Title I Weighted Grants Skewed Toward Largest Districts
Per Pupil Funding Varies Sharply by District Size

from the

Rural School and Community Trust

Summary

Since 2002, some of the federal funds provided to local school districts under Title I of the Elementary and Secondary Education Act have been distributed through "weighted" grant formulas intended to better target funding to districts with the highest concentrations of poverty. While this is a worthy purpose, these weighted grant formulas have also produced some perverse effects.

Under the weighted grants:

- Support for a Title I student in a large school district is greater than the support for a Title I student in a smaller district with the same poverty rate and the same cost of education.

- Support for Title I students who attend one large district is greater than the support for the same number of poor students who are dispersed in many smaller districts, even though the smaller districts have the same poverty rate and the same cost of education as the large district.

- Support for a Title I student in a larger district with less poverty is greater than the support for a Title I student in smaller district with more poverty.

These effects are caused by a provision in both the Targeted Grant Program and the Educational Finance Incentive Grant Program that weights the student count used to determine a school district's share of the Title I funds. Under this provision, a district's Title I student count can be calculated using either the percentage of students or the absolute number of students who are Title I eligible. The option of using the number weighting system rather than the percentage weighting system provides very large districts with higher per pupil benefits at the expense of all smaller districts.

Background

Title I of the Elementary and Secondary Education Act was substantially revised with passage of the No Child Left Behind Act of 2001. The most widely discussed changes involved new federal requirements in the areas of student assessment, school performance, mandated interventions with schools requiring improvement, and teacher qualifications. Much less noticed were the substantial changes made in the formula by which Title I funds are distributed to states and to local school districts.

Beginning in 1994, the formula for distributing funds to school districts under Title I was revised with the objective of targeting funding more carefully to high poverty districts. Two new grant programs were added to the two then existing grant programs making up the Title I formula. Both of these new grant programs included "weighting" systems that increased the per pupil authorization for eligible students in high poverty districts.

However, no new funds were appropriated by Congress for these two new programs until 2002, under the No Child Left Behind Act. Under NCLB, all Title I funding that exceeds the $8.7 billion baseline funding for the two older grant programs would henceforth be distributed through the two new, weighted grant programs. This new funding system has substantially altered the distribution of funds among school districts.

One of the effects of these changes has been to shift funding to larger districts from smaller districts with similar student poverty rates. This shift hurt many small, high poverty rural districts. In fact, it hurt all but a few of the largest high poverty districts

Title I is the nation's frontline K-12 education program aimed at ameliorating the adverse affects of poverty on student achievement. The largely invisible but systematic bias against small and medium sized districts in the Title I program deserves close scrutiny and documentation.

How the Title I Formula Works

Under Title I, funding is distributed to states based on the actual characteristics of the student population in their individual local school districts. Eligible students include several categories of students at-risk of academic failure, but about 96 percent of Title I eligible students are those estimated by the Census Bureau to be living in households below the federal poverty line. So, the poverty rate in a district is by far the biggest factor in the amount of Title I funding it ultimately receives.

There are four grant programs within Title I, each with its own eligibility requirements and its own formula for arriving at a funding level for each district. Districts may be eligible for one or more of these grants programs, or for none of them. Most districts qualify for funding under all four programs, but by far the most universal is the "Basic" grant program, which has a very low eligibility threshold. The "Concentration" grant program is available only to districts with at least 15 percent of the five to 17-year-old population estimated to be Title I eligible, or with at least 6,500 eligible students. Under both the Basic and Concentration Grant programs, every eligible student is counted only once in calculating the funding level.

The two grant programs added in 1994 and first funded in 2002 were intended to better target funding to high poverty districts. These programs are the "Targeted" and the "Educational Finance Incentive" (EFIG) grant programs. They are both available to districts with an eligibility count equal to at least five percent of the five to 17-year-old population of the district, provided that number equals at least 10 students.

The Targeted and EFIG programs each use a weighting system for counting eligible students. Each eligible student counts as progressively more than one student as the level of poverty increases in districts. The purpose is to give an artificially higher student eligibility count to high poverty districts than is given to low poverty districts. Because the Targeted and EFIG grants use the weighting factors in their formula, we will refer to them as the "weighted" grants.

Weighted Grants Are Biased in Favor of Very Large Districts

The rationale for using weighted grants is to do a better job of getting Title I funds to "high poverty districts." Many people assume this means getting more funds to districts where the poverty rate is high. That is only partly accurate.

Under the weighted grants formulas, students can get extra "weight" in one of two ways. As expected, the higher the *percentage* of students who are Title I eligible in a district, the more weight each student adds to the student eligibility count. But, in the alternative, if it is to the district's advantage, its eligibility count can also be calculated using a weighting system that is based on the absolute *number* of eligible students, no matter the poverty rate.

For each method, the weights increase in five stages or brackets. The intervals and weights for the brackets used in both systems are as follows:

Table 1. Weighting Brackets Based on *Percentage* of Eligible Students

Percentage of Eligible Students	Weight Given Each Student in Bracket
Up to 15.58	1.00
15.59-22.11	1.75
22.12-30.16	2.5
30.17-38.24	3.25
38.25 and up	4.00

Table 2. Weighting Brackets Based on *Number* of Eligible Students

Number of Eligible Students	Weight Given Each Student in Bracket
1-691	1.0
692-2,262	1.5
2,263-7,851	2.0
7,852-35,514	2.5
35,515 and up	3.0

For each district, the first 691 eligible students under the "number" weighting system are each counted as one student before additional students are counted at higher weights in each successively higher

bracket. The same applies to the first 15.58 percent of students under the "percentage" weighting system.

The discrimination against smaller districts is apparent if you consider two districts with identical eligibility rates. Under the percentage system, the smaller district will receive the same amount per pupil as the larger district, because they both have the same percentage of eligible students, so they both get the same additional weighting. But under the number weighting system, the larger district, which has more absolute numbers of eligible students, will get far more funding per pupil because it will have students in the higher weight brackets while the smaller district will not. A small district with the identical percentage of eligible students as a larger district can—and does—receive a smaller weighted eligibility count and a lower level of funding per pupil.

The eligibility count does not determine a fixed amount of funding a district is entitled to receive. Instead, it determines the relative share of the funding ultimately appropriated by Congress that will be allocated to the district. Each increase in weighted count received by any district decreases the relative share available to other districts. It is a zero-sum game that favors very large districts.

A Case Study from Texas

To demonstrate how the weighting system works for the Targeted Grant program (as well as the EFIG program), consider two districts in Texas: Houston Independent School District (29% poverty rate and an estimated 71,000 eligible students) and Jim Hogg County School District (28% poverty rate and an estimated 310 eligible students).[1]

Table 3 shows the results for these two districts using the weighting brackets based on *percentage* of formula students. With very similar poverty rates in these two districts, the weighting system yields very similar net weights for each eligible student, about 1.5. Houston's net weight is slightly higher because its poverty rate is slightly higher. A student in poverty in both districts is "worth" about 1.5 students in the eligibility count.

Table 4 shows how these districts fare using the weighting brackets based on the *number* of eligible students. Because there are nearly 71,000 eligible students in Houston, some count as much as three times in the formula. In fact, over half of Houston's eligible students actually count as three students. When you add in this extra weight and sum it all up, every eligible Houston student, on average, counts as 2.69 students.

By contrast, under this number weighting system, each eligible student in Jim Hogg County would still only count as one student in the formula, because Jim Hogg has only 310 eligible students, not enough to have any that are counted in the higher weight brackets.

The weighting approach used in calculating each district's Targeted grant will be the weighting approach that gives that district the most money. In the final count, Houston gets credit for 2.69 times the actual number of eligible students using the number weighting system, while Jim Hogg gets credit for 1.48 times the number of formula students under the percentage weighting system.

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[1] A case study using a single state is useful for demonstrating the impact of the weighting system. However, the funding allocation calculations are done nationally for all districts, not state-by-state. Therefore, the size distribution of districts in other states will influence the final amount of funding allocated per weighted student to Texas districts. But it will not influence the weighted count of Texas districts.

In other words, even though they suffer about the same poverty rate, a Title I student in Houston is worth about 75% more funding than a Title I student in Jim Hogg County, simply because Jim Hogg is a smaller district.[2]

Table 3. Targeted Grant Authorization for Using *Percentage Eligible* Weighting

		Houston (29% poverty)		Jim Hogg (28% poverty)	
Percentage of Students Who Are Eligible	Weight Given Each Student in Bracket	Actual Number Eligible Students in This Bracket	Weighted Number Eligible Students (Col 3 x Col 2)	Actual Number Eligible Students	Weighted Number Eligible Students (Col 5 x Col 2)
Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6
Up to 15.58	1.00	37,570	37,570	174	174
15.59-22.11	1.75	15,747	27,557	73	127
22.12-30.16	2.5	17,630	44,075	64	159
30.17-38.24	3.25	0		0	0
38.25 and up	4.00	0		0	0
Total		70,947	109,202	310	460
Avg. Weight Given Each Eligible Student			**1.54**		**1.48**

Table 4. Targeted Grant Authorization Using *Number* Weighting

		Houston (29% poverty)		Jim Hogg (28% poverty)	
Number of Eligible Students	Weight Given Each Student in Bracket	Actual Number of Eligible Students	Weighted Number of Eligible Students (Col 3 x Col 2)	Actual Number Eligible Students	Weighted Number Eligible Students (Col 5 x Col 2)
Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6
1-691	1.0	691	691	310	310
692-2,262	1.5	1,571	2,357	0	0
2,263-7,851	2.0	5,589	11,178	0	0
7,852-35,514	2.5	24,710	61,775	0	0
35,515 and up	3.0	38,386	115,158	0	0
Total		70,947	191,159	310	310
Avg. Weight Given Each Formula Student			**2.69**		**1.00**

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[2] As noted above, these final weight counts do not directly translate into allocated grant amounts awarded each district. There are hold harmless provisions and other factors that enter the formula. However, these weighting counts establish a district's starting point, the relative share of the funding available to all districts. For fiscal year 2006-07, after all the other adjustments were made, the actual final allocation to Houston Independent School District under the Targeted grant program was $338 per eligible student. For Jim Hogg County, it was $188. So in the end, an eligible student in Houston was worth 79 percent more than an eligible student in Jim Hogg County, almost exactly the difference in the student weight counts.

For another perspective, consider Austin Independent School district, which has about 19,500 eligible students and a poverty rate of 21%, seven percentage points lower than Jim Hogg County. It received $281 per eligible student for Targeted grants in FY 06-07, about 50 percent higher than Jim Hogg County.[3]

This is a case of a systematic bias favoring population density over population dispersion. But the benefits of this discrimination are limited to a very few of the largest districts. The overwhelming majority of Texas districts are disadvantaged by the weighting system bias.

Consider those Texas districts with poverty rates close to Houston's. There are 242 districts that have a poverty rate that is within five percentage points (higher or lower) than Houston's—between about 24.5 percent and 34.5 percent. These districts, including Houston, serve about 338,000 Title I eligible students, 37 percent of all the Title I eligible students in Texas districts.

Only five of these 242 districts benefit more from number weighting than from percentage weighting: Houston, Dallas, Fort Worth, Ysleta (El Paso), and Aldine (adjacent to Houston). Together, these five large districts have 52 percent of the children aged 5-17 in the 242 districts, and just under 50 percent of the Title I eligible students in these districts. But they get 64 percent of the Targeted and EFIG grants funds, and 57 percent of all Title I grant funds distributed to these districts. The five large districts average Title I funding of $1,434 per formula student while the 237 districts with similar poverty rates average $1,250 per formula student.

In all, about $24.76 million of Targeted and EFIG money is redirected to these five large districts from the 237 smaller districts with similar poverty rates. This redistribution is not made because these large districts have higher poverty rates or serve more eligible students in total—they do not—but only because they enroll more eligible students per district.

The argument for this weighting scheme is simply that there are a lot more poor kids in Houston than there are in Jim Hogg County. This is undisputable.

However, there are a lot more places like Jim Hogg County than there are places like Houston. Of the 242 Texas districts with poverty rates about the same as Houston's, 214 have fewer than 5,000 students. These small districts average only 1,070 students, are overwhelmingly rural, and serve over 229,000 students in the aggregate, almost 63,500 of whom are Title I eligible. These "Jim Hogg districts" provide educational services on a scale with Houston to a population as needy as Houston's, but receive 40 percent less money per eligible student under the weighted Targeted Grant formula, simply because these districts are dispersed in rural areas.

Jim Hogg County and Houston are not comparable in many ways. Some key indicators are presented in Table 5. None of these indicators suggest a rationale for the weighting system that favors Houston.

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[3] At the very highest levels of poverty—when 80 percent or more of the students are poor—the heavy weight of 4:1 assigned to students in the highest percentage bracket does effectively offset the number weighting system. For these very concentrated high poverty districts, the percentage weighting systems favors all districts more than the number weighting system does. Accordingly, at this level, both large and small districts receive authorizations proportional to their poverty rate.

Table 5. Jim Hogg County and Houston

Variable	Houston	Jim Hogg County
Per Capita Personal Income, 2004	$39,062	$22,839
High School Graduate, Percent Persons Aged 25+, 2000	70.4%	58.0%
Bachelor's Degree or Higher, Percent Persons Aged 25+, 2000	27.0%	9.5%
Language other than English Spoken at Home, Percent Aged 5+, 2000	41.3%	81.8%
Percent African-American or Latino, 2000	62.7%	89.3%

Conclusion

The option of weighting student counts according to the number of students under the Targeted Grants and the Education Finance Incentive Grants skews Title I funds toward larger districts. It has the effect of placing a greater value on the education of a Title I student in a large district than on the education of a Title I student in a smaller district with the same poverty rate.

The simplest remedy is to eliminate the number weighting option and to weight all Title I students based on the district's percentage eligibility rate. If all districts are weighted by the percentage weighting system, the weighted grants will be targeted to districts with high poverty rates, regardless of the size of the district. A Title I eligible student will count the same in every district, no matter how large the district is.