

Title I Funding Formula Issues Affecting Rural Districts

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Webinar

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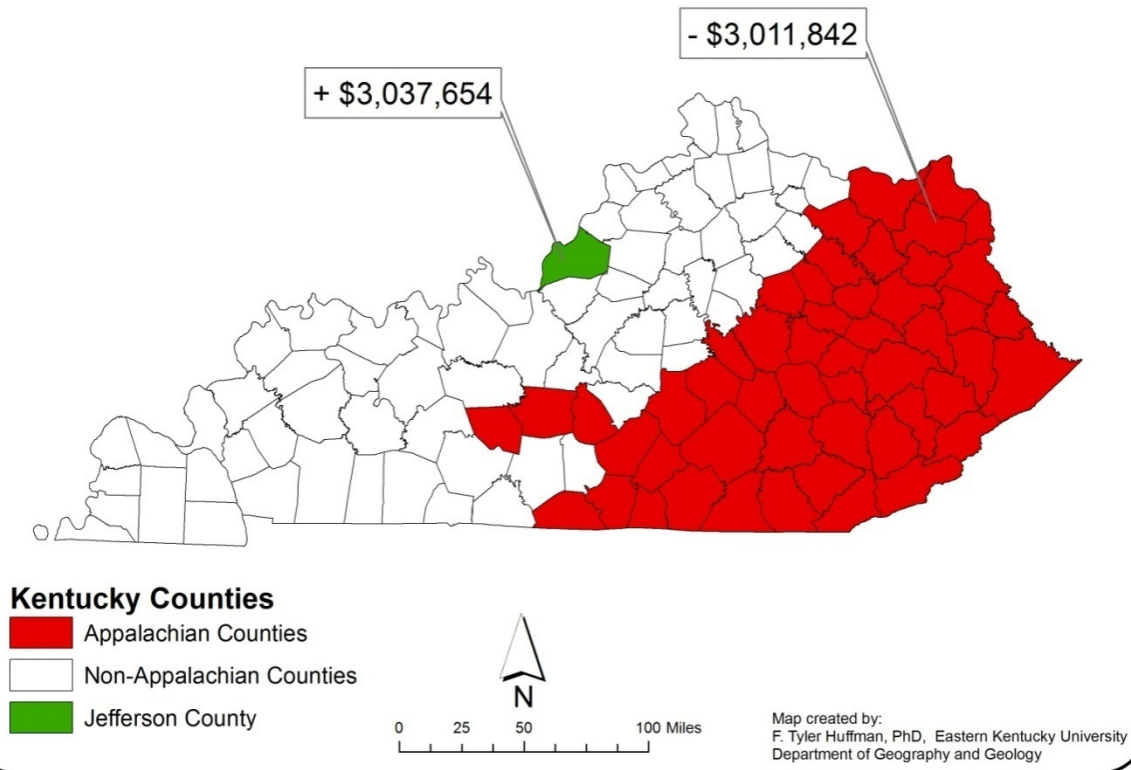
AGENDA

1. Welcome and Instructions -- Rachel Tompkins,
President, Rural School and Community Trust
2. Overview -- Marty Strange
3. Q & A/Discussion -- All
(Please submit questions to info@ruraledu.org)
4. Invitation to Join the Rural School Innovation
Network -- Rachel Tompkins

A Provision in Title I Formula Shifts Funding From Poor Rural to Urban Districts – Why?

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District Size Bias in Title I Targeted and FIG Funding, FY07



Title I Basics

Four grant categories within Title I

- Basic
- Concentration
- Targeted
- Education Finance Incentive (EFIG)

Weighted Grants: Targeted and EFIG

- Targeted and EFIG added in 1992, but not funded until 2002.
- Purpose: Send more money to high poverty districts.
- Both use “weighting” systems to send more money to high poverty districts.

Dividing the Title IA Pie.

- Title IA is a sharing pool. The formula determines each state's and each district's share of the amount appropriated by Congress. \$12.8 billion.
- Any provision that gives more to some, takes from others.
- A provision that appears to benefit a district may actually harm it.

Key Factors in Slicing the Pie

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A district's share determined largely by:

- Your share of national formula student count, and
- Your state's average per pupil expenditure.

Number of Formula Students in District

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- Annual Census Bureau estimate of number of school aged children in families below poverty level.
- Children in families above poverty line who receive Temporary Aid to Needy Families.
- Children in institutions for neglected and delinquent children.
- Children in foster homes

A student may “count” in more than one of these categories. A single student can therefore count as more than one “formula” student.

Rural Issue

Census poverty estimates are notoriously unreliable in small population areas.

Yet these poverty estimates account for 96% of the formula students.

Statewide Average Per Pupil Expenditure (SAPPE)

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- SAPPE supposed to account for regional differences in cost of education.
- The SAPPE cannot be below 80% or above 120% of the U.S. average per pupil expenditure.

National Average -- \$8,400

High: New York -- \$13,349

Low: Utah -- \$5,166

Statewide Average Per Pupil Expenditure

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No. formula students x 40% of SAPPE = state authorization

State authorization / National authorization = State Share

State share of what? The final Congressional appropriation.

Rural Issue

SAPPE does not measure cost of education.

It measures state's wealth and political commitment to education.

- States receiving the minimum SAPPE are mostly low wealth rural states.
- States receiving the maximum SAPPE are mostly high wealth urban states.

Rural Issue: Number Weighting

A systematic bias in the Title I formula favors a few very large districts over all smaller ones by artificially inflating their formula student count.

Number Weighting Used in Targeted and EFIG

Basic and Concentrated Grants– All Title I students count the same.

Targeted and EFIG Grants – Student count is “weighted” (mathematically inflated) in districts with higher concentrations of Title I students.

Students in Big Districts Count More

For example, a Title I student

- Counts as 2.69 formula students in Houston,
- But 1.48 formula students in Jim Hogg County (TX),

Despite almost identical percentages of students eligible for Title I.

Students in Big Districts Count More

Another example, a Title I student

- Counts as 2.36 formula students in Memphis,
- And 1.40 formula students in Clay County (TN),

Despite identical Title I eligibility rates.

Size Matters More than Poverty

Albuquerque -- Eligibility rate 19.1% (rank 76th in NM)
\$601 per eligible student in weighted grants.

Seventy-five smaller districts with higher eligibility rates
received on average \$426 per student.

Hagerman Municipal (NM) -- 201 Title 1 students

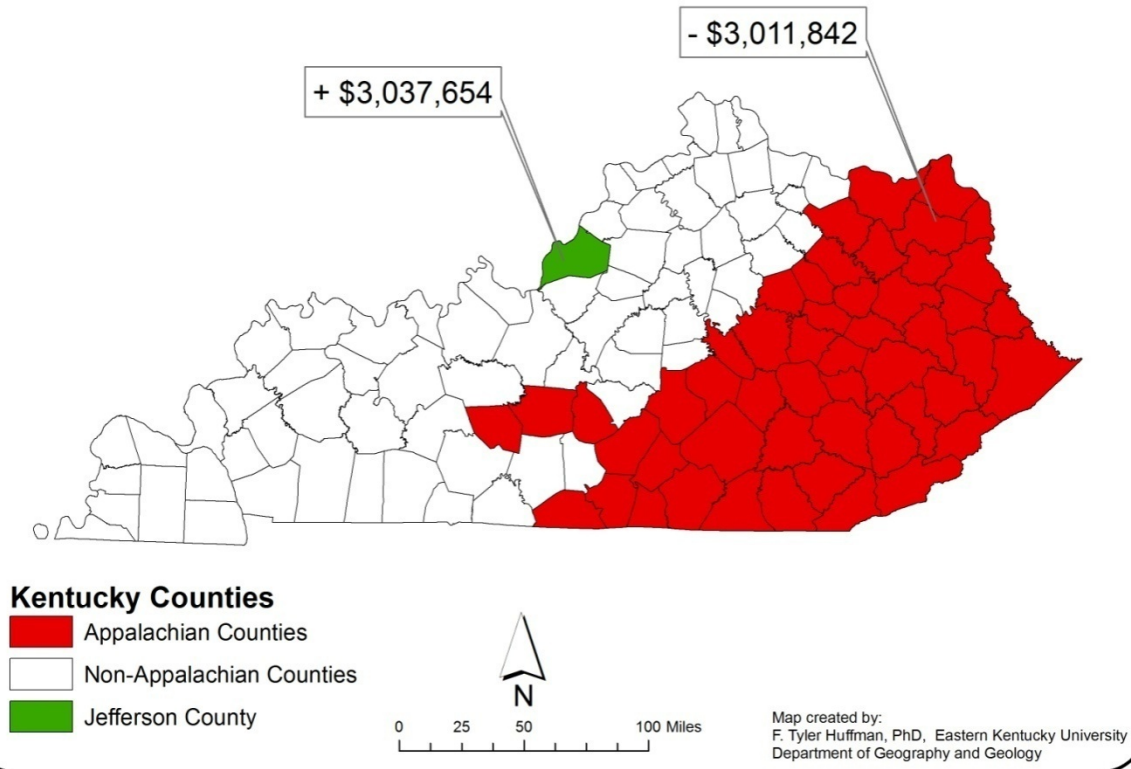
41% eligibility rate

\$538 per student in weighted grants

Number Weighting Shifts Funding From Poor Rural to Urban Districts

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District Size Bias in Title I Targeted and EFIG Funding, FY07



How Does Number Weighting Work?

The weighted grants use two weighting systems intended to send more money to districts with high concentrations of eligible students.

- Percentage Weighting – based on **percentage** of students in a district who are Title I eligible.
- Number Weighting – based on the **number** of Title I students in a district.

Whichever results in the greater formula student count for a district determines its formula student count in the formula.

Weighting Brackets Based on Percentage of Age 5-17 Population That Is Title I Eligible

| Percentage of Age 5-17 Students Who Are Eligible | 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 |

*Weighting Brackets Based on Number
of Formula Students*

| Number of Formula 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 |

Percentage Weighting

| | | Houston (29% eligibility) | | Jim Hogg (28% eligibility) | |
|---|--------------------------------------|---|---|---------------------------------|---|
| 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 |

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 |

With Number Weighting Option

Jim Hogg County (TX) does best under percentage weighting –
each eligible student counts as 1.48 formula students.

Houston does best under number weighting –
each eligible student counts as 2.69 formula students.

Are Challenges Greater in Houston?

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| 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 |

The Impact of Number Weighting

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About \$113 mil. in Targeted grants is shifted among districts, both interstate and intrastate.

About \$132 mil. in EFIG grants is shifted among districts , but only among districts in the same state.

About 950 districts are winners,
And about 10,700 districts are losers.

Helped and Hurt Most

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Districts that gain the most:

- Moderate Title I eligibility rate
- High absolute number of formula students

Districts that lose the most:

- Moderate sized urban districts with high eligibility rates
- Small and moderate sized districts

About 8,000 small districts lose 15% or more.

How Does Number Weighting Affect Your District?

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Congressional Research Service analysis is available on Rural School and Community Trust Website:

<http://www.ruraledu.org/site/c.beJMIZOCIrH/b.3782113/>

Possible Remedies

- Eliminate number weighting option.
- Eliminate number weighting option, but hold losers harmless.
- Eliminate number weighting option, but hold high-poverty districts harmless.
- Limit eligibility for number weighting to districts with a high eligibility rate.
- Reduce the weights used in the number weighting scale, especially in higher brackets.
- Some combination of the above.

Title I Formula Lessons

Some of the Rural Issues:

- Number weighting
- SAPPE
- Use of Census estimates

It's about relative shares of a fixed pie.

Whatever helps someone, hurts someone else.

What appears to help you may actually hurt you if it helps someone else more.

Join the Rural School Innovation Network (RSIN)

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The Rural School and Innovation Network is...

- A Rural School and Community Trust managed network of schools and school districts striving for excellence in challenging circumstances
- A mutual self-help network sharing innovations that improve rural education, especially in the poorest rural communities
- An alliance of rural education advocates working to improve policy for rural places

For more information, go to www.ruraledu.org and click on “RSIN.”

Upcoming RSIN Webinars:

- **Engage Students and Reduce Dropouts Using Place-Based Projects – April ‘08**
- **Communities Helping All Children Succeed – May ‘08**