorted so that columns with the same variables are next to each other. Data are visually compared from both sources to spot inconsistencies.

### **4. Determining the Adjusted PPE for each State And Territory**

As explained above (in Part IV.A.1.a. on p.8 of this document), Title I legislation requires that each state’s and territory’s PPE be adjusted to ensure greater equity in Title I calculations. Thus once each state’s and territory’s PPE has been verified, its Adjusted PPE is determined by the following steps:

- (1) Each state’s and each territory’s PPE is multiplied by 0.4 and rounded to the second decimal place (for dollars and cents).
- (2) The *U.S. Average PPE* is then calculated. The sum of all 50 state’s and the District of Columbia’s Current Net Expenditures minus the sum of their Total Exclusions, divided by the sum of their average daily attendance figures and rounded to the second decimal, yields the *U.S. Average PPE*.

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<sup>64</sup> Although computer programs today make it easy to work with the actual PPE, the PPE is still recorded in whole dollars.

- (3) The *U.S. Average PPE* is multiplied by 0.32 and rounded to the second decimal place to determine the lowest Adjusted PPE permissible by law.
- (4) The *U.S. Average PPE* is multiplied by 0.48 and rounded to the second decimal place to determine the highest Adjusted PPE permissible by law.
- (5) The rounded product of each state's and territory's PPE x 0.4 is compared with the lowest legal Adjusted PPE and the highest legal Adjusted PPE.
- (6) If the rounded product of a given state's or territory's PPE x 0.4 is less than the lowest legal Adjusted PPE, then that state's or territory's Adjusted PPE is set at the lowest legal Adjusted PPE (i.e., 80 percent of the *U.S. Average PPE*).
- (7) If the rounded product of a given state's or territory's PPE x 0.4 is greater than the highest legal Adjusted PPE, then that state's or territory's Adjusted PPE is set at the highest legal Adjusted PPE (i.e., 120 percent of the *U.S. Average PPE*).
- (8) If the rounded product of a given state's or territory's PPE x 0.4 is between the highest and lowest legal Adjusted PPE, then that state's or territory's Adjusted PPE is set at its PPE x 0.4, rounded to the second decimal place.
- (9) The one exception to this formula for determining the Adjusted PPE is Puerto Rico. Puerto Rico's Adjusted PPE is determined by:
  - (a) Dividing Puerto Rico's PPE by the smallest (unadjusted) PPE recorded for one of the 50 states;
  - (b) Multiplying that product by the lowest legal Adjusted PPE, but never less than what the law mandates;<sup>65</sup>
  - (c) Rounding that product to the second decimal place.

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

## 5. Creating Database Files

### a. State-Level and School LEA-level Databases

Once NCES has received, verified, and corrected the state-level and school LEA-level data for every state and territory, NCES enters these data into two database files, saved in ASCII format, and labeled respectively "State Data" and "School District Data." The variables entered in each of these databases and the coding system used to do so are as follows:

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#### STATE DATA

Data Element	Columns	Data Type
State code	1 – 2	Numeric
Adjusted per-pupil expenditure	3 – 8	Numeric <sup>66</sup>
Migratory count	9 – 16	Numeric
Neglected count	17 – 24	Numeric
Delinquent count	25 – 32	Numeric
Migratory grant <sup>67</sup>	33 - 44	Numeric <sup>66</sup>
Neglected and delinquent grant <sup>67</sup>	45 - 56	Numeric <sup>66</sup>

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<sup>65</sup> See footnote 37.

<sup>66</sup> Two implied decimals in data.

<sup>67</sup> data for preceding year used.

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## SCHOOL DISTRICT DATA

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

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### b. Allocation Database

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

- (1) Edit or create a file called TDOLSXX.DAT where XX is the year (e.g., 2002 = 02), in the “Title I” directory.<sup>68</sup>
- (2) Enter the amount allocated for Basic Grants on lines 1 and 2, utilizing 10 digits with no decimals.
- (3) Enter the amount allocated for Concentration Grants on line 3, utilizing 10 digits with no decimals.
- (4) Enter the amount allocated for Targeted Grants on line 4. If there is no congressional allocation for Targeted Grants, then enter a reasonable allocation (so the program does not crash) and omit the results for Targeted Grants.
- (5) Enter last year’s appropriation for Basic Grants on line 5, utilizing 10 digits with no decimals.
- (6) Enter last year’s appropriation for Concentration Grants on line 6, utilizing 10 digits with no decimals.
- (7) Enter the amount allocated for EFIG Grants on line 7, utilizing 10 digits with no decimals.
- (8) Be certain to right justify dollar amounts in (2) through (7) above.

## B. Running the Allocation Program for Basic, Concentrated, Targeted and EFIG Grants<sup>69</sup>

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<sup>68</sup> Before being reauthorized under the Improving America’s Schools Act of 1994, Title I was called Chapter 1 under the Education Consolidation and Improvement Act of 1981.

<sup>69</sup> For a copy of the SAS program referred to herein, contact William Sonnenberg at William.Sonnenberg@ed.gov

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

## **C. Determining the Allocations for all other Grants<sup>70</sup>**

### **1. Grants for Even Start Family Literacy**

1. Enter the current fiscal year's appropriation for Even Start Family Literacy Grants into a spreadsheet, calculate the set-aside amount, and subtract this amount from the appropriation to determine *the current fiscal year's total allocation amount*.
2. Enter each state's Basic and Concentration Grant allocation into the spreadsheet.
3. Sum the Basic and Concentration Grant allocations for each state.
4. Sum the total amount of Basic and Concentration Grant allocations for all states (including the District of Columbia and Puerto Rico).
5. Calculate the authorization amount for each state by dividing the sum determined in step 3 by the total from step 4, and multiplying the quotient by the current fiscal year's total allocation amount.
6. If the product of step 5 for any state is less than one-half of 1 percent of the current fiscal year's total allocation amount (or \$250,000, if \$250,000 is a greater amount), then set that state's allocation at one-half of 1 percent of the current fiscal year's total allocation amount (or \$250,000, if \$250,000 is a greater amount).
7. Sum the state allocation amounts set in step 6 and subtract this sum from the current fiscal year's total allocation amount.
8. For all states unaffected by step 6, ratably reduce their authorization amount to their allocation amount (i.e., divide each of those state's authorization amount by the remainder from step 7 and multiply the quotient by the current fiscal year's total allocation amount, as calculated in step 1).
9. If the product of step 8 for any state is less than one-half of 1 percent of the current fiscal year's total allocation amount (or \$250,000, if \$250,000 is a greater amount), then set that state's allocation at one-half of 1 percent of the current fiscal year's total allocation amount (or \$250,000, if \$250,000 is a greater amount) and repeat steps 7 through 9.
10. If the product of step 8 for all states is equal or greater than one-half of 1 percent of the current fiscal year's total allocation amount (or \$250,000, if \$250,000 is a greater amount), then the allocation process is complete: each state's set allocation or ratably reduced allocation is its final allocation amount.

### **2. Grants for Education of Migratory Children**

1. Enter the current fiscal year's appropriation for Grants for Education of Migratory Children into the spreadsheet, calculate the set-aside amount, and subtract this amount from the appropriation to determine *the current fiscal year's total allocation amount*.
2. Enter the official count of full-time equivalent (FTE) migratory children into the spreadsheet.
3. Enter the per-pupil expenditure (PPE) for each state into the spreadsheet and calculate the U.S. average PPE.

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<sup>70</sup> This section is not intended to provide an exhaustive review of the procedures. It is assumed that the user has experience programming in and operating the specified computer software packages.

4. Calculate each state's Adjusted PPE according to the same formula used for calculating the Adjusted PPEs for Basic, Concentration, and Targeted Grants (as explained in part V.A.4. on p.24 of this document).
5. Calculate each state's authorization amount by multiplying the counts entered in step 2 by the Adjusted PPEs.
6. Calculate the sum of all 52 authorization amounts (i.e., those of the 50 states, the District of Columbia, and Puerto Rico).
7. If the appropriation of funding for this part is insufficient, calculate an initial allocation amount by ratably reducing each state's authorization amount (i.e., by dividing each state's authorization amount by the sum of all authorization amounts and multiplying the quotient by the current fiscal year's total allocation amount, as calculated in step 1).
8. Round each state's initial allocation amount to the nearest whole dollar.
9. If the sum of the rounded allocation amounts for all states equals the current fiscal year's total allocation amount, then the allocation process is complete: each state's final allocation equals its initial allocation amount rounded to the nearest whole dollar. If the sum of the rounded allocation amounts for all states does *not* equal the current fiscal year's total allocation amount, then adjust them so they do by following steps 10 through 14.
10. Create a table with the current fiscal year's total allocation amount (or the desired total) and the sum of the rounded allocation amounts for all states. Calculate the difference between these two figures. The difference is referred to as the Input Correction on NCES spreadsheets.
11. Sum the Input Correction and the desired total, then divide this sum by the desired total to calculate a *correction factor*.
12. Multiply each state's initial allocation amount (from step 7) by this correction factor.
13. Round each state's adjusted allocation amount to the nearest whole dollar
14. If the sum of the rounded allocation amounts for all states equals the current fiscal year's total allocation amount, then the allocation process is complete: each state's final allocation equals its initial allocation amount, multiplied by the correction factor, and rounded to the nearest whole dollar. If the sum of the rounded allocation amounts for all states still does not equal the current fiscal year's total allocation amount, then manually revise the Input Correction figure up or down and repeat steps 11 through 14 until the rounded allocation amounts for all states equals the current fiscal year's total allocation amount. (Note that if the sum of the rounded allocation amounts for all states is above the current fiscal year's total allocation amount, revise the Input Correction figure down. If it is below, revise the Input Correction figure up.)

### **3. Grants for Neglected and Delinquent Children**

1. Enter the current fiscal year's appropriation for Grants for Neglected and Delinquent Children into the spreadsheet. As there is no set-aside from this appropriation, this amount is *the current fiscal year's total allocation amount*.
2. Enter each state's count of neglected and delinquent children. (Note: do not round figures for states that submit data with fractions of children.)
3. Enter the per-pupil expenditure (PPE) for each state into the spreadsheet and calculate the U.S. average PPE.
4. Calculate each state's Adjusted PPE according to the same formula used for calculating the Adjusted PPEs for Basic, Concentration, and Targeted Grants (as explained in part V.A.4. on p.24 of this document).
5. Calculate each state's authorization amount by multiplying the counts entered in step 2 by the Adjusted PPEs.
6. Calculate the sum of all 52 authorization amounts (i.e., those of the 50 states, the District of Columbia, and Puerto Rico).

7. If the appropriation of funding for this part is insufficient, calculate an initial allocation amount by ratably reducing each state's authorization amount (i.e., by dividing each state's authorization amount by the sum of all authorization amounts and multiplying the quotient by the current fiscal year's total allocation amount, as calculated in step 1).
8. Round each state's initial allocation amount to the nearest whole dollar.
9. If the sum of the rounded allocation amounts for all states equals the current fiscal year's total allocation amount, then the allocation process is complete: each state's final allocation equals its initial allocation amount rounded to the nearest whole dollar. If the sum of the rounded allocation amounts for all states does *not* equal the current fiscal year's total allocation amount, then adjust them so they do by following steps 10 through 14.
10. Create a table with the current fiscal year's total allocation amount (or the desired total) and the sum of the rounded allocation amounts for all states. Calculate the difference between these two figures. The difference is referred to as the Input Correction on NCES spreadsheets.
11. Sum the Input Correction and the desired total, then divide this sum by the desired total to calculate a *correction factor*.
12. Multiply each state's initial allocation amount (from step 7) by this correction factor.
13. Round each state's adjusted allocation amount to the nearest whole dollar.
14. If the sum of the rounded allocation amounts for all states equals the current fiscal year's total allocation amount, then the allocation process is complete: each state's final allocation equals its initial allocation amount, multiplied by the correction factor, and rounded to the nearest whole dollar. If the sum of the rounded allocation amounts for all states still does not equal the current fiscal year's total allocation amount, then manually revise the Input Correction figure up or down and repeat steps 11 through 14 until the rounded allocation amounts for all states equals the current fiscal year's total allocation amount. (Note that if the sum of the rounded allocation amounts for all states is above the current fiscal year's total allocation amount, revise the Input Correction figure down. If it is below, revise the Input Correction figure up.)

#### **4. Grants for Capital Expenses**

1. Enter each state's count of Title I-eligible children in religiously affiliated schools into the spreadsheet.
2. Sum the number of Title I-eligible children in religiously affiliated schools in all states.
3. Calculate the allocation for each state by dividing that state's count from step 1 by the total from step 2, and multiplying the quotient by the current fiscal year's total allocation for Capital Expenses.

### **D. Reporting Allocation Results**

Forward the results of the allocation process for each grant via email to the Department of Education's Budget Office (contact persons: Lonna Jones (202) 401-0312 and Ian Soper, (202) 401-0907) and the Office of Elementary and Secondary Education's Student Assistance and School Accountability Programs (contact person: Sandy Brown, (202) 260-0976).

## Appendix A – Allocation Process for Basic Grants

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

$$(\text{Eligibility Count}) \times (\text{Adjusted PPE}) = \text{Authorization Amount}$$

II. For each LEA determine X (i.e., the potential Allocation Amount for that LEA), using the formula:<sup>71</sup>

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

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

A1. If Congress appropriates Title I funding without special instructions regarding hold-harmless amounts, then for

- LEA's with an eligibility count  $<$  15% of its total population aged 5 to 17, set X at 85% of its previous year's funding.
- LEA's with an eligibility count  $\geq$  15% but  $<$  30% of its total population aged 5 to 17, set X at 90% of its previous year's funding.
- LEA's with an eligibility count  $\geq$  30% of its total population aged 5 to 17, set X at 95% of its previous year's funding.

A2. If Congress appropriates Title I funding with special instructions setting hold-harmless amounts at a stipulated percentage (P%), then for LEAs where X  $<$  its previous year's allocation, set X = at P% of its previous year's allocation.

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<sup>71</sup> The expression " $\sum_{\text{for all LEAs}}$  Authorization Amount" reads as *the sum total of all Authorization Amounts for all LEAs*.

**APPENDIX A**

**ALLOCATION PROCESS FOR BASIC GRANTS**

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

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

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

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

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

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

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

$$\frac{\text{Authorization Amount}}{\sum_{\substack{\text{for all LEAs both} \\ \text{unaffected by hold-harmless and \\ \text{not in states or territories eligible} \\ \text{for the Small State Minimum}}} \text{Authorization Amount}} = \frac{X}{(\text{Total Appropriation} - (\text{Small State Minimum} \times [\text{the number of states and territories eligible}]) - \sum_{\substack{\text{for all LEAs} \\ \text{with X set in step III A.}}} \text{Allocation Amount})}$$

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

APPENDIX A

ALLOCATION PROCESS FOR BASIC GRANTS

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

for all LEAs  
in that particular state or territory

for all LEAs  
with X set in step III A.

- IV. For each state and territory not eligible for the Small State Minimum, sum the Xs for all LEAs in that state or territory.
  - V. Repeat steps III and IV until either:
    - A. the sum of Xs for all LEAs in any given state and territory is equal to or greater than the Small State Minimum and no LEA entitled to a hold-harmless amount receives less than its hold-harmless entitlement;
- OR
- B. it is mathematically impossible to satisfy the conditions of step V.A. because of the hold-harmless requirements of step III A2, in which case repeat steps III and IV with hold-harmless percentages set as close as possible to P% (i.e., P% - .01% at first), repeating the steps as necessary with progressively smaller hold-harmless percentages until it is mathematically possible to satisfy the conditions of step V.A.
- VI. The final X for each LEA is its Allocation Amount.

## Appendix B – Allocation Process for Concentration Grants

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

$$(\text{Eligibility Count}) \times (\text{Adjusted PPE}) = \text{Authorization Amount}$$

II. For each LEA determine X (i.e., the potential Allocation Amount for that LEA), using the formula:<sup>72</sup>

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

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

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

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

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

C.

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

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<sup>72</sup> The expression “ $\sum_{\text{for all LEAs}}$  Authorization Amount” reads as *the sum total of all Authorization Amounts for all LEAs*.

**APPENDIX B**

**ALLOCATION PROCESS FOR CONCENTRATION GRANTS**

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

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

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

for all LEAs  
with X set in step III A.

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

- V. Repeat steps III and IV until either:

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

OR

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

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

## Appendix C – Allocation Process for Targeted Grants

- I. For each LEA determine a weighted child count by percentage and by number.
- A. An LEA's weighted child count, determined by number, equals Z, using the formula:

---

### Step 1.

- For an LEA with an Eligibility Count  $\leq 691$ , set  $Z = (\text{Eligibility Count} \times 1.0)$ .
- For an LEA with an Eligibility Count  $> 691$ , set  $Y_1 = 691$ , and go to the next step.

### Step 2.

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

### Step 3.

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

### Step 4.

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

APPENDIX C

TARGETED GRANT ALLOCATION PROCESS

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

---

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

Step 1.

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

Step 2.

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

Step 3.

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

Step 4.

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

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

**APPENDIX C**

**TARGETED GRANT ALLOCATION PROCESS**

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

$$(\text{Weighted Eligibility Count}) \times (\text{Adjusted PPE}) = \text{Authorization Amount}$$

IV. For each LEA determine X (i.e., the potential Allocation Amount for that LEA), using the formula:<sup>73</sup>

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

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

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

$$\frac{\text{Authorization Amount}}{\sum_{\substack{\text{for all LEAs} \\ \text{unaffected by hold-harmless} \\ \text{requirements}}} \text{Authorization Amount}} = \frac{X}{(\text{Total Appropriation} - \sum_{\substack{\text{for all LEAs} \\ \text{with X set at P\% of its} \\ \text{previous year's allocation}}} \text{Allocation Amount})}$$

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

C.

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

$$\text{If the } \sum_{\substack{\text{for all LEAs in a} \\ \text{particular state or territory}}} X < \text{Small State Minimum}$$

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<sup>73</sup> The expression " $\sum_{\text{for all LEAs}}$  Authorization Amount" reads as *the sum total of all Authorization Amounts for all LEAs*.

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**TARGETED GRANT ALLOCATION PROCESS**

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

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

$$\frac{\text{Authorization Amount}}{\sum_{\substack{\text{for all LEAs both} \\ \text{unaffected by hold-harmless} \\ \text{and} \\ \text{not in states or territories eligible} \\ \text{for the Small State Minimum}}} \text{Authorization Amount}} = \frac{X}{(\text{Total Appropriation} - (\text{Small State Minimum} \times [\text{the number of states and territories eligible}]) - \sum_{\substack{\text{for all LEAs} \\ \text{with X set in step III.A.}}} \text{Allocation Amount})}$$

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

$$\frac{\text{Authorization Amount}}{\sum_{\substack{\text{for all LEAs} \\ \text{in that particular state or territory}}} \text{Authorization Amount}} = \frac{X}{(\text{Small State Minimum} - \sum_{\substack{\text{for all LEAs} \\ \text{with X set in step III A.}}} \text{Allocation Amount})}$$

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

VII. Repeat steps V and VI until either:

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

OR

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

## Appendix D – Allocation Process for EFIG

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

$$(\text{Eligibility Count}) \times (\text{Adjusted PPE}) \times (\text{Effort Factor}) \times (1.3 - \text{the Equity Factor}) = \text{Authorization Amount}$$

A. For each state determine its Effort Factor using the formula:<sup>74</sup>

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

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

1. Calculate the state average PPE using the formula:<sup>75</sup>

$$\frac{\sum \text{Current expenditures for all LEAs with 200 or more regular public school students}^{76}}{\sum [(\text{total number of public school students})(0.4 \times \text{total number of Title I-eligible students})] \text{ for all LEAs with 200 or more regular public school students}}$$

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

$$\frac{\text{LEA's Current expenditures}}{(\text{total number of public school students served by LEA})(0.4 \times \text{total number of Title I-eligible students in LEA})}$$

<sup>74</sup> For Puerto Rico, the Effort Factor is equal to the lowest factor calculated for any state.

<sup>75</sup> The expression “ $\sum$  Current Expenditures” reads as *the sum total of all Current Expenditures for all LEAs with 200 or more regular public school students.*

<sup>76</sup> Vocational, technical, special education, and other intermediate units are not included in the count of regular public school students.

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3. For each LEA with over 200 regular public school students, subtract its PPE from the state average PPE. This gives you the difference (from the state average PPE) for each LEA.
4. Square the difference for each LEA and sum the differences.
5. Take the square root of the sum in step 4, and divide it by (the total number of LEAs – 1). The result is the variance.
6. Take the variance calculated in step 5 and divide it by the state average PPE. The result is the coefficient of variation.
7. The coefficient of variation equals the Equity Factor for the state.

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

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

- A. Check that the state’s potential Allocation Amount does not fall below the Small State Minimum.
  1. If X for any state or territory is less than the Small State Minimum, then set X for that state or territory to the Small State Minimum.
  2. Recalculate X for all states and territories not eligible for the Small State Minimum, using the formula:

$$\frac{\text{Authorization Amount}}{\sum_{\substack{\text{for all states not eligible} \\ \text{for the Small State Minimum}}} \text{Authorization Amount}} = \frac{X}{(\text{Total Appropriation} - \sum_{\substack{\text{for all states eligible to receive} \\ \text{the Small State Minimum}}} \text{Small State Minimum})}$$

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

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- B. The final X for each state is its final Allocation Amount, unless the state’s support for education, measured by its maintenance of effort, has decreased by a specified amount from one year to the next (see footnote 54).
- III. For each LEA determine Y (i.e., the proportion of the state’s final Allocation Amount to which the LEA is entitled), using the formula:

$$\frac{\text{LEA's weighted child count}}{\sum_{\text{for all LEAs}} \text{weighted child count}} = \frac{Y}{\text{Total State Allocation Amount}}$$

- A. For each LEA determine two weighted child counts, one by percentage and one by number, based on the total number of children aged 5-17, inclusive in the LEA.<sup>77</sup> The greater of these two counts is the LEA’s weighted child count.
1. An LEA’s weighted child count, determined by percentage, equals Z, using the formula:

---

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

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

Step 1.

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

Step 2.

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

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<sup>77</sup> If the secretary of education chooses to use county population data instead of LEA population data, the percentage and numerical cut points presented here need to be adjusted for the county percentage and numerical cut points. See sec. 1124(A)(d).

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Step 3.

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

Step 4.

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

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

Step 1.

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

Step 2.

- For an LEA with an Eligibility Count  $\leq (.2211 \times \text{LEA Total})$ , set  $Y_2 = [\text{Eligibility Count} - (.1558 \times \text{LEA Total})]$ , and set  $Z = [(Y_1 \times 1.0) + (Y_2 \times 1.5)]$ .
- For an LEA with an Eligibility Count  $> (.2211 \times \text{LEA Total})$ , set  $Y_2 = [(.2211 \times \text{LEA Total}) - (.1558 \times \text{LEA Total})]$ , and go to the next step.

Step 3.

- For an LEA with an Eligibility Count  $\leq (.3016 \times \text{LEA Total})$ , set  $Y_3 = [\text{Eligibility Count} - (.2211 \times \text{LEA Total})]$ , and set  $Z = [(Y_1 \times 1.0) + (Y_2 \times 1.5) + (Y_3 \times 3.0)]$
- For an LEA with an Eligibility Count  $> (.3016 \times \text{LEA Total})$ , set  $Y_3 = [(.3016 \times \text{LEA Total}) - (.2211 \times \text{LEA Total})]$ , and go to the next step.

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Step 4.

- For an LEA with an Eligibility Count  $\leq (.3824 \times \text{LEA Total})$ , set  $Y_4 = [\text{Eligibility Count} - (.3016 \times \text{LEA Total})]$ , and set  $Z = [(Y_1 \times 1.0) + (Y_2 \times 1.5) + (Y_3 \times 3.0) + (Y_4 \times 4.5)]$
- For an LEA with an Eligibility Count  $> (.3824 \times \text{LEA Total})$ , set  $Y_4 = [(.3824 \times \text{LEA Total}) - (.3016 \times \text{LEA Total})]$ , set  $Y_5 = [\text{Eligibility Count} - (.3824 \times \text{LEA Total})]$ , and set  $Z = [(Y_1 \times 1.0) + (Y_2 \times 1.5) + (Y_3 \times 3.0) + (Y_4 \times 4.5) + (Y_5 \times 6.0)]$

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

Step 1.

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

Step 2.

- For an LEA with an Eligibility Count  $\leq (.2211 \times \text{LEA Total})$ , set  $Y_2 = [\text{Eligibility Count} - (.1558 \times \text{LEA Total})]$ , and set  $Z = [(Y_1 \times 1.0) + (Y_2 \times 2.0)]$ .
- For an LEA with an Eligibility Count  $> (.2211 \times \text{LEA Total})$ , set  $Y_2 = [(.2211 \times \text{LEA Total}) - (.1558 \times \text{LEA Total})]$ , and go to the next step.

Step 3.

- For an LEA with an Eligibility Count  $\leq (.3016 \times \text{LEA Total})$ , set  $Y_3 = [\text{Eligibility Count} - (.2211 \times \text{LEA Total})]$ , and set  $Z = [(Y_1 \times 1.0) + (Y_2 \times 2.0) + (Y_3 \times 4.0)]$
- For an LEA with an Eligibility Count  $> (.3016 \times \text{LEA Total})$ , set  $Y_3 = [(.3016 \times \text{LEA Total}) - (.2211 \times \text{LEA Total})]$ , and go to the next step.

Step 4.

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

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

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

---

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

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

Step 1.

- For an LEA with an Eligibility Count  $\leq 691$ , set  $Z = (\text{Eligibility Count} \times 1.0)$ .
- For an LEA with an Eligibility Count  $> 691$ , set  $Y_1 = 691$ , and go to the next step.

Step 2.

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

Step 3.

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

Step 4.

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

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

Step 1.

- For an LEA with an Eligibility Count  $\leq 691$ , set  $Z = (\text{Eligibility Count} \times 1.0)$ .
- For an LEA with an Eligibility Count  $> 691$ , set  $Y_1 = 691$ , and go to the next step.

Step 2.

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

Step 3.

- For an LEA with an Eligibility Count  $\leq 7,851$ , set  $Y_3 = (\text{Eligibility Count} - 2,262)$ , and set  $Z = [(Y_1 \times 1.0) + (Y_2 \times 1.5) + (Y_3 \times 2.25)]$
- For an LEA with an Eligibility Count  $> 7,851$ , set  $Y_3 = (7,851 - 2,262) = 5,589$ , and go to the next step.

Step 4.

- For an LEA with an Eligibility Count  $\leq 35,514$ , set  $Y_4 = (\text{Eligibility Count} - 7,851)$ , and set  $Z = [(Y_1 \times 1.0) + (Y_2 \times 1.5) + (Y_3 \times 2.25) + (Y_4 \times 3.375)]$
- For an LEA with an Eligibility Count  $> 35,514$ , set  $Y_4 = (35,514 - 7,851) = 27,663$ , set  $Y_5 = (\text{Eligibility Count} - 35,514)$ , and set  $Z = [(Y_1 \times 1.0) + (Y_2 \times 1.5) + (Y_3 \times 2.25) + (Y_4 \times 3.75) + (Y_5 \times 4.5)]$

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

Step 1.

- For an LEA with an Eligibility Count  $\leq 691$ , set  $Z = (\text{Eligibility Count} \times 1.0)$ .
- For an LEA with an Eligibility Count  $> 691$ , set  $Y_1 = 691$ , and go to the next step.

Step 2.

- For an LEA with an Eligibility Count  $\leq 2,262$ , set  $Y_2 = (\text{Eligibility Count} - 691)$ , and set  $Z = [(Y_1 \times 1.0) + (Y_2 \times 2.0)]$ .

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- For an LEA with an Eligibility Count > 2,262, set  $Y_2 = (2,262 - 691) = 1,571$ , and go to the next step.

Step 3.

- For an LEA with an Eligibility Count  $\leq 7,851$ , set  $Y_3 = (\text{Eligibility Count} - 2,262)$ , and set  $Z = [(Y_1 \times 1.0) + (Y_2 \times 2.0) + (Y_3 \times 3.0)]$
- For an LEA with an Eligibility Count > 7,851, set  $Y_3 = (7,851 - 2,262) = 5,589$ , and go to the next step.

Step 4.

- For an LEA with an Eligibility Count  $\leq 35,514$ , set  $Y_4 = (\text{Eligibility Count} - 7,851)$ , and set  $Z = [(Y_1 \times 1.0) + (Y_2 \times 2.0) + (Y_3 \times 3.0) + (Y_4 \times 4.5)]$
  - For an LEA with an Eligibility Count > 35,514, set  $Y_4 = (35,514 - 7,851) = 27,663$ , set  $Y_5 = (\text{Eligibility Count} - 35,514)$ , and set  $Z = [(Y_1 \times 1.0) + (Y_2 \times 2.0) + (Y_3 \times 3.0) + (Y_4 \times 4.5) + (Y_5 \times 6.0)]$
- 

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

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

- A. For each LEA, check whether Y is  $\geq$  to its previous year's allocation. If an LEA's Y is < its previous year's allocation, reset its Y = P% of its previous year's allocation.
- B. Recalculate Y for all LEAs unaffected by hold-harmless requirements, using the formula:

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

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