



Federal School Finance Reform: Moving Toward Title I Funding Following the Child

By Katie Furtick and Lisa Snell

Introduction

The Elementary and Secondary Education Act (ESEA) was signed into law in 1965 as part of President Lyndon Johnson’s “war on poverty.” The Act was designed to help disadvantaged students meet challenging state academic standards. Originally authorized in 1970, the ESEA has been reauthorized routinely through the early 2000s. The last authorization of ESEA came in the form of the *No Child Left Behind Act of 2001* (NCLB), which expired in 2007. While Congress has not reauthorized the ESEA since the expiration of NCLB, most ESEA programs still receive appropriations.

As it is currently written in federal statutes, the ESEA contains eight titles each directing federal funding toward different initiatives, all of which aim to improve education for disadvantaged students. At the crux of the ESEA is the Title I program, as it is the most far-reaching and heavily funded. Where other titles under the ESEA outline grants to states for specific initiatives—like teacher

training, school choice, English language instruction or state assessments—Title I grants go toward any and all students who qualify as low-income.

The Title I program has fallen under scrutiny in the last decade. A common complaint is that stipulations in the legislation do not address funding inequities between Title I and non-Title I schools. For example, schools that qualify to receive Title I funds must be comparable to non-Title I schools in terms of certified staff rather than actual per-pupil expenditures, creating a loophole that allows for vast differences in actual dollars spent per student. A second criticism is that regulations on how Title I funds are spent work against the effectiveness of the program. Further, some argue that adhering to spending restrictions creates an unnecessary administrative burden.

Current proposals for the reauthorization of the ESEA, however, have the potential to solve many of the inefficiencies inherent in the Title I program. Specifically, these proposals would allow states to make Title I funds portable, meaning that federal dollars follow each child to the public or private school of his or her choice.

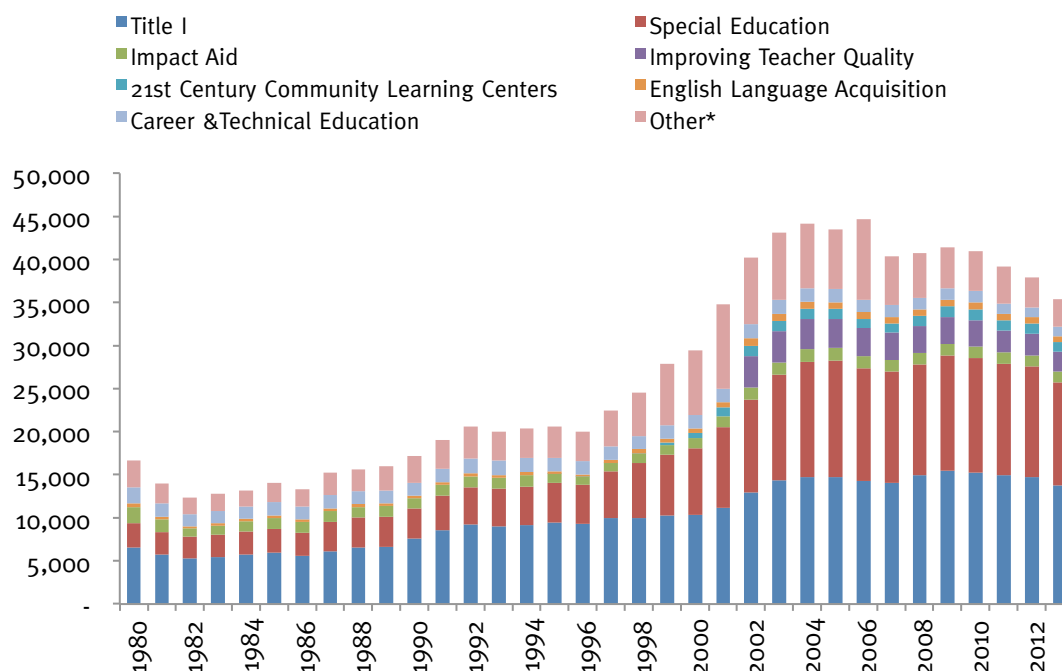
This brief describes the types of grants the federal government distributes under Title I, explains how those grants are dispersed to local education agencies (LEAs) and schools, and outlines the safeguards that were introduced to protect against misuse of Title I funds. A brief review follows of the shortcomings of Title I, leading to recommendations on how to make Title I more effective. Finally, this brief provides an overview of current reform proposals and draws some conclusions about which reforms offer the best chance for successful use of Title I funds.

1. Title I Funding Today

Title I provides financial assistance through formula grants to LEAs and schools with high numbers or high percentages of children from low-income families. In the 2010–11 academic year more than 66,000 schools used Title I funds to serve over 33 million children.¹ That is 67 percent of operating public and secondary schools, and 68 percent of all students.² Title I is, then, by far the largest source of federal funding given to states for direct distribution to school districts, with \$14.4 billion budgeted for the program in fiscal year 2014.³

Figure 1, below, shows federal appropriations for elementary and secondary education from 1980 to 2013 by major program.

Figure 1: Federal Appropriations for Elementary and Secondary Education Programs, 1980–2013 (Expenditures in \$Millions)**



Source: U.S. Department of Education Budget History Table, FRED Economic Data Gross Domestic Product: Implicit Price Deflator.

* “Other” category includes the following programs: Reading First, Striving Readers, HS Intervention, Math & Science Partnerships, Educational Technology Grants, State Assessments, Indian Education, Teacher Incentive Fund, Choice Incentive Fund, Safe Schools Grant, and Other

** Dollars adjusted for inflation, base=2013 dollars

Title I dollars account for 39 percent of federal elementary and secondary education funding; the next largest component is special education funding, which makes up approximately 34 percent of funding.

The allocation of Title I funds follows a complicated process. First, Congress annually sets aside the total amount of Title I funds available to be distributed by the U.S. Department of Education (USDOE). Then, the USDOE determines each LEA’s share of those funds using the following four formula grants:⁴

1. **Basic Grants** provide funds to LEAs that have at least 10 low-income students who make up at least two percent of the LEA’s school-aged population.
2. **Concentration Grants** go to LEAs with at least 6,500 low-income students or whose low-income students make up at least 15 percent of the school-age population.

3. **Targeted Grants** are weighted funding that goes to LEAs with higher absolute numbers or percentages of low-income students relative to other LEAs. Eligible LEAs must have at least 10 low-income students and a low-income student population that makes up at least five percent of the total student population.
4. **Education Finance Incentive Grants (EFIGs)** are designed to encourage states to spend more on education and to distribute that funding equitably. Federal funding via these grants is based on the percentage of per capita income a state devotes to education, and on the extent to which LEA spending is equalized across the state in question.

The total LEA allocation for each state flows through its state education agency (SEA), which then distributes the monies to the LEAs.⁵ States can keep one percent of the total allocation for program administration and to provide additional resources to schools in the greatest need of improvement.⁶

Finally, LEAs determine which schools are eligible to receive Title I funds based on the percentage of students in each school's population who are designated low-income.⁷ To do this the LEA must rank schools based on their percentage of low-income students. Schools that have the largest share of low-income students receive funds first, but all schools with at least 75 percent low-income students must receive funds.⁸ Each LEA also determines the average per-pupil allotment of Title I funds that are finally sent to eligible schools. However, not all schools that enroll low-income students are actually deemed eligible for Title I funds as determined by the LEA.

Title I funds received by LEAs and schools are limited in how the funds are spent and whom they benefit. Shortly after the *Elementary and Secondary Education Act* was passed, safeguards were instituted in the Title I program to deter the misuse of funds. A measure dubbed "supplement-not-supplant" and a comparability requirement were added to the program. These measures are discussed below.

Supplement-Not-Supplant Provision

The "supplement-not-supplant" provision of the Title I program requires states and districts to use Title I funds to add to rather than replace state and local funds used for education. It is essentially a fiscal test that states and districts must use to demonstrate that Title I monies are spent on academic services, staff, programs or materials not normally provided by the school district.

The test works as follows. Supplanting is presumed if a state, district or school uses Title I funds to:

- Pay for something that it is required to provide under other federal, state or local laws;
- Fund something it supported the previous year with state or local funds; or
- Pay for programs for Title I students if they provide the same services to other students using state or local funds.

Districts may use one of two approaches to exhibit adherence to the supplement-not-supplant provision.

The first, called targeted assistance, is a fund-allocation model in which a school identifies specific low-income, at-risk students and then uses Title I funds to serve only those students. In essence, the students are classified as either eligible or ineligible to receive Title I funds based on their income and level of academic performance.

The second approach is the “school-wide” model. In schools considered high-poverty (at least 40 percent of students are from low-income families) all students are considered eligible to participate in services funded by Title I, and the school uses Title I funds to upgrade the overall educational program at the school. According to the National Center for Education Statistic’s Common Core of Data, in the 2010–11 school year, 48,990 schools (74 percent) of the 66,646 that receive Title I funds used a school-wide model.⁹ The aim of this method is to improve the academic performance of all students, with a particular emphasis on improving the performance of the lowest-performing students.¹⁰

LEAs must also demonstrate maintenance of effort (MOE). This means that state and local funds per student (or in aggregate) in a given year cannot be less than 90 percent of the total expended from state and local funds per student (or in aggregate) in the preceding year.¹¹ If the SEA finds that an LEA has failed to meet its MOE, the SEA must reduce the LEA’s Title I funding in proportion to the LEA’s failure to meet MOE.¹²

Comparability Requirement

Schools receiving Title I funding must also comply with a comparability requirement, which demands that school funding is comparable *before* Federal Title I funds are added. This is meant to ensure that Title I funds are not just used to equalize inequitable funding arrangements, but rather to deliver *extra*

resources to disadvantaged students and thereby close achievement gaps between low- and high-income schools. The comparability requirement requires that schools be comparable in five respects: number of pupils per certified teacher, number of pupils per other certified instructional staff, number of pupils per noncertified instructional staff, instructional salaries per pupil, and other instructional costs per pupil such as textbooks, school library books, audio-visual equipment and teaching supplies.¹³ Remarkably, however, schools are not required to show comparability on the *actual* dollars spent per student from one school to another.

2. Problems with Title I Funding

There are four major problems with the way Title I funding is currently distributed. This section addresses each in turn.

First, existing regulations do not allow the combination of federal and state financial efforts that target low-income or disadvantaged students, diminishing programmatic effectiveness. For example, state programs designed to open up educational options for low-income students—such as vouchers or tax-credit scholarships—cannot be enhanced with Title I funds, which focus on total populations rather than individual students.

This is concerning, since there is little evidence that Title I has led to any significant improvement in the academic outcomes of those it is intended to serve. A meta-analysis of 17 federal studies examining the effectiveness of Title I indicated a modest overall impact of the program.¹⁴ A more recent empirical study published by the Institute for Educational and Social Policy (IESP), which analyzes spending and performance of Title I students in New York City, found that additional Title I spending does not improve the achievement of students and possibly even reduces school-wide average test scores in elementary and middle schools.¹⁵ Further, a study published by Harvard University reviewing evaluations of Title I concludes that Title I has not accomplished the original goals of the program—closing achievement gaps between advantaged and disadvantaged students.¹⁶

By contrast, the vast majority of empirical studies analyzing state voucher and tax-credit scholarship programs, which are means tested and also serve low-income children, have found that these programs *are* effective.¹⁷ Of the 12 empirical studies that use a random-assignment method (the gold standard for research) to examine how school choice programs affect the academic outcomes of participants, six found a positive impact on all program participants, five

found a positive impact on some student groups and one found no visible impact. No study found a negative effect. Further, nearly all (22 of 23) empirical studies conducted show that with the presence of school choice programs, the academic outcomes of nearby public schools improves.¹⁸ More specifically, school vouchers, unlike Title I, have significantly improved outcomes for disadvantaged students. For example, a 2012 Harvard University study found that disadvantaged black students who used vouchers in elementary school were 25 percent more likely to attend college full time and 130 percent more likely to attend a selective four-year college.¹⁹

With proven positive outcomes, the prevalence of state-run voucher and tax-credit programs has spread. There are currently 23 voucher programs, 17 tax-credit scholarship programs and eight tax-credit/deduction programs for approved educational expenses available to families in 23 states and the District of Columbia.²⁰ In 2013 approximately 260,000 disadvantaged students participated in voucher and tax-credit scholarship programs, and an additional 847,000 parents received tax credits or deductions through individual tax-credit/deduction programs.²¹

It seems clear that if Title I funds could be combined with state financial efforts, programs proven effective at increasing academic achievement could be expanded to reach more children and families.

Second, the existing formula for distributing Title I funds is rigid and does not allow states to choose alternate distribution frameworks. This sometimes leads to perverse consequences. For example, the ranking mechanism that LEAs must use to distribute funds at the district level forces districts to rank schools based on their share of low-income students. Those with the largest share of low-income students receive funds first regardless of the absolute number of low-income students that they serve. This may leave large inequities in funding from school to school. Indeed, the Alliance for Excellent Education (AEE) found that high schools, in particular, are shortchanged by Title I.²² AEE reports that approximately 25 percent of all low-income students are in high schools, yet only about 10 percent of Title I funding goes to high schools. This may be because high schools tend to be larger than elementary and middle schools. Thus, even though high schools serve more Title I students, the *percentage* of low-income students (and therefore the amount of Title I funding) may be lower than an elementary or middle school. (Another factor contributing to this disparity may be that older students are less likely to submit forms for free and reduced-price lunch, leading to inaccurate estimates of the percentage of low-income students in high schools.)

Third, the supplement-not-supplant safeguard introduced into Title I for the purpose of guarding against the misuse of funds has several of its own unintended consequences:

- a. The cost-by-cost test makes it difficult for supplement-not-supplant to achieve the goals of Title I because it is nearly impossible to justify each expenditure without violating one of the aforementioned presumptions. The difficulties of justifying spending without being accused of supplanting have led to the rise of “compartmentalized” academic services. In order to prove that Title I funds are used to provide extra services, districts utilize “pull-out” models in which they remove children classified as academically at-risk from normal classrooms and placed them in programs entirely separate from standard general education.
- b. It is difficult to implement comprehensive programs because supplement-not-supplant requires that funds go to specific students for programs not covered by general funds. Thus, for students who qualify academically to receive Title I funding but also receive non-Title I funding for other special considerations (such as English Language learning or disabilities) it becomes difficult to allocate Title I funds to them because there can be no overlap in the use of Title I funds with other special funds due to potential accusations of supplanting.

Adopting the “school-wide” rather than the “targeted assistance” model for Title I funding offers a partial solution to this problem, since it ensures that the school receives all the funding it would get in the absence of Title I funds and *then* Title I funds are added. In this case, there is no requirement to demonstrate that Title I funds are in fact supplemental.

- c. Supplement-not-supplant makes it challenging to implement innovative programs because it forces schools and districts to maintain funding decisions of previous years, locking them in to potentially outdated spending norms and their corresponding programs.
- d. Finally, supplement-not-supplant increases the burden on administrators because the requirement forces both districts and schools to extensively analyze their spending decisions to ensure that they are not supplanting. Additionally, states must bear the burden of overseeing district-level compliance with supplement-not-supplant.²³ Rather than focusing on administrative compliance, principals who receive Title I funds should have flexibility to spend these funds for school-level instructional goals

and be held accountable for results for all students, including disadvantaged students.

Fourth, the comparability requirement in Title I creates an unnecessary administrative burden while seldom accomplishing its goal of ensuring that Title I schools offer the same level of services and support as non-Title I schools. This is because a loophole in the legislation outlining the comparability requirement makes it entirely ineffective, namely: School districts are allowed to use a district-wide salary schedule to report per-pupil spending on instruction rather than reporting actual school-level expenditures for instructional staff.²⁴ Using a district-wide salary schedule excludes differences in staff salaries that are a function of experience, years of employment or qualifications. Therefore, a district can comply with the comparability requirement without rectifying inequalities in actual expenditures for teacher’s salaries and the qualifications of the instructional staff.

To see how this works, consider a hypothetical school district with a district-wide average teacher salary of \$45,000 and two schools—a Non-Title I school and a Title I School—which have comparable student-staff ratios of 20 students per teacher. Using the average teacher salary, both schools would spend \$2,250 per student on instruction. However, calculating per-pupil spending on instruction using actual salaries shows a sizable difference in per-pupil spending. Table 1, below, gives the years of experience, qualifications and actual salaries of three teachers employed at each hypothetical school.

	Teachers Employed School A (Non-Title I School)			Teachers Employed in School B (Title I School)		
	Years of Experience	Qualifications	Salary	Years of Experience	Qualifications	Salary
Teacher 1	15	MA Degree	\$ 60,000	2	BA Degree	\$ 35,000
Teacher 2	25	BA Degree	\$ 58,000	5	BA Degree	\$ 38,000
Teacher 3	20	MA Degree + Training	\$ 70,000	10	BA Degree + Training	\$ 45,000
Actual Spending Per 20 Students			\$ 3,133	\$ 1,967		

Calculating per-pupil spending using actual school-level expenditures on instruction shows that the Title I school actually spends \$1,166 less per-pupil than the non-Title I school. Thus the intent of the comparability requirement cannot be met when salaries are compared based on average district expenditures rather than school to school actual expenses.

A case study in Florida found that salaries and years of experience varied significantly between Title I recipients and non-recipients.²⁵ This echoes the findings of a 2011 Department of Education report that used data from across the country.²⁶ The report found that more than 40 percent of Title I schools had lower personnel expenditures per pupil than did non-Title I schools at the same school grade level. Further, the comparability law does not impose serious penalties for noncompliance or offer any assistance to districts to achieve comparability, so the comparability requirement is challenging both to achieve and to enforce.

Taken together, the rules and regulations that govern Title I add bureaucratic red tape that holds schools back from achieving the goals of the program. Fortunately, there are ways to reform the Title I program that would eradicate many of these issues. These potential reforms are discussed in the next section.

3. How Title I Funding Can Foster Achievement

The best way to solve the problems inherent in the current system of Title I funding is to make Title I funds portable—in other words, allocate funds on a per-pupil basis and require that funds follow pupils to the school of their choice. There are a number of advantages to such a system:

First, allocating Title I funds on a per-pupil basis rather than through the existing, stringent funding mechanism simply and clearly ties the funding to the child in need, which is where it is supposed to go. Moreover, attaching extra funding to individual, disadvantaged students gives schools an incentive to attract and retain such students (and the funding that goes with them). This will encourage schools to compete to come up with the best ways to serve disadvantaged students, leading to more innovation and better educational outcomes. Furthermore, this would facilitate the national trend toward families being able to choose the schools their children attend because the child would bring the funding with him.

Second, principals should be given both the professional freedom and the incentive to raise low-income students' achievement. Currently, restrictions like supplement-not-supplant attempt to tightly control principals' and districts' use of Title I funds, with significant administrative burdens of management and enforcement. Instead of managing the process by which funding is used, principals could be given greater freedom in how they use that funding, in return for delivering higher achievement scores among the targeted student population. When school principals have greater autonomy over how Title I funds are spent,

they can use innovative and flexible approaches that serve their particular students' needs, allowing them to more fully perform the role of school leader. The flip-side of greater financial autonomy is that principals should be more directly held accountable for student outcomes. Judging a principal by students' academic outcomes assigns responsibility where it is due, and greater autonomy over use of funding to achieve those outcomes confers the authority to foster those achievements. This decentralized approach promotes better results than a one-size-fits-all model. Findings from Reason Foundation's 2013 edition of the *Weighted Student Formula Yearbook* suggest that in school districts that use a portable school funding framework to finance schools, more school-level autonomy over school budgets leads to faster improvement in student achievement and a greater likelihood of closing achievement gaps.²⁷

When principals are given more autonomy over their funding, administrative burdens decrease and are redirected toward measurement of academic progress, which serves the goal of Title I funding directly. Not having to justify expenditures through the labyrinthine cost-by-cost test mandated by the supplement-not-supplant provision also rectifies a variety of funding inequities. For example, it eliminates the "pull-out" models that segregate Title I from non-Title I students, reducing administrative strain and fostering student unity. Title I funds could be used for a wider and more varied range of comprehensive and innovative programs if they were no longer limited by the restrictive confines of achieving supplementation and avoiding supplanting. In addition, Title I funds would be spent more effectively in the absence of supplement-not-supplant rules because schools and districts would no longer be locked into spending decisions from previous years.

Furthermore, allocating funds to individual students would eliminate the need to uphold the comparability requirement, and replace it with more transparent financial arrangements. Instead of allowing districts to submit vague reports of comparability where dollar amounts are disguised by uniform staffing levels or ratios, money would follow each individual student to his or her respective school, increasing real equity between per-pupil expenditures from state and local sources at Title I schools and non-Title I schools.

Recent Moves Toward Flexibility in Federal Education Spending

Recently the federal government has considered greater flexibility in education spending. Since the expiration of the last authorization of the *Elementary and Secondary Education Act* (ESEA) under the *No Child Left Behind Act* (NCLB),

the federal government has permitted some flexibility in how Title I funds are spent, but with strings attached.

In 2011 the Department of Education, recognizing that NCLB's rules sometimes led to outcomes contrary to the goal of improving student achievement and preparedness, invited state education agencies (SEAs), local education agencies (LEAs) and Indian tribes to request a waiver allowing flexibility regarding specific regulatory and statutory requirements under NCLB. With the added spending flexibility warranted by the waivers, school districts have changed how they use Title I dollars in varied and innovative ways.

For instance, the Rennie Center analyzed the results of a waiver from NCLB that allowed greater spending flexibility for several districts in Massachusetts receiving Title I funding. This waiver led to the increased use of school-wide and district-wide programs to better meet student needs. It also allowed Title I resources to be spent on data analysis training and professional development. Both of these changes were designed to serve the lowest-achieving students, but would have violated the cost-by-cost tests of supplement-not-supplant if not for the waiver.²⁸

The District of Columbia, Puerto Rico, the Bureau of Indian Education (BIE) and 45 states have applied for waivers. Applications from Illinois, Iowa, Wyoming and the BIE are under review, while all other applications have been approved.²⁹ In exchange for the waivers, however, states must adopt numerous federally dictated requirements. One example of this is the requirement that they adopt "college and career-ready standards." In the most recent renewal of NCLB waivers, many states interpreted this as a requirement to adopt the new Common Core national standards and tests. Unfortunately, the federally mandated policies that states must adopt to get a waiver from the onerous requirements and regulations of NCLB nullify much of the autonomy advertised with the waiver.

A more effective waiver system would give SEAs and LEAs autonomy over how funds are spent with no strings attached. This is the case with federal foster care waivers granted under the Title IV-E program. Prior to 1994, when the Department of Health and Human Services began granting waivers to states to widen options available under Title IV-E funds, the funds were used exclusively for foster-care placements.³⁰ This created a perverse incentive to remove children from their homes because funds were awarded only to maintain eligible children in licensed foster care, rather than "providing services for families before, during, and after contact with the child welfare system."³¹

Title IV-E waivers, however, allow states to more flexibly use Title IV-E funds and invest in more innovative front-end services targeted at foster care prevention and early intervention. The result is that the number of children in the foster care system substantially declined. In fact, nationwide from FY2002 to FY2012 the number of children in foster care dropped by almost 24 percent.³² States are not penalized for savings associated with serving families in their homes rather than foster care. Instead, they are able to keep their funding levels as long as federal dollars are reinvested in front-end family services that prevent foster care.³³

The waivers granted under Title IV-E have proven to be effective in reaching the goals of the program, a direct result of state- and local-level autonomy. Waivers offered for relief from NCLB, however, tout flexibility but actually replace one set of strict rules and regulations with another.

4. Current Proposals for Federal Funding Following the Child

Members of the 113th U.S. Congress introduced two bills, each of which provides solutions to many of the existing inefficiencies and challenges within Title I funding. Both pieces of legislation would make sweeping reforms to the Elementary and Secondary Education Act, consolidating several programs authorized under the Act and giving states the option to make existing federal dollars portable.

H.R. 5, the Student Success Act, reauthorizes the ESEA beginning in FY2014 through FY2019. The bill eliminates or consolidates more than 70 existing programs that are authorized in the current law, moving several to be housed under a revised Title I – Aid to Local Education Agencies.³⁴

Combining and consolidating existing programs greatly reduces administrative costs so that more money can be spent at the school level. It also allows funds that were previously tangled in layers of spending restrictions and regulations to be spent more flexibly, providing greater autonomy at the local level.

Importantly, the Student Success Act includes amendments to Title I that give parents the option to take Title I dollars to the public school of their choice, including charter schools. One amendment, “Title I Portability,” which was added by then-House Majority Leader Eric Cantor, gives the option for Title I funds to follow low-income students to the institution in which they enroll.

Under this amendment, LEAs are given Title I funds on a per-pupil basis, then they award the funds to schools based on the number of Title I eligible students enrolled at each school.

Cantor was probably correct when he said, in a press conference at Two Rivers Public Charter School in Washington, D.C. (which has the longest waiting list of any charter school in the District), that portability would help “the most vulnerable kids, including foster children and those with disabilities. It is a public school choice amendment for children to have an experience like this.”³⁵

Another amendment, “Direct Student Services,” allows each state education agency to allocate three percent of its federal Title I funding to local education agencies (LEAs) for the purpose of supporting school choice.³⁶ The LEAs must use a portion of this funding for community outreach and communication to parents about school choice options. Remaining funding is to be used to pay for transportation for public school choice and for high-quality academic tutoring services for eligible students.

Senate Bill 1968, the Scholarships for Kids Act, introduced by Senator Lamar Alexander, would similarly consolidate several existing federal programs, redirecting \$24 billion to be appropriated under Title I for fiscal year 2015 and each of the five succeeding fiscal years.³⁷ The bill adds a section under allocations that permits states to exercise the option for a “Scholarships for Kids” program. This option allows states to distribute Title I funds as per-pupil grants. It is up to each state to determine a per-pupil amount for the grants based on the number of eligible children in the state. Students receiving grants may then use their Title I funding to:

- Supplement the budget of any public school they are able to attend;
- Pay for all or a portion of any fees required to attend another public school in the participating state;
- Pay for all or a portion of the tuition and fees required to attend a state-approved private school, or
- Pay for all or a portion of the fees required to participate in a state-approved supplemental education program.

For purposes of accountability, participating states must require eligible children receiving a grant to take state academic assessments or an alternate assessment. Students eligible to receive grants are those who are under 21 whose families’ income is below the poverty level. This means that approximately 11 million children—one in every five K-12 students—would be eligible to receive a scholarship worth \$2,100.

The funding portability option in each bill eliminates the necessity for both supplement-not-supplant and the comparability requirement because funds are attached directly to the student. The school principal would then have the flexibility and autonomy to spend the dollars on specific instructional needs at each school and be held accountable for student performance, rather than inputs such as meeting specific staffing formulas.

Adopting either of these pieces of legislation would rectify some of the funding inequities inherent to the current Title I program, allow wider access to more comprehensive academic programs, decrease the managerial burden on school administrators, and shift Title I's focus to performance rather than compliance.

5. Recommendations and Conclusion

The current Title I spending safeguards do not ensure that funds are allocated to disadvantaged students in ways that most benefit them and improve academic outcomes—the goal of the program at its inception in the 1960s. To rectify this deficiency, Title I funding should be made portable.

The program's existing regulations prohibit federal Title I funds from being combined with state financial efforts to improve educational outcomes for low-income and disadvantaged students, thereby limiting the reach of many state-run programs proven to improve academic outcomes for the students they serve. The same regulations also restrict how states may disburse funds and which schools may receive Title I funds, resulting in funding inequities (especially for schools with large numbers—but a smaller percentage—of low-income students). Further, the supplement-not-supplant and comparability requirements of Title I create an unnecessary administrative burden and hinder the creation of comprehensive and innovative programs. Together, these complications and problems inherent to the Title I program make it difficult to achieve the goals of the program and limit its effectiveness.

Spending decisions should be made by those closest to the students Title I funds are intended to support, with the students' benefit at the forefront. Title I funding should be gauged by students' results rather than on the basis of inputs and spending decisions. Schools, educators and administrators need to be held accountable primarily by outcomes, rather than by fulfilling reporting and compliance requirements.

Fortunately, some steps have already been taken to address these problems. Going forward, federal legislation and the reauthorization of Title I should

include maximum flexibility and autonomy at the school level with strong performance measures for disadvantaged students. The proposed bills, H.R. 5 and S.B. 1968, offer examples of legislation that would rectify several of the issues resulting from the existing confines of Title I legislation under NCLB.

However, fully addressing the shortcomings of Title I funding will require a more comprehensive approach, encompassing the following elements:

- Per-pupil funding: Title I funds should be awarded on a per-pupil basis to eligible students to relieve administrative burden, create equity and remove the need to justify expenditures;
- School choice: Title I funds should follow each child to the school of their choice, in order to expand educational options and incentivize schools to work to attract and retain students and the dollars attached to them;
- Principal autonomy: School leaders should be allowed to spend funds in ways that best serve their students and develop more innovative and comprehensive programs;
- School-level accountability: Administrators should be held accountable for spending decisions based on students' academic achievement results, not by restrictive spending regulations and reporting requirements.

About the Authors

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Lisa's writing has appeared in *Reason* magazine, *School Reform News*, *Education Week*, *Edutopia*, *The Wall Street Journal*, *USA Today*, *San Francisco Chronicle*, *The Orange County Register*, *Los Angeles Times* and numerous other publications.

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Before joining Reason Foundation, Lisa taught public speaking and argumentation courses at California State University, Fullerton. She earned a Master of Arts in communication from the same institution.

Endnotes

- ¹ U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics, *Numbers and Types of Public Elementary and Secondary Schools from the Common Core of Data School Year 2010-11*, Table 2, http://nces.ed.gov/pubs2012/pesschools10/tables/table_02.asp#r1.
- ² Ibid. Table 3, http://nces.ed.gov/pubs2012/pesschools10/tables/table_03.asp#r3.
- ³ U.S. Department of Education Funding Highlights, <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2014/assets/education.pdf>.
- ⁴ U.S. Department of Education, Elementary and Secondary Education, *Improving Basic Programs Operated by Local Education Agencies (Title I, Part A)*, <http://www2.ed.gov/programs/titleiparta/index.html>, August 31, 2011.
- ⁵ Meryle Weinstein, Ph.D., Leanna Stiefel, Amy Ellen Schwartz and Luis Chalico, *Does Title I Increase Spending and Improve Performance? Evidence from New York*, Working Paper No. 09-09 (New York, NY: Institute for Education and Social Policy, August 2009), p. 4.
- ⁶ Ibid.
- ⁷ The LEA may select a poverty measure from the following options: children ages 5–17 in poverty as counted in the most recent census data approved by the Secretary, children eligible for free and reduced-priced lunches under the Richard B. Russell National School Lunch Act, children in families receiving assistance under the state program funded under Title IV, Part A of the Social Security Act (Temporary Assistance for Needy Families), children eligible to receive medical assistance under the Medicaid program, or any composite of the listed measures.
- ⁸ U.S. Department of Education, *Office of Elementary and Secondary Education, Local Education Agency Identification and Selection of School Attendance Areas and Schools and Allocation of Title I Funds to Those Areas and Schools* (Washington, D.C: Department of Education, August 2003), p. 4.
- ⁹ U.S. Department of Education, *Numbers and Types of Public Elementary and Secondary Schools from the Common Core of Data School Year 2010–11*, Table 2.
- ¹⁰ Melissa Junge and Sheara Krvaric, *How the Supplement-Not-Supplant Requirement Can Work Against the Policy Goals of Title I*, (Washington, D.C.: American Enterprise Institute and Center for American Progress, May 2011) http://www.fededgroup.com/uploads/FINAL_supplement_not_supplant_paper.pdf.
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Consolidating Funds in Schoolwide Programs, Grantback Requirements (Washington, D.C.: U.S. Department of Education, February 2008) pp. 10–15.

- ¹² For example, if an LEA needed to spend \$900,000 in total state and local funds in the current year to meet 90 percent MOE, but only spent \$850,000 in total state and local funds, it would have to reduce its share of Title I funds by 5.6 percent. $(\$900,000 - \$850,000) / \$900,000 = 5.6\%$
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- ¹⁹ Ibid.
- ²⁰ Friedman Foundation for Educational Choice, *The ABCs of School Choice 2014 Edition*, (Indianapolis, IN: Friedman Foundation for Educational Choice, 2014). Available at: <http://www.edchoice.org/School-Choice/The-ABCs-of-School-Choice/ABCs-Pink/2014-The-ABCs-of-School-Choice-Pink>. Note: Eight voucher programs, 12 tax-credit scholarship programs and one tax-credit/deduction program limit eligibility based on family income.
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