



**Congressional
Research Service**

Informing the legislative debate since 1914

The Elementary and Secondary Education Act (ESEA), as Amended by the Every Student Succeeds Act (ESSA): An Analytical Review of the Allocation Formulas

August 20, 2024

Congressional Research Service

<https://crsreports.congress.gov>

R48165

The Elementary and Secondary Education Act (ESEA), as Amended by the Every Student Succeeds Act (ESSA): An Analytical Review of the Allocation Formulas

R48165

August 20, 2024

Rebecca R. Skinner
Specialist in Education
Policy

Isobel Sorenson
Research Assistant

The primary source of federal aid for elementary and secondary education is the Elementary and Secondary Education Act (ESEA). The ESEA was initially enacted in 1965 (P.L. 89-10), and was most recently comprehensively amended and reauthorized by the Every Student Succeeds Act (ESSA; P.L. 114-95). The largest of the programs authorized by the ESEA distribute funds by formulas that prescribe how the funds are to be allocated among state educational agencies (SEAs) or local educational agencies (LEAs) nationwide. They take the form of mathematical equations through which the U.S. Department of Education (ED), and in many cases SEAs, calculate grant amounts for each potential grantee meeting statutory eligibility criteria. They almost always include one or more population factors and may also include state or LEA minimum grant provisions, eligibility thresholds, expenditure factors, fiscal accountability provisions, and reservations of funds for a variety of purposes.

LEAs are the recipients of a majority of the funds under almost all ESEA formula grant programs. Under most of these programs, grants are provided to LEAs via SEAs; that is, they are *state-administered formula grant programs*. Funds are only allocated directly to LEAs by ED under a limited number of ESEA programs. The most influential ESEA allocation formulas are those under the Title I-A program, both because Title I-A receives the largest appropriation of all ESEA programs and because there are two other ESEA programs under which grants are made, in part or in full, in proportion to grants calculated under Title I-A. As a result, a majority of ESEA funds are allocated under formulas in which the primary population factor is school-age children in poor families and state expenditure factors are applied.

In FY2024, appropriations for all ESEA programs were \$28.9 billion. Of this amount, \$27.0 billion (93.17%) was for formula grant programs. This includes funding for the following ESEA programs:

- Title I-A: Education for the Disadvantaged
- Title I-B: State Assessment Grants
- Title I-C: Education of Migratory Children
- Title I-D-1: Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent, or At-Risk: State Agency Programs
- Title I-D-2: Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent, or At-Risk: Local Agency Programs
- Title II-A: Supporting Effective Instruction
- Title III-A: English Language Acquisition (ELA)
- Title IV-A: Student Support and Academic Enrichment (SSAE) Grants
- Title IV-B: 21st Century Community Learning Centers (21st CCLC)
- Title V-B-1: Small, Rural School Achievement (SRSA) Program
- Title V-B-2: Rural and Low-Income School (RLIS) Program
- Title VI-A-1: Indian Education
- Title VII: Impact Aid Payment for Federal Property (§7002)
- Title VII: Impact Aid Basic Support Payments (§7003(b))
- Title VII: Impact Aid Payments for Children With Disabilities (§7003(d))
- Title VII: Impact Aid Construction (§7007)

Contents

Introduction	1
General ESEA Formula Grant Characteristics	3
Level of Recipient Entity and Level at Which Grants Are Calculated by ED	3
Formula Factors	4
Population Factor	5
Expenditure Factor.....	6
Title I-A Grant Factor	7
Foundation Grant	8
Minimum Grant and Hold Harmless Provisions	8
Hold Harmless	8
Minimum Grant	10
Ratable Reduction or Ratable Increase	11
Eligibility Threshold	11
Fiscal Accountability Requirements.....	12
Reservations of Funds.....	13
Reservation of Funds for the Outlying Areas and the Bureau of Indian Education (BIE).....	13
National Activities, Evaluations, Capacity Building, and Technical Assistance.....	14
State and LEA Reservations of Funds.....	15
Reservations of Funds for Equitable Services.....	16
Individual ESEA Program Formulas	17
Title I, Part A: Education for the Disadvantaged	17
Basic Grants	19
Concentration Grants	24
Targeted Grants.....	26
Education Finance Incentive Grants (EFIG).....	29
Title I, Part B: State Assessment Grants.....	34
Title I, Part C: Migrant Education Program	35
Title I, Part D: Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent, or At-Risk	37
Title II, Part A: Supporting Effective Instruction	39
Title III, Part A, English Language Acquisition State Grants	42
Title IV, Part A: Student Support and Academic Enrichment Grants.....	44
Title IV, Part B: 21 st Century Community Learning Centers	46
Title V, Part B, Subpart 1: Small, Rural School Achievement Program	48
Title V, Part B, Subpart 2: Rural and Low-Income School Program	50
Title VI, Part A, Subpart 1: Indian Education	51
Title VII: Impact Aid.....	53
Section 7002: Payments for Federal Property.....	54
Section 7003(b): Payments for Federally Connected Children: Basic Support Payments.....	57
Section 7003(d): Payments for Federally Connected Children: Payments for Children with Disabilities	60
Section 7007: Construction Payments	61
Formula Factors in Practice.....	62
Minimum State Grant Provisions.....	63

Hold Harmless Provisions.....	63
No State Minimum Grant or Hold Harmless Provisions.....	64

Tables

Table 1. Level of Grantee and Level at Which Grants Are Calculated by ED Under ESEA Formula Grant Programs	4
Table 2. ESEA Formula Grant Program Population Factors	5
Table 3. ESEA Formulas With Expenditure Factors, Either Direct or Indirect	7
Table 4. ESEA Formula Grant Program Hold Harmless Provisions for States and Local Educational Agencies (LEAs)	9
Table 5. ESEA Formula Minimum Grant Provisions for States and Local Educational Agencies (LEAs)	10
Table 6. ESEA Fiscal Accountability Requirements	12
Table 7. Reservation of Funds for the Outlying Areas and the Bureau of Indian Education (BIE) Under the ESEA Formulas	13
Table 8. Reservations for National Activities and Evaluation, Technical Assistance, and Capacity Building.....	14
Table 9. Maximum SEA and LEA Reservations for State Activities, Administration, Evaluation, Technical Assistance Specified in Statutory Language	16
Table 10. Weights Applied to Formula Child Counts in the Calculation of ESEA Title I-A Targeted Grants	27
Table 11. Weights Applied to Formula Child Counts in the Calculation of LEA Grants Under the ESEA Title I-A Education Finance Incentive Grant Formula	31
Table 12. Share of FY2001 Grant Amount Used to Calculate the Base Guarantee/Hold Harmless in the Determination of ESEA Title II-A Grants	40
Table 13. Share of Funds Above the Amount Needed for Base Guarantees Allocated Based on Population and Poverty in the Determination of ESEA Title II-A Grants	40
Table 14. Types of Federally Connected Children and Weights Assigned to Them in the Impact Aid Basic Support Payments Formula	57
Table 15. Estimated FY2022 State Grants Under Title I-A, Comparing Current Law and Formulas to Scenarios Without State Minimum Grant and/or Hold Harmless Provisions	66
Table A-1. Method by Which Appropriations Are Provided to ESEA Formula Grant Programs	71
Table A-2. FY2024 Appropriations Levels for ESEA Formula Grant Programs	72
Table A-3. ESEA Formula Grant Program Share of All ESEA Appropriations: FY2024	73

Appendixes

Appendix. ESEA Formula Grant Program Appropriations Levels.....	70
---	----

Contacts

Author Information.....	73
-------------------------	----

Introduction

The primary source of federal aid to elementary and secondary education is the Elementary and Secondary Education Act (ESEA). The ESEA was initially adopted in 1965 (P.L. 89-10), and was most recently reauthorized and amended by the Every Student Succeeds Act (ESSA; P.L. 114-95), which authorized appropriations for ESEA programs through FY2020.¹

Title I-A, which authorizes federal aid for the education of disadvantaged students, is the largest ESEA program. Under Title I-A, the ESEA as amended by the ESSA continues to require states and public school systems to focus on educational accountability as a condition for the receipt of grant funds. Public school systems and individual public schools are held accountable for monitoring and improving achievement outcomes for students and closing achievement gaps, sustaining a focus that was initiated by amendments to the ESEA made by the No Child Left Behind Act of 2001 (NCLB; P.L. 107-110) but modified under the ESSA. While states were given more latitude to develop their educational accountability systems under the ESSA provisions, as a condition for receiving Title I-A funds each state must continue to have content and academic achievement standards and aligned assessments in reading/language arts (RLA), mathematics, and science for specific grade levels. States must now have an accountability system that incorporates (1) long-term and interim performance goals for specified measures; (2) weighted indicators based, in part, on these goals; and (3) an annual system for meaningful differentiation that is used to identify schools that need additional support to improve student achievement.

Beyond Title I-A, other authorized ESEA programs provide, for example, grants to support the education of migratory students; recruitment and professional development of teachers; language instruction for English learners (ELs); well-rounded education, safe and healthy students, and technology initiatives; after-school instruction and care programs; expansion of charter schools and other forms of public school choice; education services for Native American, Native Hawaiian, and Alaska Native students; Impact Aid to compensate local educational agencies (LEAs) for taxes forgone due to certain federal activities; and innovative educational approaches or instruction to meet particular student needs.

The methods by which federal funds are provided to grantees under ESEA programs² fall into five general categories. These are programs under which federal funds are allocated by the U.S. Department of Education (ED)

1. to states, as well as to all or most LEAs via one or more formulas specified in the ESEA (e.g., Title I-A);
2. to states via a statutory formula, while state educational agencies (SEAs) suballocate these funds either on a competitive or discretionary basis (e.g., Title IV-B), or via a state-developed allocation formula consistent with general statutory guidance (e.g., Title V-B-2);

¹ Section 422 of the General Education Provisions Act (GEPA) provided for the automatic extension of the authorization of appropriations for ESEA programs for one additional fiscal year, as Congress did not act in the regular session that ended prior to the beginning of the terminal fiscal year of such authorization (i.e., FY2020) to pass legislation that became law that either extended or repealed the authorization of appropriations for ESEA programs. The amount authorized to be appropriated for the period of the automatic extension is required to be the same amount authorized for a program for the terminal fiscal year of that program. Thus, the authorization of appropriations for FY2021 for ESEA programs was identical to that for FY2020. The programs, however, have continued to receive appropriations through the appropriations process.

² The ESEA currently contains 25 authorizations of appropriations for ESEA programs, and, in some cases, multiple programs share a single authorization of appropriations.

3. directly to LEAs via formulas specified in the ESEA (e.g., Title VII, §7003(b));
4. to state and/or local grantees on a competitive or discretionary basis (e.g., Title VI-F-1); and
5. to a single eligible grantee specified in the ESEA (e.g., Title VI-B, §6204).³

ESEA allocation formulas are mechanisms established through statute, regulations, or policy documents that define how appropriated funds are to be allocated among SEAs, LEAs, or other eligible entities. They take the form of mathematical equations through which ED, SEAs, and sometimes LEAs, calculate specific grant amounts for each eligible grantee. They are often based on a population factor but typically include a number of additional factors.

This report discusses and analyzes the current allocation formulas for ESEA programs in the first three categories listed above. This includes the following programs:

- Title I-A: Education for the Disadvantaged (four formulas)
- Title I-B: State Assessment Grants
- Title I-C: Education of Migratory Children (more commonly referred to as the Migrant Education Program or MEP)
- Title I-D-1: Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent, or At-Risk: State Agency Programs (also referred to as the Neglected and Delinquent State Agency Program)
- Title I-D-2: Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent, or At-Risk: Local Agency Programs (also referred to as the Neglected and Delinquent Local Agency Program)
- Title II-A: Supporting Effective Instruction
- Title III-A: English Language Acquisition (ELA)
- Title IV-A: Student Support and Academic Enrichment (SSAE) Grants
- Title IV-B: 21st Century Community Learning Centers (21st CCLC)
- Title V-B-1: Small, Rural School Achievement (SRSA) Program
- Title V-B-2: Rural and Low-Income School (RLIS) Program
- Title VI-A-1: Indian Education
- Title VII: Impact Aid Payment for Federal Property (§7002)
- Title VII: Impact Aid Basic Support Payments (§7003(b))
- Title VII: Impact Aid Payments for Children With Disabilities (§7003(d))
- Title VII: Impact Aid Construction (§7007)

In FY2024, appropriations for these formula programs accounted for 93.17% of total appropriations for all ESEA programs.

The report begins with a description of general categories of factors used in the ESEA's allocation formulas. This is followed by a detailed description of each program's formula(s). The **Appendix** discusses how federal funds are appropriated for each of the ESEA formula grant programs and includes the FY2024 appropriations levels for each program in **Table A-2**.

³ Grants for the Native Hawaiian Education Council are just one type of grant made under the Native Hawaiian grant program. Under ESEA Section 6205, the Secretary of Education can make grants to or enter into contracts with a variety of organizations, such as Native Hawaiian educational organizations and Native Hawaiian community-based organizations.

General ESEA Formula Grant Characteristics

This section provides an explanation of key terms and concepts commonly applied to federal elementary and secondary education formulas. The section also summarizes the provisions of the ESEA allocation formulas with respect to many of these concepts. Where relevant, tables have been included to indicate when a particular concept applies to an ESEA formula grant program. Please note that if a program does not include a particular formula factor, the program is not included in the table for that formula factor. More detailed discussions of each of these provisions are included in the discussions of the individual programs in the next section of the report.

Level of Recipient Entity and Level at Which Grants Are Calculated by ED

As illustrated in **Table 1**, LEAs are the recipients of funds under almost all ESEA formula grant programs.⁴ Under most of these programs, grants are provided to LEAs via SEAs; that is, they are *state-administered formula grant programs*. Funds are only allocated directly to LEAs by ED under a limited number of ESEA programs.

If LEAs are the ultimate grantees in a state formula grant program, the ESEA program may provide for the distribution of LEA level grants by SEA-administered competition (e.g., 21st CCLC); through a statutory substate allocation formula directing SEAs how to determine LEA grants (e.g., Supporting Effective Instruction); or, less frequently, through a statutory LEA-level formula with grants calculated by ED itself but distributed to LEAs by SEAs (with limited options for SEAs to adjust the LEA grants as calculated by ED, as occurs under Title I-A). Under a few ESEA formula grant programs, LEA grants are calculated and directly allocated by ED (e.g., Impact Aid).

Within states, funds are (1) allocated to LEAs under formulas that are specified in the ESEA, but are actually calculated by SEAs, (2) allocated to LEAs via a state-developed allocation formula consistent with general statutory guidance, or (3) distributed on a competitive or discretionary basis within states. Title I-A is the only ESEA program under which funds are allocated via SEAs but grants are calculated by ED at the LEA level. Still, under Title I-A, SEAs make a number of authorized adjustments to initial LEA grants as calculated by ED.

⁴ Since the enactment of the ESEA, statutory provisions have been included requiring that LEAs and other grantees provide equitable services to eligible students attending private schools. Under current law, the ESEA includes two major sets of provisions related to providing services to eligible private school students. Title VIII-F-1 (§§8501-8506) contains general provisions regarding a variety of ESEA programs under which services may be provided to private school students, while Title I-A, Section 1117 contains provisions specifically regarding the Education for the Disadvantaged program. A small number of additional ESEA programs have separate provisions for serving eligible private school students. For more information about equitable services, see CRS Report R46907, *Equitable Services for Private School Students and Staff and the Elementary and Secondary Education Act*.

Table 1. Level of Grantee and Level at Which Grants Are Calculated by ED Under ESEA Formula Grant Programs

Program	Primary Recipient of Grants			Level at Which Grants Are Calculated by ED	
	SEA	LEA via SEA	LEA Directly	SEA	LEA
Title I-A: Education for the Disadvantaged (all formulas)		X			X
Title I-B: State Assessment Grants	X			X	
Title I-C: Migrant Education Program	X			X	
Title I-D-1: Neglected and Delinquent State Agency Program	X			X	
Title I-D-2: Neglected and Delinquent Local Agency Program		X			X
Title II-A: Supporting Effective Instruction		X		X	
Title III-A: English Language Acquisition		X		X	
Title IV-A: Student Support and Academic Enrichment Grants		X		X	
Title IV-B: 21 st Century Community Learning Centers		X ^a		X	
Title V-B-1: Small, Rural School Achievement Program			X		X
Title V-B-2: Rural and Low-Income School Program		X		X	
Title VI-A-1: Indian Education			X		X
Title VII: Impact Aid Payment for Federal Property (§7002)			X		X
Title VII: Impact Aid Basic Support Payments (§7003(b))			X		X
Title VII: Impact Aid Payments for Children With Disabilities (§7003(d))			X		X
Title VII: Impact Aid Construction (§7007)			X		X

Source: Prepared by the Congressional Research Service (CRS) based on CRS analysis of current law.

- a. SEAs are required to provide not less than 93% of the funds received to eligible entities through competitive grants. Eligible entities include an LEA, community-based organization, Indian tribe or tribal organization, other public or private entity, or a consortium of two or more such agencies, organizations, or entities.

Formula Factors

Allocation formulas have one or more factors that target funds to SEAs, LEAs, or other entities to accomplish or facilitate a policy outcome. For example, a program aiming to serve children from low-income families would have a formula based on estimated numbers of school-age children in low-income families. In a simple formula, each state would be allocated funds in proportion to the estimated number of such children living in that state. A state's proportional share of the

factor is obtained by dividing its number of school-age children in low-income families by the total number of such children nationwide. For example, if 14% of all school-age children in low-income families live in California, this simple formula would allocate 14% of all state grant funds to California. A formula can include more than one population factor, and it can weight the factors differently. For example, a formula could distribute 50% of funds based on total school-age population and 50% based on school-age children in low-income families.

The most common formula factors in the ESEA are (1) population factors, (2) expenditure factors, and (3) Title I-A grant factors. Each of these is discussed in more detail below.

Population Factor

The most common allocation formula factor is a population factor; almost all federal elementary and secondary education formulas include it.⁵ The majority of ESEA formula funds are allocated on the basis of a population factor related to school-age children in families in poverty.⁶ In addition, several ESEA programs allocate funds on the basis of total school-age children or a population factor that is specifically related to the program's purpose, such as Indian students, migratory children, or children whose parents live or work on federal property. Some formulas also include a population factor indirectly if allocations are made in proportion to funds allocated according to another formula that includes a population factor (e.g., Title IV-A).

Table 2. ESEA Formula Grant Program Population Factors

Program	School-Age Children in Families in Poverty: Directly	School-Age Children in Families in Poverty: Indirectly	Total School-Age Population, Enrollment, or Attendance	Program Specific Population Group: Directly	Program Specific Population Group: Indirectly
Title I-A: Education for the Disadvantaged (all formulas)	X			X	
Title I-B: State Assessment Grants			X		
Title I-C: Migrant Education Program				X	
Title I-D-I and 2: Neglected or Delinquent (State Agency and Local Agency programs)				X	
Title II-A: Supporting Effective Instruction	X		X		
Title III-A: English Language Acquisition				X	
Title IV-A: Student Support and Academic Enrichment Grants		X			X

⁵ An exception, for example, is the Impact Aid Federal Property Payment.

⁶ This is because Title I-A, which is the largest ESEA program, uses a population factor based on school-age children in families in poverty. The appropriations levels for each ESEA formula grant program are included in **Table A-2**.

Program	School-Age Children in Families in Poverty: Directly	School-Age Children in Families in Poverty: Indirectly	Total School-Age Population, Enrollment, or Attendance	Program Specific Population Group: Directly	Program Specific Population Group: Indirectly
Title IV-B: 21 st Century Community Learning Centers		X			X
Title V-B-1: Small, Rural School Achievement Program			X		
Title V-B-2: Rural and Low-Income School Program			X ^a		
Title VI-A-1: Indian Education				X	
Title VII: Impact Aid Basic Support Payments (§7003(b))				X	
Title VII: Impact Aid Payments for Children With Disabilities (§7003(d))				X	
Title VII: Impact Aid Construction (§7007)				X	

Source: Prepared by the Congressional Research Service (CRS) based on CRS analysis of current law.

Notes: The population factors for the SSAE Grants and the 21st CCLC program are considered indirect as state and LEA grants under the SSAE Grants and state grants under the 21st CCLC program are determined based on prior-year Title I-A grant amounts.

- a. While not used as a factor to determine LEA grant amounts, only LEAs that serve 20% or more school-age children from families with incomes below the poverty line are eligible to receive a grant.

Expenditure Factor

Several ESEA program allocation formulas include an expenditure factor. Expenditure factors are based on state or (less frequently) LEA average per pupil expenditures (APPE) for public elementary and secondary education. They are intended to adjust for state or local differences in the costs of providing public elementary and secondary education, although they are often criticized as reflecting differences in ability to pay for educational services.⁷ In most cases, floors and ceilings, based on percentages of the national average, are applied to this factor (e.g., a floor of 80% and a ceiling of 120% of national APPE). These bounds can affect the magnitude of the expenditure factor's impact when used in a given formula. For example, an upper bound on an expenditure factor limits the amount of state spending that can be counted toward the expenditure factor and a lower bound establishes a minimum state APPE amount that must be included in the expenditure factor. States with spending above the upper bound will have their state APPE capped. States with spending below the lower bound will have their state APPE increased to the lower bound amount. The practical effect of these bounds is preventing high-spending states from being able to benefit fully from their ability to spend more on education than other states while

⁷ This is exemplified in the debates over the inclusion of an expenditure factor in the Title I-A formulas. For more information, see CRS Report R44898, *History of the ESEA Title I-A Formulas*.

providing a boost to low-spending states by increasing their expenditure factor for purposes of grant calculations. This helps to temper the effect on grant amounts of the differences in state APPE.

An expenditure factor is usually direct, but sometimes it is indirect. For example, if a program allocates grants in proportion to grants made under ESEA Title I-A, this provision indirectly incorporates the Title I-A formulas' expenditure factors.

Only the ESEA formula grant programs listed below in **Table 3** include an expenditure factor, either directly or indirectly (i.e., as a result of allocating funds in proportion to grants under Title I-A). Under the Title I-A formulas (and by extension, the other formulas based on Title I-A grants), Title I-C, Title I-D, and the Title VI-A-1 Indian Education program, the expenditure factor is based on state APPE for public elementary and secondary education, after applying a floor and ceiling (in the case of Indian Education, a floor only) on the basis of the national APPE. The Title VII Impact Aid Basic Support Program employs an expenditure factor (local contribution rate) that is often either one-half of the state APPE or one-half of the national APPE.

Table 3. ESEA Formulas With Expenditure Factors, Either Direct or Indirect

Program	Formulas With Expenditure Factors	
	Direct	Indirect
Title I-A: Education for the Disadvantaged (all formulas)	X	
Title I-C: Migrant Education Program	X	
Title I-D-1 and 2: Neglected or Delinquent (State Agency and Local Agency programs)	X	
Title IV-A: Student Support and Academic Enrichment Grants		X
Title IV-B: 21 st Century Community Learning Centers		X
Title VI-A-1: Indian Education	X	
Title VII: Impact Aid Basic Support Payments (§7003(b))	X	

Source: Prepared by the Congressional Research Service (CRS) based on CRS analysis of current law.

Title I-A Grant Factor

Two ESEA programs allocate some or all of their funds in proportion to grants made under the largest ESEA program—aid for the Education of the Disadvantaged (Title I-A). State grants under the 21st CCLC program (Title IV-B) are made in proportion to Title I-A grants (subject to state minimum grant provisions). SSAE Grants (Title IV-A), on the other hand, are made in proportion to Title I-A grants at both the state and LEA levels (subject to state and LEA minimum grant provisions).⁸

⁸ The Title I-A program includes LEA minimum grant or hold harmless provisions to prevent large decreases in LEA grant amounts from year to year. The ESEA requires that if Title I-A state grant amounts are used to determine state grant amounts for non-Title I-A programs administered by the Secretary of Education (e.g., SSAE and 21st CCLC), the Title I-A grant amounts used to determine the state grant amounts for the other program must be calculated with no hold harmless provisions applied (§1122(c)(3)).

Foundation Grant

Under some ESEA programs, each state or LEA first receives a *foundation grant* amount, then additional appropriations, if any, are allocated on the basis of a population factor and possibly other formula factors. If funds are insufficient to pay the full foundation grant amount, then each grantee receives an equal proportion of its foundation grant. The foundation grant may be an equal amount per grantee (e.g., \$3 million per state under the State Assessment Grant program) or, more often, it is the amount received in a base year under one or more antecedent programs. The latter has usually occurred when two or more programs have been consolidated into one new program in a reauthorization of the ESEA.⁹

Minimum Grant and Hold Harmless Provisions

After grants are initially calculated based on formula factors and, when applicable, foundation grants, grant amounts may be further adjusted to provide states or LEAs with a minimum level of funding. Most commonly, these provisions provide grantees a minimum level of funding either based on a grantee's prior-year grant amount (commonly referred to as a *hold harmless* provision) or through a minimum dollar amount or percentage of available appropriations. Minimum grant and hold harmless provisions can be applied at both the state and LEA levels. Additionally, some programs contain both minimum grant and hold harmless provisions. In general, minimum grant provisions (expressed as a dollar amount or percentage of available appropriations) are more common than hold harmless provisions (expressed as a percentage of grants for a previous year) in the ESEA.

Hold Harmless

Hold harmless provisions prevent grantees from having large decreases in their grant amounts from year to year. These provisions establish a minimum state or LEA grant equal to a specified percentage of the amount received in a previous year. Usually, this is the immediately preceding year, although sometimes it is a *base year* that may be several years in the past. The minimum percentage may be the full amount received in the previous year (i.e., 100%) or, more often, some lesser percentage (e.g., 85%). Increasing a state's or LEA's grant amount from its initial level based on formula factors or foundation grants to its hold harmless level almost always reduces grants to other states or LEAs that do not benefit from the hold harmless provisions. Hold harmless amounts are only guaranteed if funds are sufficient to pay for them. If not, hold harmless amounts are ratably reduced (see below) to meet the level of the appropriation. Further, in almost all cases, hold harmless provisions only apply to grantees meeting program eligibility criteria for the current year, not necessarily every grantee that received a grant in the preceding year.¹⁰ **Table 4** lists the ESEA formula grant programs that contain hold harmless provisions.

⁹ Under Title II-A, from FY2017 through FY2022 state grant amounts were calculated in part based on the amount that states received under the Eisenhower Professional Development Program authorized under Title II, Part B, of the ESEA as in effect immediately preceding enactment of the NCLB, and the Class Size Reduction Program authorized under Section 306 of the Department of Education Appropriations Act, 2001 (P.L. 106-554). Prior to the reauthorization of the ESEA by the ESSA, this portion of a state's grant amount was referred to as a foundation payment. Under the ESEA as reauthorized by the ESSA, it is referred to as a *hold harmless* provision.

¹⁰ For example, the ESEA Title I-A Targeted Grant allocation formula has eligibility thresholds of 10 children counted in the Title I-A population factor (primarily school-age children in poor families) and a 5% population factor child rate. If an LEA should meet these criteria and receive a Targeted Grant in year 1 but fall below one of the thresholds in year 2, it would receive no funds in year 2 even though the Targeted Grant formula includes a LEA hold harmless of at least 85% of preceding-year grants.

Table 4. ESEA Formula Grant Program Hold Harmless Provisions for States and Local Educational Agencies (LEAs)

Program	State Hold Harmless Level	LEA Hold Harmless Level
Title I-A: Education for the Disadvantaged (all four formulas)	—	85%, 90%, or 95% of prior-year grant, depending on the LEA's percentage of children included in the population factor ^a
Title I-C: Migrant Education Program	90% of prior-year grant for FY2017 through FY2019. For subsequent fiscal years, there is no applicable hold harmless provision.	—
Title II-A: Supporting Effective Instruction	Each state receives a hold harmless based on a decreasing percentage of the total of the grants it received for FY2001 under two antecedent programs: the Eisenhower Professional Development Program authorized under Title II, Part B, of the ESEA as in effect immediately preceding enactment of the NCLB, and the Class Size Reduction Program authorized under Section 306 of the Department of Education Appropriations Act, 2001 (P.L. 106-554). Beginning in FY2017, each state's base guarantee is reduced by 14.29 percentage points from the prior year, resulting in the elimination of the base guarantee beginning in FY2023.	—
Title V-B-1: Small, Rural School Achievement Program	—	LEAs no longer eligible for a grant due to a change in locale codes received a temporary hold harmless of 75%, 50%, and 25% of their FY2015 grant in FY2017, FY2018, and FY2019, respectively. Beginning in FY2020, no hold harmless provision is applied to grant calculations.
Title VII: Impact Aid Payment for Federal Property (§7002)	—	When appropriations are insufficient to provide LEAs with their maximum payment, a statutorily prescribed hold harmless formula that is designed to preserve historical funding levels for LEAs is used.

Program	State Hold Harmless Level	LEA Hold Harmless Level
Title VII: Impact Aid Basic Support Payments (§7003(b))	—	If an LEA's calculated payment decreases by 20% or more from the previous year, then it would receive a payment equal to 90% of the previous year's payment. In the second year following such reduction in payment, the LEA would receive 85% of the previous year's payment. In the third year following such reduction in payment, the LEA would receive 80% of the previous year's payment. If an LEA's calculated payment would exceed the hold harmless payment, it receives the calculated payment. In years after the third year following such a reduction in payment, the LEA receives its calculated payment.

Source: Prepared by the Congressional Research Service (CRS) based on CRS analysis of current law.

- a. Under the Title I-A Concentration Grant formula, LEAs that meet the eligibility requirements to receive a Concentration Grant in one year but fail to meet the requirements in a subsequent year will continue to receive a grant based on the hold harmless provisions for four additional years.

Minimum Grant

In addition to hold harmless amounts, several programs have a state or LEA minimum grant expressed primarily in terms of a percentage of program appropriations or as a fixed dollar amount. Minimum grant provisions serve to increase the amount of funding that is provided to small states or LEAs to operate programs.¹¹ As with the hold harmless provisions, minimum grant provisions are funded by reducing the amount of funding available to other states or LEAs.

Table 5 summarizes the minimum grant provisions under the ESEA formula grant programs. State minimums are generally set at a percentage of total state grants (typically 0.25%, 0.35%, or 0.50%). Occasionally, they are fixed dollar amounts (e.g., \$500,000) or the greater (or lesser) of a fixed amount or a percentage of the total. In some cases, one or more caps may be placed on these minimums. At the LEA level, minimum grant amounts in the ESEA formula grant programs are all a fixed dollar amount as opposed to a percentage of funds.

Table 5. ESEA Formula Minimum Grant Provisions for States and Local Educational Agencies (LEAs)

Program	State Minimum Grant	LEA Minimum Grant
Title I-A: Education for the Disadvantaged		
Basic Grants and Concentration Grants	Up to 0.25% of appropriations available for state grants equal to or below the FY2001 level, up to 0.35% of grants above FY2001 ^a	—

¹¹ See, for example, the debates surrounding the inclusion of minimum grant provisions in the Title I-A formulas in CRS Report R44898, *History of the ESEA Title I-A Formulas*.

Program	State Minimum Grant	LEA Minimum Grant
Targeted Grants and Education Finance Incentive Grants	Up to 0.35% of appropriations available for state grants ^a	—
Title I-B: State Assessment Grants	— ^b	—
Title II-A: Supporting Effective Instruction	0.5% of appropriations available for state grants after hold harmless payments are made ^c	—
Title III-A: English Language Acquisition	\$500,000	— ^d
Title IV-A: Student Support and Academic Enrichment Grants	0.5% of appropriations available for state grants	\$10,000
Title IV-B: 21 st Century Community Learning Centers	0.5% of appropriations available for state grants	— ^e
Title VI-A-I: Indian Education	—	\$3,000 ^f

Source: Prepared by the Congressional Research Service (CRS) based on CRS analysis of current law.

- a. The formula includes one or more caps (e.g., a ceiling of 150% of the national average grant per child counted in the allocation formula) that may prevent the smallest states from receiving the full minimum.
- b. Although there is no state minimum, each state first receives a foundation grant of \$3 million.
- c. Hold harmless payments are required to be made for FY2017 through FY2022.
- d. An SEA is prohibited from awarding a subgrant to an eligible entity if the amount of the subgrant would be less than \$10,000.
- e. A subgrant may not be made in an amount that is less than \$50,000.
- f. Grants may be made to LEAs; Indian tribes; Indian organizations; Indian community-based organizations; or consortia of two or more LEAs, Indian tribes, Indian organizations, or Indian community-based organizations. The Secretary may increase the minimum grant to not more than \$4,000 for all grantees if the Secretary “determines that such increase is necessary to ensure the quality of the programs provided” (§6113(b)(3)).

Ratable Reduction or Ratable Increase

After initial grant amounts are calculated, they may need to be ratably reduced or increased to adjust for the level of available appropriations or the application of minimum grant or hold harmless provisions. These reductions or increases are applied in proportion to initial grants (i.e., they are *ratable*). For example, raising certain states to minimum grant amounts requires that funds be redistributed from states with initial grants above the minimums; thus, ratable reduction reduces funds in proportion to their initial grants for states above minimum levels and redistributes these funds to states with initial grants below minimum levels. When ratable reduction occurs, all states (or LEAs) above the minimum have their initial grants reduced by the same percentage, resulting in different dollar amount changes. Similar processes of ratable reduction occur in the application of hold harmless provisions.

Eligibility Threshold

Many ESEA programs require LEAs to meet thresholds based on their population factors to be eligible to receive grants. For example, under the Title I-A Concentration Grant allocation formula LEAs must meet either of two eligibility thresholds in order to receive grants: (1) a population factor of at least 6,500 or (2) the LEA’s population factor must account for 15% of the total school-age population.

Fiscal Accountability Requirements

Most ESEA programs include one or more of three types of fiscal accountability requirements. These are intended to ensure that federal funds provide a net increase over state and local funds devoted to elementary and secondary education. The two most common ESEA fiscal accountability requirements are (1) *maintenance of effort* (MOE): recipients must provide, from state and local sources, a level of funding (either in the aggregate or per pupil) in the preceding year that is equal to at least some specified percentage (usually 90%) of the level in the second preceding year¹²; and (2) that funds must be used so as to *supplement, and not supplant* state and local funds that would otherwise be available for the same purpose as under the ESEA program in question. A third type of fiscal accountability requirement, *comparability*, applies only to Title I, Parts A, C, and D. Services provided with state and local funds in schools participating in Title I-A must be comparable to those provided in non-Title I-A schools of the same LEA. Title I-C and Title I-D programs must be carried out in a manner that is consistent with the comparability requirement included in Title I-A.¹³ **Table 6** lists which fiscal accountability requirements apply to which ESEA formula grant programs.

Table 6. ESEA Fiscal Accountability Requirements

Program	Fiscal Requirements		
	Maintenance of Effort	Supplement, Not Supplant	Comparability
Title I-A: Education for the Disadvantaged (all formulas)	X	X	X
Title I-C: Migrant Education Program	X	X	X
Title I-D-1 and 2: Neglected or Delinquent (State Agency and Local Agency programs)	X	X	X
Title II-A: Supporting Effective Instruction	X	X	—
Title III-A: English Language Acquisition	X	X	—
Title IV-A: Student Support and Academic Enrichment Grants	X	X	—
Title IV-B: 21 st Century Community Learning Centers	X	X	—
Title V-B-1: Small, Rural School Achievement Program	—	X	—
Title V-B-2: Rural and Low-Income School Program	X	X	—
Title VI-A-1: Indian Education	X	X	—

Source: Prepared by the Congressional Research Service (CRS) based on CRS analysis of current law.

¹² If an LEA fails to meet the MOE requirement, the ESEA program grant amount is reduced according to the proportion by which the required level (90% of the preceding year) is not met. For example, if state and local public K-12 education expenditures in the preceding year are equal to 85.5% of the amount for the second preceding year—that is, 95% of the required 90% level—then the grant would be reduced by 5%. When this occurs, the required level of spending for the succeeding year's calculation is based on the full 90% level of expenditures, not the actual level of spending.

¹³ For example, schools receiving MEP funds must provide services that, taken as a whole, are at least comparable to services provided by schools that do not receive MEP funds. For more information, see U.S. Department of Education, *Education of Migratory Children under Title I, Part C of the Elementary and Secondary Education Act*, March 2017, pp. 119, <https://oese.ed.gov/files/2021/11/MEP-Non-Regulatory-Guidance-March-2017-1.docx>.

Reservations of Funds

Under many programs, before funds are allocated to states and LEAs the Secretary of Education (hereinafter, “Secretary”) may reserve a portion of appropriations for grants to the outlying areas (American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands) and the Bureau of Indian Education (BIE), national activities, evaluation, capacity building, and technical assistance. Once funds reach the states, they can often reserve a proportion of their total grant for state level activities, including administration. For some programs, LEAs also may be able to reserve funds for specific purposes. The reservations of funds permitted under ESEA formula programs are described in more detail below.

Reservation of Funds for the Outlying Areas and the Bureau of Indian Education (BIE)

ESEA programs usually distribute funds by formula to the 50 states, the District of Columbia, and Puerto Rico.¹⁴ Other entities usually receive funds from amounts that are reserved from the total appropriation. These set-asides can include funds for the outlying areas¹⁵ and funds provided to the BIE. For all ESEA programs that include a reservation of funds for the outlying areas and BIE, the reservation is about 1% of total program appropriations. **Table 7** provides a summary of the reservations of funds for the outlying areas and the BIE under each of the ESEA formula grant programs.

Table 7. Reservation of Funds for the Outlying Areas and the Bureau of Indian Education (BIE) Under the ESEA Formulas

Program	Reservation for the Outlying Areas	Reservation for the BIE
Title I-A: Education for the Disadvantaged (all formulas)	0.4% ^a	0.7% ^a
Title I-B: State Assessment Grants	0.5% ^b	0.5% ^b
Title II-A: Supporting Effective Instruction	0.5%	0.5%
Title III-A: English Language Acquisition	0.5%	— ^c
Title IV-A: Student Support and Academic Enrichment Grants	0.5%	0.5%
Title IV-B: 21 st Century Community Learning Centers		1% ^d
Title V-B-1: Small, Rural School Achievement Program	— ^e	—
Title V-B-2: Rural and Low-Income School Program	0.5%	0.5%
Title VI-A-1: Indian Education	—	— ^f

Source: Prepared by the Congressional Research Service (CRS) based on CRS analysis of current law.

¹⁴ Some ESEA formulas cap the amount of funding Puerto Rico can receive. For example, under Title IV-A, Puerto Rico’s grant is capped at the state minimum grant amount (0.5% of funding available for grants to states).

¹⁵ Set-asides for the outlying areas in the ESEA formula grants discussed in this report are available to each of the outlying areas. For example, for purposes of the Title IV-A program the set-aside included in Section 4103(a)(1) reads as follows: “one-half of 1 percent for allotments for payments to the outlying areas, to be distributed among those outlying areas on the basis of their relative need, as determined by the Secretary, in accordance with the purpose of this subpart.”

- a. If Title I-A appropriations are insufficient to provide at least the level of funding for state grants that was available in FY2016, then 1% of total appropriations would be set aside for the outlying areas and the BIE. Title I-A reservations for the BIE and the outlying areas are calculated after funding is provided to the U.S. Census Bureau to collect the data needed to determine Title I-A grant amounts.
- b. The 0.5% set-aside applies to appropriations equal to or less than the trigger amount of \$369,100,000 that applies to the Title I-B program. Amounts in excess of the trigger amount are awarded by competition.
- c. The greater of 0.5% or \$5 million is reserved for grants to serve Native American and Alaska Native children, although not specifically through the BIE.
- d. The Secretary shall reserve not more than 1% of the total appropriations for Title IV-B for set-asides for the outlying areas and BIE. The funds are to be allocated to the outlying areas and BIE based on their respective needs as determined by the Secretary.
- e. The outlying areas are treated as states.
- f. There is no set-aside for the BIE. Instead, a grant is made directly to the BIE using the same formula used for LEAs. Grants may be made to LEAs; Indian tribes; Indian organizations; Indian community-based organizations; or consortia of two or more LEAs, Indian tribes, Indian organizations, or Indian community-based organizations.

National Activities, Evaluations, Capacity Building, and Technical Assistance

Under some programs, in addition to reserving funds for grants to the outlying areas and the BIE, a portion of appropriations is reserved for national activities such as competitive grants, program evaluation capacity building, or technical assistance related to the overall program. Under other programs, national activities, evaluation, capacity building, and technical assistance may be authorized under separate provisions of the statute (e.g., evaluations for Title I-A are authorized in Section 1002(e)). In addition, the ESEA contains a general authorization for the Secretary to reserve funds under almost all ESEA programs for program evaluation.¹⁶ **Table 8** provides a summary of the reservations for national activities, evaluation, capacity building, and technical assistance under each of the ESEA formula grant programs.

Table 8. Reservations for National Activities and Evaluation, Technical Assistance, and Capacity Building

Program	Maximum National Reservations	
	National Activities	Evaluation, Technical Assistance, Capacity Building
Title I-A: Education for the Disadvantaged (all four formulas)	—	— ^a
Title I-B: State Assessment Grants	20% ^b	— ^a
Title I-C: Migrant Education Program	\$10 million ^c	— ^a
Title I-D-1: Neglected and Delinquent State Agency Program	—	2.5% ^{a,d}
Title II-A: Supporting Effective Instruction	—	— ^e
Title III-A: English Language Acquisition	6.5% ^f	— ^e
Title IV-A: Student Support and Academic Enrichment Grants	—	2% ^{e,g}

¹⁶ Section 8601 authorizes the Secretary to reserve up to 0.5% of appropriations under any ESEA program except for Title I for program evaluations, if such a reservation is not separately and explicitly authorized.

Program	Maximum National Reservations	
	National Activities	Evaluation, Technical Assistance, Capacity Building
Title IV-B: 21 st Century Community Learning Centers		1% ^h
Title V-B-1: Small, Rural School Achievement Program	—	— ^e
Title V-B-2: Rural and Low-Income School Program	—	— ^e
Title VI-A-1: Indian Education	—	— ^e
Title VII: Impact Aid Payments for Federal Property (§7002)	—	— ^e
Title VII: Impact Aid Basic Support Payments (§7003(b))	—	— ^e
Title VII: Impact Aid Payments for Children With Disabilities (§7003(d))	—	— ^e
Title VII: Impact Aid Construction (§7007)	—	— ^e

Source: Prepared by the Congressional Research Service (CRS) based on CRS analysis of current law.

- a. Section 1002(e) authorizes appropriations for carrying out evaluation activities related to Title I under Section 8601.
- b. From appropriations for the State Assessment Grants program that are at or below \$369,100,000, the Secretary may reserve not more than 20% for assessment system audits authorized in Section 1202.
- c. The Secretary may reserve not more than \$10 million of the total amount appropriated for Title I-C to carry out activities authorized in Section 1308.
- d. The Secretary may reserve not more than 2.5% of the amount made available for Neglected and Delinquent State Agency grants for technical assistance and capacity building.
- e. Section 8601 authorizes the Secretary to reserve up to 0.5% of the total appropriation under any ESEA program except for Title I for program evaluations, if such a reservation is not separately and explicitly authorized.
- f. The Secretary must reserve 6.5% of the total Title III-A appropriation for national activities authorized by Sections 3131 and 3202.
- g. The Secretary must reserve 2% for technical assistance and capacity building.
- h. The Secretary shall reserve not more than 1% of the total appropriations for Title IV-B for national activities, such as technical assistance, carrying out programs under Title IV-B, or conducting a national evaluation.

State and LEA Reservations of Funds

Under many programs, once funds are allocated to states, states may reserve a proportion of their total grant for state level activities. These activities include state administration of the program together with statewide services, such as technical assistance and program evaluation, aimed at assisting and improving implementation of the program. Some ESEA programs also explicitly allow LEAs to reserve funds for administration. **Table 9** lists the maximum reservation of funds for state activities, administration, evaluation, and technical assistance under each ESEA formula grant program.

Table 9. Maximum SEA and LEA Reservations for State Activities, Administration, Evaluation, Technical Assistance Specified in Statutory Language

Program	Maximum Reservation for State/LEA Activities, Administration, Evaluation, and Technical Assistance	
	SEA	LEA
Title I-A: Education for the Disadvantaged (all formulas)	1% or \$400,000 ^a	—
Title I-C: Migrant Education Program	1% or \$400,000 ^a	—
Title I-D-1 and 2: Neglected or Delinquent (State Agency and Local Agency programs)	1% or \$400,000 ^a	—
Title II-A: Supporting Effective Instruction	5% ^b	—
Title III-A: English Language Acquisition	5% ^{c,d}	2% ^e
Title IV-A: Student Support and Academic Enrichment Grants	5% ^f	2% ^g
Title IV-B: 21 st Century Community Learning Centers	7% ^h	—
Title V-B-2: Rural and Low-Income School Program	5%	—
Title VI-A-1: Indian Education	na	5% ⁱ

Source: Prepared by the Congressional Research Service (CRS) based on CRS analysis of current law.

Notes:

—: Statutory language does not specify a reservation of funds.

na: Not applicable, as grants are not made to states under this program.

- a. For ESEA Title I, Parts A, C, and D, the maximum state administration reservation is up to 1% of total state allocations under these parts, or \$400,000 (\$50,000 for outlying areas), whichever is greater, capped at the amount the state could reserve at a total funding level for these programs of \$14 billion.
- b. An SEA may not use more than 1% of its total grant amount for administration.
- c. An SEA may not use more than the greater of (1) 50% of the amount reserved or (2) \$175,000 for planning and direct administrative costs.
- d. An SEA must reserve not more than 15% of its grant amount to award subgrants to eligible entities that have “experienced a significant increase ... in the percentage or number of immigrant children and youth, who have enrolled, during the fiscal year for which the subgrant is made, in public and nonpublic elementary schools and secondary schools in the geographic areas under jurisdiction or, or served by, such entities” (§3114(d)).
- e. An eligible entity, which includes LEAs, may not use more than 2% of its formula grant amount for administration.
- f. This is the maximum reservation for all state-level activities. As part of this reservation, an SEA may not use more than 1% of its total grant amount for administration.
- g. An LEA may not use more than 2% of its total grant amount for administration.
- h. This is the maximum reservation for all state-level activities. As part of this reservation, an SEA may not use more than 2% of its total grant amount for administration.
- i. A grantee may not use more than 5% of its grant amount for administrative purposes.

Reservations of Funds for Equitable Services

Under current law, the ESEA includes two major sets of provisions related to providing services to eligible private school students through a reservation of program funds.¹⁷ Title VIII-F-1

¹⁷ For additional information about ESEA equitable services, see CRS Report R46907, *Equitable Services for Private School Students and Staff and the Elementary and Secondary Education Act*.

(§§8501-8506) contains general provisions regarding a variety of ESEA programs under which services may be provided to private school students, while Title I-A, Section 1117 contains provisions specifically regarding the Education for the Disadvantaged program. A small number of additional ESEA programs have separate provisions for serving eligible private school students. Under the Title I-A and Title VIII-F-1 provisions, LEAs or other grantees are responsible for providing equitable services to eligible private school students and teachers. While the specifics of the equitable services provisions under Title I-A and Title VIII-F-1 differ, the statutes providing for the equitable participation of private school students in relevant ESEA programs have generally required that (1) the services be provided by a public entity or a third-party under contract with a public entity; (2) funds, materials, and equipment must remain under public control; and (3) the services, benefits, materials, and equipment provided must be secular, neutral, and nonideological. These requirements are similar to those that have been included in the ESEA since its enactment. Providing equitable services in this manner, whereby private school students and teachers are served under federal education programs but private schools themselves do not receive funds, has meant that private schools are not considered direct recipients of federal aid under the ESEA and are not bound by the requirements of federal laws that apply to federal aid recipients (e.g., civil rights laws).

In addition to the requirement that LEAs reserve Title I-A funds to provide equitable services,¹⁸ the Title VIII equitable services provisions apply to the following formula grant programs¹⁹:

- Title I-C: Education of Migratory Children
- Title II-A: Supporting Effective Instruction
- Title III-A: English Language Acquisition
- Title IV-A: Student Support and Academic Enrichment Grants
- Title IV-B: 21st Century Community Learning Centers

Individual ESEA Program Formulas

Detailed descriptions of individual ESEA program allocation formulas are provided below. Programs are discussed in the order in which they appear in the ESEA. Each discussion is tailored to the specifics of a given formula. After providing details about various facets of a given formula, each step of the formula calculation is presented. The acronyms used in the latter discussion appear at the end of the step-by-step presentation.

Title I, Part A: Education for the Disadvantaged

Title I-A of the ESEA authorizes aid to LEAs for the education of disadvantaged children. Title I-A grants provide supplementary educational and related services to low-achieving and other students attending elementary and secondary schools with relatively high concentrations of

¹⁸ In addition to reserving funds for equitable services under Title I-A, LEAs are also required to reserve funds to serve homeless children and youth, children in local institutions for neglected children, and, if appropriate, children in local institutions for delinquent children and neglected or delinquent children in community day programs (§1113(c)(3)).

¹⁹ The Title VIII equitable services requirements also apply to the Project School Emergency Response to Violence (Project SERV), which is authorized under Title IV-F-3 and is a nonformula grant program. Other activities authorized under Title IV-F-3, National Activities for School Safety, are not subject to equitable participation requirements. In addition, non-formula grant ESEA programs that have their own equitable services requirements include American History and Civics Education (Title II-B-3) and the Jacobs K. Javits Gifted and Talented Students Education Program (Title IV-F-4, §4644). For more information about equitable services provisions, see CRS Report R46907, *Equitable Services for Private School Students and Staff and the Elementary and Secondary Education Act*.

children from low-income families. In recent years, Title I-A has also been used as a vehicle to which a number of requirements affecting broad aspects of public elementary and secondary education for all students have been attached as conditions for receiving Title I-A grants.

Under Title I-A, funds are allocated to LEAs via states using four different allocation formulas specified in statute: Basic Grants, Concentration Grants, Targeted Grants, and Education Finance Incentive Grants (EFIG). Annual appropriations bills specify that portions of each year's appropriation be allocated under each of these different formulas.²⁰ Under three of the formulas—Basic Grants, Concentration Grants, and Targeted Grants—grants are initially calculated at the LEA level. State grants are the total of allocations for all LEAs in the state adjusted for state minimum grant provisions. Under EFIG, grants are first calculated for each state overall and then funds are subsequently suballocated to LEAs within a state using a different formula. Once funds reach LEAs, the amounts allocated under the four formulas are combined and used jointly.²¹

After determining LEA grant amounts under all four formulas, ED provides the total amount of funding available for all LEAs in a given state to the SEA. The SEA makes adjustments to the ED-calculated LEA grant amounts to account for and provide grants to LEAs for which ED was unable to estimate grant amounts, such as charter schools that operate as independent LEAs or newly formed LEAs. An SEA may also combine the allocations for LEAs with fewer than 20,000 total residents (referred to as “small” LEAs) and use an alternative method approved by ED to redetermine each small LEA’s eligibility for Title I-A funds under each formula and redistribute the funds accordingly.²² In addition, each SEA must reserve Title I-A funds for school improvement and may also reserve Title I-A funds for administration and direct student services, which could further reduce the amount of funding received by a given LEA. Thus, the ED-calculated Title I-A LEA grant amounts may be higher than what an LEA actually receives. The approach for allocating ESEA Title I-A funds that ultimately led to the current four-formula strategy has evolved over time, beginning with the Basic Grant formula when the ESEA was originally enacted in 1965. The Concentration Grant formula was added in the 1970s in an attempt to provide additional funding for LEAs with concentrations of poverty. During the

²⁰ NCLB required that all funds in excess of the FY2001 appropriations levels for the Basic and Concentration Grant formulas be provided to Targeted Grant and EFIG formulas. The statutory language did not specify how the excess funds should be divided between the two formulas; rather, these decisions were made through the appropriations process. In addition, while the current statutory language references the FY2001 funding levels for the Basic and Concentration Grant formulas, appropriations for these formulas are currently below their FY2001 levels. For example, appropriations for the Basic Grant formula fell below the FY2001 funding level in FY2002. Appropriations for the Concentration Grant formula fell below the FY2001 funding level several years later. In practice, since FY2002 the Targeted Grant and EFIG formulas have received all funds in excess of the amount actually appropriated for the Basic and Concentration Grant formulas. For FY2002 and FY2003, two-thirds of these funds were provided to the Targeted Grant formula and one-third of the funds were provided for the EFIG formula. Beginning in FY2004, these funds were divided evenly between the Targeted Grant and EFIG formulas. Beginning in FY2017, the ESEA as amended by the ESSA requires that all funds in excess of the FY2001 appropriations levels for Basic and Concentration Grants be divided evenly between the Targeted Grant and EFIG formulas. In practice, at least through FY2024, appropriations for the Basic and Concentration Grant formulas have remained below their FY2001 appropriations levels. The Targeted Grant and EFIG formulas have each continued to receive half of the Title I-A appropriations in excess of what is provided for the Basic and Concentration Grant formulas.

²¹ For more information on the use of Title I-A funds, see U.S. Department of Education, *State and Local Implementation of the No Child Left Behind Act: Volume VI—Targeting and Uses of Federal Education Funds*, 2009, <http://www2.ed.gov/rschstat/eval/disadv/nclb-targeting/nclb-targeting.pdf>.

²² The use of an alternative method is authorized in Sections 1124(a)(2)(B), 1124A(a)(4)(A), and 1125(d) of the ESEA. 34 C.F.R. 200.74 extends the use of the alternative method for determining grants for small LEAs to EFIG. The authority to calculate grants to small LEAs using an alternative method has historically been exercised by seven states: Alaska, Iowa, Kansas, Maine, Nebraska, North Dakota, and Oklahoma. The policy letters to each of these states are available online from ED at <https://oese.ed.gov/offices/office-of-formula-grants/school-support-and-accountability/nclb-policy-letters-to-states/>.

consideration of ESEA reauthorization in the early 1990s, the House and the Senate proposed formulas (Targeted Grants and EFIG, respectively) intended to target concentrations of poverty more effectively by providing more funding per child to LEAs with higher numbers or percentages of poor and other disadvantaged children (commonly referred to as *formula children*). As both of these formulas were enacted into law, and the Basic Grant and Concentration Grant formulas were retained, funds are allocated through four formulas under current law.

In the discussion below, each of the four ESEA Title I-A allocation formulas is discussed separately.²³ As previously noted, the acronyms used in each formula depiction appear at the end of the step-by-step calculation presentation.

Basic Grants

The Basic Grant formula is the original Title I-A formula, authorized and implemented each year since FY1966. It is also the formula under which the largest proportion of Title I-A funds are allocated (35.09% of FY2024 appropriations) and under which the largest proportion of LEAs participate, largely due to the formula's low LEA eligibility threshold (see below). However, all post-FY2001 increases in Title I-A appropriations have been provided to the Targeted Grant and EFIG formulas; thus, the proportion of Title I-A funds allocated under the Basic Grant formula has been declining steadily since FY2001, when it accounted for 86% of total Title I-A appropriations.

Compared to some of the other Title I-A formulas, the Basic Grant formula is relatively straightforward. Grants are based on two formula factors—each LEA's relative share, compared to the national total, of a formula child count multiplied by an expenditure factor—subject to available appropriations, as well as an LEA minimum or hold harmless provision, and a state minimum. These formula factors and provisions are described below, followed by a mathematical expression of the formula.

Population Factor (Formula Child Count). The population used to determine Title I-A grants for the 50 states, the District of Columbia, and Puerto Rico (hereinafter referred to as *states* for purposes of the Title I-A formulas) includes children aged 5-17 that meet at least one of the following criteria: living (1) in families in poverty, according to estimates from the U.S. Census Bureau's Small Area Income and Poverty Estimates (SAIPE) program;²⁴ (2) in institutions for neglected or delinquent children or in foster homes; or (3) in families with income above the federal poverty level but receiving local assistance through Temporary Assistance for Needy Families (TANF).²⁵ Each of these counts is updated annually. To obtain the percentage of children in an LEA that are formula children (also referred to as the *formula child rate*), the formula child count is divided by the total number of children aged 5-17 living in the LEA's geographic boundaries. The data on the total number of children also are based on SAIPE estimates. In

²³ For additional discussion of the Title I-A allocation formulas under current law, see CRS Report R44461, *Allocation of Funds Under Title I-A of the Elementary and Secondary Education Act*. For a detailed history of Title I-A, see CRS Report R44898, *History of the ESEA Title I-A Formulas*. For an analysis of the Title I-A formulas, see CRS Report R45141, *Analysis of the Elementary and Secondary Education Act Title I-A Allocation Formulas: Factors, Design Elements, and Allocation Patterns*.

²⁴ SAIPE produces single-year estimates of income and poverty for all U.S. states and counties as well as estimates of school-age children in poverty for all 13,000+ school districts.

²⁵ For a description of the TANF program, see CRS In Focus IF10036, *The Temporary Assistance for Needy Families (TANF) Block Grant*.

FY2023, children in poor families accounted for 97.1% of the total formula child count. Each element of the population factor is updated annually.

Eligibility Threshold. To receive a Basic Grant, an LEA must have at least 10 formula children and these children must account for more than 2% of the children aged 5-17 in the LEA (formula child rate).

Expenditure Factor. For LEAs in a given state, the expenditure factor for all four Title I-A formulas is equal to state APPE for public elementary and secondary education,²⁶ subject to a minimum and a maximum percentage of the national average, further multiplied by 0.40. State APPE is subject to a minimum of 80% and a maximum of 120% of the national APPE for Basic, Concentration, and Targeted Grants. That is, if a state's APPE is less than 80% of the national APPE, the state's APPE is automatically raised to 80% of the national APPE. If a state's APPE is more than 120% of the national APPE, the state's APPE is automatically reduced to 120% of the national APPE. For EFIG, the minimum and maximum thresholds for state APPE relative to national APPE are 85% and 115%, respectively. After adjustments, should they be needed, a state's APPE is multiplied by 0.40 as specified in statute. The expenditure factor is the same for all LEAs in a given state.

LEA Hold Harmless. If sufficient funds are appropriated, each LEA is to receive a minimum of 85%, 90%, or 95% of its prior-year grant, depending on the LEA's formula child rate. More specifically, the hold harmless rate is 85% of the previous-year grant if the LEA's formula child rate is less than 15%, 90% if the LEA's formula child rate is at or above 15% and less than 30%, and 95% if the LEA's formula child rate is at or above 30%. In order to benefit from the hold harmless provisions, an LEA must meet the eligibility requirements for Basic Grants.

Minimum State Grant. Each state is to receive the lesser of (1) 0.25% of total Basic Grant appropriations if total Basic Grant funding is equal to or less than the FY2001 level (as has been the case each year since FY2001 thus far), and up to 0.35% of total Basic Grant appropriations in excess of the FY2001 amount, if any; or (2) the average of 0.25% of the total FY2001 amount for state grants plus 0.35% of any amount above the FY2001 level, and 150% of the national average grant per formula child, multiplied by the number of formula children in the state.²⁷

Initial LEA Grant. The initial grant for each LEA is calculated by multiplying the number of formula children in the LEA by the state expenditure factor.

Ratable Reduction. After initial grants are calculated, if appropriations are insufficient to pay the initial amounts (as has been the case every year beginning with FY1967), these amounts are reduced by the same percentage (though not necessarily the same dollar amount) for all LEAs,

²⁶ State APPE is based on (1) the aggregate current expenditures of all LEAs in the state plus any direct expenditures by the state for the operation of those LEAs, divided by (2) the aggregate number of children in average daily attendance to whom those LEAs provided free public education. For the purposes of determining state APPE, current expenditures include expenditures to provide a free public education including expenditures for administration, instruction, attendance and health services, pupil transportation services, operation and maintenance of plant, fixed charges, and net expenditures to cover deficits for food services and student body activities. Current expenditures do not include expenditures from community services, capital outlay, debt service, or any expenditures made from funds received under ESEA Title I-A. In addition, to have state APPE only reflect state and local education costs, other federal revenue items that are large enough to have a "substantive effect on current expenditures" are removed. For example, revenue from the National School Lunch Program administered by the U.S. Department of Agriculture is removed from the numerator. (For more information, see U.S. Department of Education, National Center for Education Statistics, *Study of the Title I, Part A Grant Program Mathematical Formulas*, May 2019, p. 17, <https://nces.ed.gov/pubs2019/2019016.pdf>.)

²⁷ State minimum grant amounts under the Basic Grant formula are calculated based on the appropriations level after the funds for the U.S. Census Bureau, the Bureau of Indian Education, and the outlying areas are set aside.

subject to LEA hold harmless and state minimum provisions, until they equal the aggregate level of appropriations.

State Reservations of Funds. Before allocating funds to LEAs, states must reserve the greater of (1) 7% of state total allocations or (2) the amount the state reserved for school improvement under Title I-A in FY2016 plus its School Improvement Grant for FY2016 to be used for school improvement activities.²⁸ States may reserve for state administration the greater of (1) 1% of state total allocations under Title I-A, Title I-C, and Title I-D; or (2) \$400,000.²⁹ Additionally, states may also reserve an additional 3% of the state total allocation for direct student services.

Fiscal Requirements. There are three Title I-A fiscal accountability requirements, which are applicable to total LEA grants under all four formulas: (1) MOE: recipient LEAs must provide, from state and local sources, a level of funding (either in the aggregate or on a per pupil basis, whichever is more favorable to the LEA) in the preceding year that is at least 90% of the amount provided in the second preceding year for public elementary and secondary education; (2) supplement, not supplant: Title I-A funds must be used so as to supplement and not supplant state and local funds that would otherwise be provided to Title I-A schools; and (3) comparability: services provided with state and local funds in schools participating in Title I-A must be comparable to those in non-Title I-A schools of the same LEA.³⁰

Treatment of Puerto Rico, Outlying Areas, and the BIE. Puerto Rico is treated as a state under the Basic Grant formula. Grants to schools operated or supported by the BIE are provided via a reservation of 0.7% of Title I-A appropriations.³¹ Grants to the outlying areas are provided via a reservation of 0.4% of total Title I-A appropriations.³² Of the total amount of funds allocated to the outlying areas under all four Title I-A formulas, \$1 million is subtracted for a grant to Palau.³³ If the total amount of funds available to make grants to states after implementing these provisions is not at least as much as the total amount of funds available to make grants to states in FY2016, then the reservation of funds for the BIE and outlying areas is implemented as required by law prior to the enactment of the ESSA (when grants to the BIE and outlying areas were provided via a reservation of 1% of total Title I-A appropriations).³⁴

²⁸ For FY2018 and all subsequent fiscal years, a state is only permitted to reserve the full amount of funds for school improvement if no LEA would receive a smaller Title I-A grant than it did during the prior fiscal year due to the implementation of this provision. For FY2017, however, states were able to reserve the full amount for school improvement regardless of whether it results in reduced LEA grant amounts.

²⁹ If total appropriations for ESEA Title I, Parts A, C, and D exceed \$14 billion, then state administration reservations are capped at the level that would pertain if the total appropriations for these programs were \$14 billion. This limit was applicable for the first time in FY2008.

³⁰ If all of an LEA's schools participate in Title I-A, then services funded from state and local revenues must be "substantially comparable" in each school of the LEA. For more information on the Title I-A fiscal accountability requirements, see CRS In Focus IF10405, *Fiscal Accountability Requirements That Apply to Title I-A of the Elementary and Secondary Education Act (ESEA)*.

³¹ The reservation of funds from the Basic Grant formula is determined after congressionally specified funding for the U.S. Census Bureau is reserved.

³² The reservation of funds from the Basic Grant formula is determined after congressionally specified funding for the U.S. Census Bureau is reserved. The Secretary is required to allocate the 0.4% set-aside to each of the outlying areas based on poverty levels.

³³ Palau is a freely associated state.

³⁴ As of the cover date of this report, appropriations for Title I-A have been sufficient to provide at least as much for state grants as was provided in FY2016 in each succeeding year.

Other Reservations of Funds. Annual appropriations acts providing funding for Title I-A have generally required the Secretary to reserve funds from the Basic Grants appropriation for the U.S. Census Bureau to provide data needed by ED to determine Title I-A LEA grant amounts.³⁵

Further Adjustments by SEAs of LEA Grants as Calculated by ED. Among ESEA programs, a distinctive aspect of Title I-A is that after calculation of LEA grants by ED, SEAs make a number of adjustments before determining the final amounts that LEAs actually receive. These adjustments include the following:

- provision of funds to eligible charter schools that are their own LEAs or to account for recent LEA boundary changes; and
- optional use by states of alternative methods to reallocate all of the grants as calculated by ED for the state's small LEAs (defined as those serving an area with a total population of 20,000 or fewer) among the state's small LEAs.³⁶

When making these adjustments, an SEA must continue to apply the aforementioned LEA hold harmless provisions under each Title I-A formula.³⁷

After making the adjustments above, an SEA must reserve funds for school improvement and may reserve funds for administration and direct student services. When reserving funds for school improvement for FY2018 and subsequent fiscal years, an SEA is prohibited from providing any LEA with less funding than it received in the prior fiscal year as a result of such reservation. As a result of the application of this rule, it is possible that an SEA may not be able to reserve the “full amount” for school improvement.³⁸

After determining the final amount that the SEA will reserve for school improvement, the SEA may reserve funds for administration and direct students services. The prohibition against an SEA providing any LEA with less funding than it received in the prior fiscal year as a result of reservations for school improvement does not apply to reservations for administration and direct student services. If an SEA chooses to reserve funds for either or both of these purposes, the SEA has two options for adjusting LEA grant amounts.³⁹ Under the first option, the LEA proportionately reduces each LEA's total allocation, while ensuring that no LEA receives less than its total hold harmless amount (based on all four formulas). If any LEA's grant falls below its hold harmless level as a result of SEA reservations for administration and direct student services, the amount for each LEA is adjusted to account for the aggregate costs of raising LEAs in the state to their hold harmless levels. That is, when LEAs whose preliminary grant amounts are below their hold harmless levels are brought up to their hold harmless levels, the grant amounts

³⁵ In recent fiscal years, the set-aside for the U.S. Census Bureau has been \$5 million (see, for example, P.L. 118-47),

³⁶ The use of an alternative method is authorized in Sections 1124(a)(2)(B), 1124A(a)(4)(A), and 1125(d) of the ESEA. 34 C.F.R. 200.74 extends the use of the alternative method for determining grants for small LEAs to EFIG. The authority to calculate grants to small LEAs using an alternative method has historically been exercised by seven states: Alaska, Iowa, Kansas, Maine, Nebraska, North Dakota, and Oklahoma. The policy letters to each of these states are available online from ED at <https://oese.ed.gov/offices/office-of-formula-grants/school-support-and-accountability/nclb-policy-letters-to-states/>.

³⁷ By making adjustments to account for charter schools that are their own LEAs, LEA boundary adjustments, and small LEAs, it is possible that the formula child counts and rates of LEAs could change from those used by ED in its calculations, which could affect the LEA's hold harmless amount. Each LEA would continue to receive a minimum of 85%, 90%, or 95% of its prior-year grant, depending on the LEA's formula child rate, assuming sufficient appropriations are available. If the amount of funds available under one of the formulas is not sufficient to provide the hold harmless amount to each LEA, an SEA is required to ratably reduce all LEAs from their hold harmless amounts to the amount of funds available under the formula (34 CFR 200.73).

³⁸ The prohibition related to the SEA reservation of funds for school improvement did not apply in FY2017.

³⁹ 34 CFR 200.100.

for all other LEAs in the state are reduced by the same percentage (but not necessarily the same amount). If an LEA's new grant amount is less than the LEA's hold harmless level and sufficient funds are available, the latter amount is used. Under the second option, the SEA may proportionately reduce each LEA's total allocation even if the LEA's total allocation falls below its total hold-harmless amount.

Basic Grant Allocation Formula

Step 1: Preliminary Grant 1 = $(PF * EF)$ or L_HH , whichever is greater

In Step 1, the population factor (formula child count) is multiplied by the expenditure factor for each eligible LEA. If this amount is greater than the LEA's hold harmless level, it is used in the subsequent calculation. If it is less than the LEA's hold harmless level, the hold harmless amount is used.

Step 2: Preliminary Grant 2 = $[(\text{Preliminary Grant 1} / \sum \text{Preliminary Grant 1}) * APP]$ or L_HH , whichever is greater

In Step 2, to adjust grant amounts for insufficient appropriations, the amount for each LEA in Step 1 is divided by the total of these amounts for all eligible LEAs in the nation and multiplied by the available appropriation. This preliminary grant amount is used in the subsequent calculation unless it is less than the LEA's hold harmless level. In such instances, the hold harmless amount is used.

Step 3: Preliminary Grant 3 = $(\text{Preliminary Grant 2} * S_MIN_ADJ * L_HH_ADJ)$ or L_HH , whichever is greater

In Step 3, the amount for each LEA in Step 2 is adjusted through the application of the state minimum grant provision and by a factor to account for the aggregate costs of raising affected LEAs to their hold harmless levels, given a fixed total appropriation level. States receiving a minimum grant will see their grant amounts increase, while states not receiving a minimum grant will see a decrease. In addition, LEAs in states receiving a minimum grant will generally see an increase in their grant amounts while LEAs in states not receiving a minimum grant will generally see a decrease. Similarly, the LEA hold harmless adjustment is downward for all LEAs except those at their hold harmless levels. If appropriations are sufficient, no LEA will receive less than its hold harmless amount.

It should be noted that in the grant allocation process, only Steps 1 through 3 are calculated by ED. Thus, all estimates produced by ED (and by CRS) are the grant amounts calculated in Step 3.

Step 4: Preliminary LEA Grant_SEA = $[\text{Preliminary Grant 3} * LEA_ADJ]$ or S_L_HH , whichever is greater

In Step 4, an SEA makes adjustments to LEA grant amounts calculated by ED based on charter schools that are their own LEAs, LEA boundary adjustments, and possible adjustments for small LEAs.

Step 5: Preliminary LEA Grant_SEA 2 = $[\text{Preliminary LEA Grant_SEA} * SCH_IMP_RES_ADJ]$, or PY_Grant , whichever is greater

In Step 5, SEAs reserve funds for school improvement. When reserving funds for school improvement for FY2018 and subsequent fiscal years, an SEA is prohibited from providing any LEA with less funding than it received in the prior fiscal year as a result of such reservation. As a result of this prohibition, an SEA may not be able to reserve the full amount for school improvement.

Steps 5-7 are only completed by the SEA after the SEA has finished making adjustments to LEA grant amounts to account for charter schools that are their own LEAs, LEA boundary changes, and small LEAs.

Step 6: $S_LEA_ALL = S_ALL - TOT_SCH_IMP_RES_FINAL - S_ADMIN_RES - DSS_RES$

In Step 6, the total amount of funding available for grants to LEAs in a given state is determined after subtracting the final reservation of funds for school improvement (after ensuring that no LEA receives less than its prior year grant amount as a result of the reservation) and optional SEA reservations of funds for administration and direct student services.

Step 7 Option 1: Final Grant = [(Preliminary LEA Grant_SEA 2 / $\sum$ Preliminary LEA Grant_SEA 2) * S_LEA_ALL * S_L_HH_ADJ] or S_L_HH, whichever is greater

Step 7 Option 2: Final Grant = [(Preliminary LEA Grant_SEA 2 / $\sum$ Preliminary LEA Grant_SEA 2) * S_LEA_ALL]

The prohibition against an SEA providing any LEA with less funding than it received in the prior fiscal year as a result of reservations for school improvement does not apply to reservations for administration and direct student services. Thus, after reserving funds for administration and direct student services, an SEA has two options for adjusting LEA grant amounts. Under the first option, the LEA proportionately reduces each LEA's total allocation, while ensuring that no LEA receives less than its total hold harmless amount (based on all four formulas). If any LEA's grant falls below its hold harmless level as a result of SEA reservations for administration and direct student services, the amount for each LEA is adjusted to account for the aggregate costs of raising LEAs in the state to their hold harmless levels. That is, when LEAs whose preliminary grant amounts are below their hold harmless levels are brought up to their hold harmless levels, the grant amounts for all other LEAs in the state are reduced by the same percentage (but not necessarily the same amount). If an LEA's new grant amount is less than the LEA's hold harmless level and sufficient funds are available, the latter amount is used. Under the second option, the SEA may proportionately reduce each LEA's total allocation even if the LEA's total allocation falls below its total hold-harmless amount.

Where:

PF = Population factor (formula child count)

EF = Expenditure factor

L_HH = LEA hold harmless level

APP = Appropriation less reservations of funds for the outlying areas, BIE, and Census Bureau

S_MIN_ADJ = State minimum adjustment (proportional increase [in small states] or decrease [in other states] to apply the statewide minimum grant)

L_HH_ADJ = LEA hold harmless adjustment (proportional decrease, in LEAs not benefitting from the LEA hold harmless, to apply the LEA minimum grant)

LEA_ADJ = SEA adjustments to LEA grant amounts based on charter schools that are their own LEAs, LEA boundary adjustments, and possible adjustments for small LEAs

S_L_HH = LEA hold harmless level after any SEA adjustments to formula child counts and rates

SCH_IMP_RES_ADJ = SEA adjustments to LEA grant amounts based on reservation by SEA for school improvement

PY_Grant = LEA's prior year total Title I-A grant

S_LEA_ALL = Allocation available for LEA grants after state reservations for school improvement, administration, and direct student services

S_ALL = State total allocation

TOT_SCH_IMP_RES_FINAL = Final reservation of funds for school improvement by the SEA after ensuring each LEA is receiving at least as much Title I-A funding as it received in the prior year

S_ADMIN_RES = Possible reservation by SEA for state administration

DSS_RES = Possible reservation by SEA for direct student services

S_L_HH_ADJ = LEA hold harmless adjustment based on LEA hold harmless levels after any SEA adjustments to formula child counts and rates (proportional decrease, in LEAs not benefitting from the LEA hold harmless, to apply the LEA minimum grant) and SEA reservations

$\sum$ = Sum (for all eligible LEAs in the nation or state)

Concentration Grants

The Concentration Grant formula is essentially the same as Basic Grants, with one substantial exception: it has a higher LEA eligibility threshold. There are also differences in the LEA hold harmless and state minimum grant provisions. Although the Title I-A statute has included Concentration Grant formulas (with varying provisions and sometimes under different names)

since 1970, the current version of the formula dates from 1988 (P.L. 100-297).⁴⁰ A relatively small proportion (7.40% of FY2024 appropriations) of Title I-A appropriations are allocated under the Concentration Grant formula.

As with Basic Grants, Concentration Grants are based on each eligible LEA's share, compared to the national total, of a population factor multiplied by an expenditure factor, subject to available appropriations; an LEA minimum or hold harmless; and a state minimum. These formula factors are described below, followed by a mathematical expression of the formula.

Population Factor (Formula Child Count). Same as Basic Grants (see above).

Eligibility Threshold. To receive a Concentration Grant, an LEA must be eligible for a Basic Grant and have more than 6,500 formula children or a formula child rate greater than 15%.

Expenditure Factor. Same as Basic Grants (see above).

LEA Hold Harmless. The hold harmless rates for Concentration Grants are the same as those for Basic Grants with one exception. Unlike with Basic Grants and the other Title I-A formulas, LEAs that meet the eligibility requirements to receive a Concentration Grant in one year but fail to meet the requirements in a subsequent year will continue to receive a grant based on the hold harmless provisions for four additional years.

Minimum State Grant. The Concentration Grant state minimum is a modified version of the Basic Grant minimum. Each state is to receive the lesser of (1) 0.25% of total Concentration Grant appropriations if total Concentration Grant funding is equal to or less than the FY2001 level (as has been the case each year since FY2001 thus far), and up to 0.35% of total Concentration Grant appropriations in excess of the FY2001 amount, if any; or (2) the average of 0.25% of the total FY2001 amount for state grants plus 0.35% of the amount above this, and the greater of 150% of the national average grant per formula child, multiplied by the number of formula children in the state, or \$340,000.⁴¹

Initial LEA Grant. Same as Basic Grants (see above).

Ratable Reduction. Same as Basic Grants (see above).

State Reservations of Funds. Same as Basic Grants (see above).

Fiscal Requirements. Same as Basic Grants (see above).

Treatment of Puerto Rico, Outlying Areas, and the BIE. Same as Basic Grants (see above).

Further Adjustments by SEAs of LEA Grants as Calculated by ED. With one exception, these are the same as for Basic Grants. The exception is that in states where the total number of formula children constituted less than 0.25% of the national total of such children as of the date of enactment of the No Child Left Behind Act of 2001 (NCLB; P.L. 107-110),⁴² SEAs may allocate Concentration Grants among all LEAs with a formula child count or rate that is greater than the state average number or percentage of such children (not just LEAs meeting the 6,500 or 15%

⁴⁰ For example, P.L. 91-230, enacted in 1970, created a grant program that was designed to target funding to areas with relatively high concentrations of poverty. P.L. 95-561, enacted in 1978, was the first time a grant was referenced as a Concentration Grant. In 1988 (P.L. 100-297), the Concentration Grant formula was structured in a way similar to the way the formula currently functions. For more information, see CRS Report R44898, *History of the ESEA Title I-A Formulas*.

⁴¹ It should be noted that state minimum grant amounts are calculated based on the appropriations level after funds for the BIE and the outlying areas are set aside. Additionally, the \$340,000 threshold is specified in ESEA, Title I-A (§1124A) and is not adjusted over time.

⁴² These states are Alaska, Delaware, New Hampshire, North Dakota, Vermont, and Wyoming.

thresholds). These SEAs also have the option of allocating grants to LEAs based solely on formula child counts.

Concentration Grant Allocation Formula

The mathematical expression of the Concentration Grant formula is the same as that for Basic Grants (see above), with two exceptions. First, the appropriation amount used to calculate LEA grant amounts is based on the total appropriation for the Concentration Grant formula less reservations of funds for the outlying areas and the BIE.⁴³ Second, as discussed in the preceding paragraph, in states where the number of formula children constituted less than 0.25% of the national total of such children as of the date of enactment of the NCLB, the state total may be allocated to LEAs based on the formula child counts in each LEA. These LEAs may include, at state discretion, either LEAs in the state meeting the Concentration Grant eligibility criteria described above or all LEAs in the state with a formula child count or rate that is greater than the state average. In either case, in these states Step 4 of the grant allocation process is as follows:

Preliminary LEA Grant_SEA = $[(PF / \sum PF) * S_ALL * LEA_ADJ]$ or S_L_HH , whichever is greater

Where:

PF = Population factor (formula child count)

S_ALL = State total allocation

LEA_ADJ = SEA adjustments to LEA grant amounts based on charter schools that are their own LEAs, LEA boundary adjustments, and possible adjustments for small LEAs

S_L_HH = LEA hold harmless level after any SEA adjustments to formula child counts and rates

$\sum$ = Sum (for all eligible LEAs in the state)

Targeted Grants

Targeted Grants were initially authorized in 1994,⁴⁴ but no funds were appropriated for them until FY2002, after the formula was slightly modified.⁴⁵ Beginning in FY2002, all increases in Title I-A appropriations have been allocated as either Targeted Grants or EFIG. Thus, Targeted Grants constitute a substantial and growing portion (28.75% of FY2024 appropriations) of total Title I-A grants.⁴⁶

The allocation formula for Targeted Grants is essentially the same as Basic Grants, except for substantial differences related to how children in the population factor are counted. For Targeted Grants, formula children are assigned weights on the basis of each LEA's formula child rate and number of formula children. As a result, the higher an LEA's formula child rate and/or number of formula children are, the higher grant per child counted in the formula it receives. There is also a somewhat higher LEA eligibility threshold for Targeted Grants than for Basic Grants (i.e., 5% formula child rate for Targeted Grants compared to 2% for Basic Grants). Aside from these two differences, Targeted Grants, like Basic Grants, are based on each eligible LEA's share, compared to the national total, of a formula child count multiplied by an expenditure factor, subject to available appropriations, an LEA minimum or hold harmless, and a state minimum. These formula factors are described below, followed by a mathematical expression of the formula.

⁴³ The reservation of funds for the U.S. Census Bureau is only taken from the appropriations provided for the Basic Grant formula.

⁴⁴ See the Improving America's Schools Act (IASA; P.L. 103-382).

⁴⁵ See the No Child Left Behind Act of 2001 (NCLB; P.L. 107-110).

⁴⁶ In FY2002, about 10% of Title I-A appropriations were allocated through the Targeted Grant formula. Since FY2004, the Targeted Grant and EFIG formulas have each received the same appropriation amount each fiscal year and, thus, the same share of Title I-A funds.

Population Factor (Formula Child Count). The children counted for calculating Targeted Grants are the same as for Basic Grants (see above). However, for Targeted Grants, LEA-specific weights are applied to these child counts to produce a weighted child count that is used in the formula. In general, children counted in the formulas are assigned weights on the basis of (1) each LEA's formula child rate (commonly referred to as *percentage weighting*), and (2) each LEA's number of formula children (commonly referred to as *number weighting*). Under both percentage weighting and number weighting, a weighted formula child count is produced. The higher of the two weighted formula child counts for a given LEA is then used in the formulas for determining grants. As a result, the higher an LEA's formula child rate and/or number are, the higher grant per formula child it receives. Of the LEAs for which ED calculates grants under the Targeted Grant formula, 39.88% have higher weighted formula child counts based on their formula child rates than based on their number of formula children for FY2022 and 12.18% have higher weighted formula counts based on their number of formula children than based on their formula child rates. The remaining 47.94% of LEAs have the same weighted formula child count under both percentage weighting and number weighting, as all of their formula children under both calculations receive a weight of 1.0.

The weights are applied under number weighting and under percentage weighting in a stepwise manner to all LEAs for which ED calculates Title I-A grants to produce two weighted child counts (one under each weighting system). Formula children in LEAs with the highest formula child rates have a weight of up to four, and those in LEAs with the highest numbers of such children have a weight of up to three, compared to a weight of one for formula children in LEAs with the lowest formula child rate and number of such children. **Table 10** shows the weights and corresponding population ranges.

Table 10. Weights Applied to Formula Child Counts in the Calculation of ESEA Title I-A Targeted Grants

Weights Based on LEA Numbers of Formula Children (Number Weighting)	
Population Range	Weight Applied to Formula Children in This Range
0-691	1.0
692-2,262	1.5
2,263-7,851	2.0
7,852-35,514	2.5
35,515 or more	3.0
Weights Based on LEA Formula Children as a Percentage of Total School-Age Population (Percentage Weighting)	
Population Range	Weight Applied to Formula Children in This Range
0%-15.58%	1.00
Above 15.58%-22.11%	1.75
Above 22.11%-30.16%	2.50
Above 30.16%-38.24%	3.25
Above 38.24%	4.00

Source: Prepared by the Congressional Research Service (CRS) based on CRS analysis of current law.

Notes: Each population quintile was constructed to include 20% of all formula children based on the most recent data available in 2001. For example, 20% of all formula children lived in LEAs that have 0-691 formula children. Similarly, 20% of all formula children lived in LEAs in which up to 15.58% of all children aged 5-17 are

formula children. While the quintiles have not been adjusted to account for any shifts in the number or percentage of formula children among LEAs since 2001, they continue to be commonly referred to as “quintiles.”

There are five ranges associated with each of the number and percentage weighting scales demarcated in current law. These steps, or “quintiles,” were based on the actual distribution of Title I-A formula children among the nation's LEAs according to the latest available data in 2001.⁴⁷ As previously discussed, the Targeted Grant formula child weights are applied in a stepwise manner, rather than the highest relevant weight being applied to all formula children in the LEA. For example, assuming an LEA has 1,000 formula children and the total school-age population is 4,000; the formula child rate is 25%. The following calculations demonstrate how an LEA's weighted child count would be calculated under number weighting and percentage weighting in this example:

Numbers Scale:

$$\text{Step 1: } 691 * 1.0 = 691$$

The first 691 population factor children are weighted at 1.0.

$$\text{Step 2: } (1,000 - 691) * 1.5 = 309 * 1.5 = 463.5$$

For an LEA with a total number of population factor children falling within the second step of the numbers scale, the number of population factor children above 691 (the maximum for the first step) is weighted at 1.5.

$$\text{Total (Numbers Scale)} = 1,154.5$$

The weighted population factor counts from Steps 1 and 2 are combined.

Percentage Scale:

$$\text{Step 1: } 15.58\% * 4,000 * 1.0 = 623.2 * 1.0 = 623.2$$

A number of population factor children constituting up to 15.58% of the LEA's total school-age population is weighted at 1.0.

$$\text{Step 2: } (25\% - 15.58\%) * 4,000 * 1.75 = 9.42\% * 4,000 * 1.75 = 376.8 * 1.75 = 659.4$$

For an LEA with a population factor percentage falling within the second step of the percentage scale, the number of population factor children above 15.58% of the LEA's total school-age population (the maximum for the first step) is weighted at 1.75.

$$\text{Total (Percentage Scale)} = 1,282.6$$

The weighted population factor counts from Steps 1 and 2 are combined.

Because the percentage scale weighted count of 1,282.6 exceeds the numbers scale weighted count of 1,154.5, the percentage scale weighted count would be used as the population factor for this LEA in the calculation of Targeted Grants.

Eligibility Threshold. To receive a Targeted Grant, an LEA must have at least 10 formula children (with no weights applied) and have a formula child rate of 5% or more.

Expenditure Factor. Same as Basic Grants (see above).

⁴⁷ The quintiles in current law were created using the most recent available data at the time the No Child Left Behind Act of 2001 (NCLB; P.L. 107-110) was being considered. While the quintiles have not been adjusted to account for any shifts in the number or percentage of formula children among LEAs since 2001, they continue to be commonly referred to as “quintiles.”

LEA Hold Harmless. Same as Basic Grants (see above).

Minimum State Grant. Each state is to receive the lesser of (1) 0.35% of total state grants and (2) the average of 0.35% of total state grants and 150% of the national average grant per formula child, multiplied by the number of formula children in the state. (In the latter calculation, formula child counts are not weighted.⁴⁸)

Initial LEA Grant. Same as Basic Grants (see above) except that the formula child count for each LEA is weighted.

Ratable Reduction. Same as Basic Grants (see above).

State Reservations of Funds. Same as Basic Grants (see above).

Fiscal Requirements. Same as Basic Grants (see above).

Treatment of Puerto Rico, Outlying Areas, and the BIE. Same as Basic Grants (see above), with one additional provision: Puerto Rico's population factor is capped at 1.82 times its unweighted formula child count.⁴⁹

Further Adjustments by SEAs of LEA Grants as Calculated by ED. Same as Basic Grants (see above).

Targeted Grant Allocation Formula

Same as Basic Grants (see above), except that the population factor is the weighted child count, as described above, and the appropriation amount used to calculate LEA grant amounts is based on the total appropriation for the Targeted Grant formula less reservations of funds for the outlying areas and the BIE.⁵⁰

Education Finance Incentive Grants (EFIG)

As with the Targeted Grant formula, the EFIG formula was initially authorized in 1994,⁵¹ but no funds were appropriated for it until FY2002 after the formula was considerably modified.⁵² Beginning in FY2002, all increases in Title I-A appropriations have been allocated as either EFIG or Targeted Grants. Thus, as with Targeted Grants, grants under EFIG constitute a substantial and growing portion (28.75% of FY2024 appropriations) of total Title I-A grants.⁵³

The EFIG formula is substantially different from the other Title I-A allocation formulas. First, under EFIG, grants are initially calculated at the state level. As a result, a state grant amount is affected by the formula child count within the state relative to the formula child count in other

⁴⁸ State minimum grant amounts are calculated based on the appropriations level after funds for the BIE and the outlying areas are set aside.

⁴⁹ This cap applies to both the number and percentage weighting scales, and was intended to provide that the share of Targeted Grants allocated to Puerto Rico would be approximately equal to its share of grants under the Basic Grant and Concentration Grant formulas for FY2001. This cap reduces grants below the level that would be obtained if there were no cap at all (i.e., if Puerto Rico were treated in the same manner as the 50 states and the District of Columbia), because Puerto Rico's high number and percentage of formula children would translate into a substantially higher aggregate weighting factor if not capped.

⁵⁰ The reservation of funds for the U.S. Census Bureau is only taken from the appropriations provided for the Basic Grant formula.

⁵¹ See the Improving America's Schools Act (IASA; P.L. 103-382).

⁵² See the No Child Left Behind Act of 2001 (NCLB; P.L. 107-110).

⁵³ In FY2002, about 8% of Title I-A appropriations were allocated through the EFIG formula. Since FY2004, the Targeted Grant and EFIG formulas have each received the same appropriation amount each fiscal year and, thus, the same share of Title I-A funds.

states. Subsequently, LEAs within each state compete for grants against other LEAs in the state, and these grants are determined, in part, based on how an LEA's formula child count compares to that of other LEAs in the same state. Under the other three Title I-A formulas, grants are initially determined at the LEA level, so each LEA competes for funding against all other LEAs nationwide.

Second, while formula child counts are not weighted when calculating state total grants under the EFIG formula, they are weighted in the separate process of suballocating state total grants among LEAs. This intrastate allocation process is based on the same number and percentage scales used for Targeted Grants, but the weights vary among states based on a state's equity factor (see below for more discussion).

Third, slightly narrower floor and ceiling constraints are applied to the expenditure factor under EFIG compared to the other Title I-A formulas. In general, this results in higher expenditure factors for lower-spending states and lower expenditure factors for higher-spending states relative to the other Title I-A formulas.

Fourth, the EFIG formula includes not only a formula child count and an expenditure factor but also two unique factors. These are an effort factor, based on APPE for public elementary and secondary education compared to personal income per capita for each state compared to the nation as a whole; and an equity factor, based on variations in current expenditures per pupil (CEPP) among the LEAs within a given state.

Thus, state total grants under EFIG are based on each state's share, compared to the national total, of a formula child count multiplied by an expenditure factor, an effort factor, and an equity factor, adjusted by a state minimum. Then, each LEA's share of the state's total grant under EFIG is based on a weighted formula child count for the LEA, compared to the total for all LEAs in the state, adjusted by an LEA hold harmless provision. These formula factors are described below, followed by a mathematical expression of the formula.

Population Factor (Formula Child Count). In the first-stage calculation of state total grants under EFIG, this factor is the same as for Basic Grants (see above). In the second-stage suballocation of state total grants to LEAs, as under all stages of the allocation process for Targeted Grants, weights are applied to the formula child counts before they are actually used in the formula. This process is the same as for Targeted Grants with respect to the number and percentage scales used, and the use of the greater of the two weighted child counts to calculate LEA grants. However, for EFIG the weights on the number and percentage scales differ, depending on the state's coefficient of variation (CV) used to determine the state's equity factor (see below). The weights rise more rapidly as the numbers and percentages of formula children increase in states with higher CVs. As discussed below, states with higher CVs have relatively high degrees of variation in CEPP among their LEAs. For states with a CV below 0.10, the weights are the same as for Targeted Grants. For states with a CV of 0.10 to less than 0.20, the maximum weights are 50% higher than for Targeted Grants. For states with a CV of 0.20 or above, the maximum weights are twice as high as for Targeted Grants. This variation is illustrated in **Table 11**.

Table 11. Weights Applied to Formula Child Counts in the Calculation of LEA Grants Under the ESEA Title I-A Education Finance Incentive Grant Formula

Weights Based on LEA Numbers of Formula Children (Number Weighting)			
Population Range	Weight Applied to Formula Children Based on State Coefficient of Variation (CV)		
	CV Below 0.10	CV of 0.10 to Less Than 0.20	CV of 0.20 or Above
0-691	1.0	1.000	1.0
692-2,262	1.5	1.500	2.0
2,263-7,851	2.0	2.250	3.0
7,852-35,514	2.5	3.375	4.5
35,515 or more	3.0	4.500	6.0
Weights Based on LEA Formula Children as a Percentage of Total School-Age Population (Percentage Weighting)			
Population Range	Weight Applied to Formula Children Based on State Coefficient of Variation		
	CV Below 0.10	CV of 0.10 to Less Than 0.20	CV of 0.20 or Above
0%-15.58%	1.00	1.0	1.0
Above 15.58%-22.11%	1.75	1.5	2.0
Above 22.11%-30.16%	2.50	3.0	4.0
Above 30.16%-38.24%	3.25	4.5	6.0
Above 38.24%	4.00	6.0	8.0

Source: Prepared by the Congressional Research Service (CRS) based on CRS analysis of the ESEA.

Notes: Each population quintile was constructed to include 20% of all formula children based on the most recent data available in 2001. For example, 20% of all formula children lived in LEAs that have 0-691 formula children. Similarly, 20% of all formula children lived in LEAs in which up to 15.58% of all children aged 5-17 are formula children. While the quintiles have not been adjusted to account for any shifts in the number or percentage of formula children among LEAs since 2001, they continue to be commonly referred to as “quintiles”.

Eligibility Threshold. Same as Targeted Grants (see above).

Expenditure Factor. The state expenditure factor is determined using the state APPE for public elementary and secondary education. For EFIG, state APPE is subject to a minimum of 85% (not 80%, as in the other Title I-A formulas) and a maximum of 115% (not 120%, as in the other Title I-A formulas) of the national APPE. That is, if a state's APPE is less than 85% of the national APPE, its APPE is automatically raised to 85% of the national APPE. If a state's APPE is more than 115% of the national APPE, its APPE is automatically reduced to 115% of the national APPE. After adjustments, should they be needed, a state's APPE is multiplied by 0.40 as specified in statute.⁵⁴ The expenditure factor is the same for all LEAs in the state.

⁵⁴ Statutory language refers to determining the expenditure factor under the EFIG formula by multiplying state APPE by 40% and bounding the resulting calculation at 34% and 46% of national APPE. Mathematically, this is identical to the calculation described above. Rather than refer to the 34% and 46% bounds, it is common practice to refer to the 85% and 115% bounds.

Effort Factor. The effort factor is one of the two factors that is only included in the EFIG formula. It is a ratio of the three-year average APPE for public elementary and secondary education to the three-year average state personal income per capita (PCI) divided by the ratio of the three-year average national APPE to the three-year average national PCI. The effort factor ratio is expressed as follows:

$$\text{Effort} = \frac{3 - \text{Year Average APPE State} : 3 - \text{Year Average PCI State}}{3 - \text{Year Average APPE National} : 3 - \text{Year Average PCI National}}$$

The resulting index number is greater than 1.0 for states where the ratio of expenditures per pupil for public elementary and secondary education to PCI is greater than the average for the nation as a whole, and below 1.0 for states where the ratio is less than the average for the nation as a whole. Narrow bounds of 0.95 and 1.05 are placed on the resulting multiplier, so that its influence on state grants is rather limited.⁵⁵ The effort factor is the same for all LEAs in the state.

Equity Factor. The equity factor, which is also included only in the EFIG formula, is determined for each state based on variations in CEPP⁵⁶ among the LEAs in the state. A measure of disparity, the CV, measures the average amount of difference within a state among each LEA's CEPP and the state average CEPP.⁵⁷ To calculate the CEPP for an LEA, current expenditures are divided by the sum of (1) total enrollment plus (2) the number of formula children multiplied by 0.4. This calculation amounts to an extra weight (1.4 vs. 1.0) being applied to estimated counts of formula children. The effect of including this additional weight is that grants would be maximized for a state where expenditures per formula child are 40% higher than expenditures per non-formula child.⁵⁸ The CV is expressed as a decimal proportion of the state CEPP. Typical state CVs range from 0.0 (for the single-LEA jurisdictions of Hawaii, Puerto Rico, and the District of Columbia, where by definition there is no variation among LEAs) to approximately 0.25 for a state with high levels of variation in expenditures per pupil among its LEAs.⁵⁹ The CVs for most states fall into the 0.10-0.20 range.⁶⁰ The CV is subtracted from 1.30 to determine the equity factor to be used as a multiplier in calculating state grants. As a result, the lower a state's expenditure disparities among its LEAs are, the lower its CV is, and the higher its equity factor and grant are under the EFIG formula. Conversely, the greater a state's expenditure disparities among its LEAs are, the

⁵⁵ For more information on the effect of the effort factor on Title I-A grant amounts, see CRS Report R45141, *Analysis of the Elementary and Secondary Education Act Title I-A Allocation Formulas: Factors, Design Elements, and Allocation Patterns*.

⁵⁶ The CEPP includes all current expenditures, including instruction, support services, and food services. It does not exclude federal programs in the determination of current expenditures. This is in contrast to the state APPE calculation, which excludes federal programs "that may have a substantive effect on current expenditures." (For more information, see U.S. Department of Education, National Center for Education Statistics, *Study of the Title I, Part A Grant Program Mathematical Formulas*, May 2019, p. 19, <https://nces.ed.gov/pubs2019/2019016.pdf>.)

⁵⁷ In determining the CV, only LEAs with an enrollment of more than 200 students are included in the calculation (§1125A(b)(3)(A)(ii)(IV)).

⁵⁸ Limited-purpose LEAs, such as those providing only vocational education, are excluded from the calculations (U.S. Department of Education, National Center for Education Statistics, *Allocating Grants for Title I*, January 2016, p. 33, https://www.google.com/url?client=internal-element-cse&cx=011774183035190766908:u7ygjkz8dry&q=https://nces.ed.gov/surveys/annualreports/pdf/titlei20160111.pdf&sa=U&ved=2ahUKEwiswrPzgr_5AhUwM1kFHUSxBX4QFnoECAYQAg&usg=AOvVaw2DkY30hhIBdNz4Samo4sQx.). In addition, small LEAs with enrollment below 200 students are excluded from the calculations (§1125A(b)(3)(A)(ii)(IV)).

⁵⁹ Statutory provisions set the CV for Alaska, Kansas, and New Mexico at 0.1.

⁶⁰ There is a special provision for states meeting the expenditure disparity standard established in regulations for the Impact Aid program (ESEA, Title VII), for which the CV is capped at a maximum of 0.10 (§1125A(b)(3)(B)).

higher its CV is, and the lower its equity factor and grant are under the EFIG formula. In effect, states are generally rewarded for having lower disparities among LEAs.

LEA Hold Harmless. Same as Basic Grants (see above), with one exception. The hold harmless provisions are not taken into consideration in the initial calculation of state total grants. Therefore, it is possible (and it has occurred in a small number of instances) that state total grants would be insufficient to fully pay hold harmless amounts to all LEAs in a state. In that case, each LEA would get a proportional share of its hold harmless amount.⁶¹

Minimum State Grant. Same as Targeted Grants (see above).⁶²

Initial State Grant. The initial grant for each state is calculated by multiplying the unweighted number of formula children in the state by the state expenditure factor, the state effort factor, and the state equity factor.

Ratable Reduction. Same as Basic Grants (see above).

State Reservations of Funds. Same as Basic Grants (see above).

Fiscal Requirements. Same as Basic Grants (see above).

Treatment of Puerto Rico, Outlying Areas, and the BIE. Same as Basic Grants (see above).

Further Adjustments by SEAs of LEA Grants as Calculated by ED. Same as Basic Grants (see above).⁶³

Education Finance Incentive Grant Allocation Formula

Stage 1: Calculation of State Total EFIG Allocations

Step 1: Preliminary State Grant = $PF * EF * EFF * EQ$

In Step 1, the population factor is multiplied by the expenditure factor, the effort factor, and the equity factor for each state.

Step 2: Final State Grant = $[(\text{Preliminary State Grant} / \sum \text{Preliminary State Grant}) * APP * S_MIN_ADJ]$ or S_MIN , whichever is greater

In Step 2, the amount for each state in Step 1 is divided by the total of these amounts for all eligible states in the nation, and then multiplied by the available appropriation, adjusted through application of the state minimum grant provision. The state minimum grant adjustment is upward in the smallest states, where total grants are increased through application of the minimum; and downward in all other states, where funds are reduced in order to pay the costs of applying the minimum.

Stage 2: Calculation of LEA EFIG Allocations

Step 1: Preliminary LEA Grant I = $[(WPF / \sum WPF) * S_ALL]$ or L_HH , whichever is greater

⁶¹ In this scenario, an LEA that did not receive a grant under the EFIG formula in the prior year would not receive a grant, as it would not have a prior-year hold harmless amount.

⁶² The formula child count used in the calculation of the minimum grant amounts for each state includes children in LEAs that are ineligible for grants under the EFIG formula. In contrast, under Targeted Grants only children in LEAs eligible to receive Targeted Grants are included in the determination of the state minimum grant amounts. Under Basic Grants and Concentration Grants, as under Targeted Grants, only children in LEAs eligible to receive a grant are included in the calculation of the state minimum grant amounts. The difference in the EFIG and Targeted Grant state minimum provisions is not specified in law but is differentiated in how ED has interpreted these provisions.

⁶³ 34 C.F.R. §200.74.

In Step 1, the weighted population factor for each eligible LEA is divided by the total weighted population factor for all eligible LEAs in the state and multiplied by the state's allocation. If this amount is greater than the LEA's hold harmless amount, it is used. If it is less than the LEA's hold harmless level and sufficient funds are available, the hold harmless amount is used.

Step 2: Preliminary LEA Grant 2 = [Preliminary LEA Grant 1 * L_HH_ADJ] or L_HH, whichever is greater

In Step 2, the amount for each LEA is adjusted to account for the aggregate costs of raising LEAs in the state to their hold harmless levels. That is, when LEAs whose preliminary grant amounts are below their hold harmless levels are brought up to their hold harmless levels, the grant amounts for all other LEAs in the state are reduced by the same percentage (but not necessarily the same amount). If an LEA's new grant amount is less than the LEA's hold harmless level and sufficient funds are available, the latter amount is used.

It should be noted that in the grant allocation process, only Stage 1 and Steps 1 and 2 in Stage 2 are calculated by ED. Thus, all estimates produced by ED (and by CRS) are the grant amounts calculated in Step 2 of Stage 2.

Step 3: Preliminary LEA Grant_SEA = [Preliminary Grant 2 * LEA_ADJ] or S_L_HH, whichever is greater

In Step 3, an SEA makes adjustments to LEA grant amounts calculated by ED based on charter schools that are their own LEAs, LEA boundary adjustments, and possible adjustments for small LEAs.

Following Step 3, final LEA grants are determined in accordance with Steps 5–7 under the Basic Grant formula.

Where:

PF = Population factor (formula child count)

EF = Expenditure factor

EFF = Effort factor

EQ = Equity factor

APP = Appropriation less reservations of funds for the outlying areas and BIE

S_MIN_ADJ = State minimum adjustment (proportional decrease in grant amounts in non-minimum grant states to account for the increase in grant amounts in minimum grant states)

S_MIN = State minimum

WPF = Weighted population factor

S_ALL = State total allocation

L_HH = LEA minimum or hold harmless level

L_HH_ADJ = LEA minimum or hold harmless adjustment (proportional decrease, in LEAs not benefitting from the LEA hold harmless, to apply the LEA minimum grant)

LEA_ADJ = SEA adjustments to LEA grant amounts based on charter schools that are their own LEAs, LEA boundary adjustments, and possible adjustments for small LEAs

S_L_HH = LEA hold harmless level after any SEA adjustments to formula child counts and rates

Σ = Sum (for all states in the nation in Stage 1, and for all eligible LEAs in the state in Stage 2)

Title I, Part B: State Assessment Grants

Title I-B authorizes grants to states for the development and enhancement of assessments meeting the requirements of Title I-A. In the allocation of funds, each state first receives \$3 million per year, unless funds are insufficient to allocate this amount to each state. In this instance, the Secretary is required to ratably reduce each state's grant amount. If funds remain after each state receives \$3 million, the remaining funds are allocated in proportion to each state's population aged 5-17. Of the amount appropriated for this program each year, a minimum (or *trigger*)

amount is to be allocated as state formula grants.⁶⁴ Funds appropriated each year for state assessment grants that are in excess of trigger amounts are to be used for enhanced assessment grants, which are allocated through competition, not a formula. For FY2017 and all subsequent fiscal years, the trigger amount is \$369,100,000.⁶⁵

Foundation Grant. Each state initially receives \$3 million per year. The total provided in foundation grants each year, assuming appropriations are sufficient to provide such grants, is \$156,000,000.

Population Factor. After the payment of foundation grants to each state, remaining funds, if any, are allocated to each state in proportion to its total population aged 5-17.

Treatment of Puerto Rico, Outlying Areas, and the BIE. Puerto Rico is treated as a state. Of the total appropriated for Title I-B at or below the trigger amount, 0.5% is reserved for grants to the outlying areas⁶⁶ and 0.5% is reserved for the BIE.

Other Reservations from Appropriations. The Secretary shall reserve not more than 20% of appropriations that are at or below the trigger amount for states and LEAs to carry out audits of their assessment systems and to improve and streamline these systems based on information gathered in the audits, including eliminating unnecessary assessments.⁶⁷

State Assessment Grants Allocation Formula

State Grant = \$3,000,000 + [(PF / $\sum$ PF) * (APP - \$156,000,000)]

Each state receives \$3 million plus a share of remaining funds that is proportional to its share of total school-age (5-17) population in all the states.

Where:

PF = Population factor

APP = Appropriation for State Assessment Grant formula grants to states less reservations of funds for the outlying areas and BIE

$\sum$ = Sum (for all states)

Title I, Part C: Migrant Education Program

MEP provides grants to SEAs to develop or improve education programs for migratory children.⁶⁸ Most migrant education programs are administered by LEAs and operate during the regular

⁶⁴ For each year that funds for Title I-B are less than \$369,100,000 (commonly referred to as the *trigger amount*), a state may defer the commencement or suspend the administration of the assessments required in Section 1111 for one year. However, the state may not discontinue the development of assessments. (§1111(b)(2)(I)).

⁶⁵ §1111(b)(2)(I).

⁶⁶ Statutory language does not specify how the Secretary should allot the reservation of funds for the outlying areas among the outlying areas.

⁶⁷ The assessment system audit reservation is allocated to states using a formula similar to the one used to allocate state assessment grants. More specifically, each state is allocated a minimum of \$1.5 million. Any remaining funds are then allocated to states in proportion to their total population aged 5-17. States are required to subgrant at least 20% of the funds received from the assessment system audit reservation to LEAs.

⁶⁸ A *migratory child* is defined as a child who is, or whose parent or spouse, is a migratory agricultural worker or a migratory fisher, and who made a “qualifying move” in the preceding 36 months as a migratory agricultural worker or migratory fisher or with, or to join, a parent or spouse who is a migratory agricultural worker or a migratory fisher. A *qualifying move* is defined as a move from one residence to another due to economic necessity and (1) from one school (continued...)

school year, as well as during the summer months. State grants are based on two formula factors—each state's relative share, compared to the national total, of a population factor multiplied by an expenditure factor—subject to available appropriations and a state hold harmless provision.

States receiving funds under MEP are required to develop a comprehensive state plan for addressing the needs of migratory children. They have substantial flexibility in determining which services and activities to offer. Uses of funds may include, for example, providing instruction (remedial, compensatory, bilingual, multicultural, and vocational), health services, counseling and testing, career education, preschool services, and transportation to migrant students. Priority for services, however, must be given to those migratory children who have made a qualifying move⁶⁹ within the last year and are either (1) failing or most at risk of failing to meet state academic standards or (2) have dropped out of school.

Population Factor. The population used to determine MEP grants is the sum of (1) the average number of eligible migratory children aged 3-21 residing within the state, based on data for the preceding three years and (2) the number of eligible migratory children who received services in summer or intersession programs provided by the state during the previous year.

Expenditure Factor. Same as for Title I-A Basic Grants (see above).

Hold Harmless. If sufficient funds are appropriated, each state is to receive a minimum of 90% of its prior-year grant for FY2017 through FY2019. For subsequent fiscal years, there is no applicable hold harmless provision or related adjustment.

Initial Grant. The initial grant for each state is calculated by multiplying its population factor by its expenditure factor.

Ratable Reduction. After initial grants are calculated, if appropriations are insufficient to pay the initial amounts, these amounts are reduced by the same percentage (though not necessarily the same dollar amount) for all states, subject to hold harmless provisions, until they equal the aggregate level of appropriations.

Fiscal Accountability Requirements. MEP is one of many *covered programs*⁷⁰ to which a general ESEA MOE requirement applies. Recipient LEAs must provide, from state and local sources, a level of funding (either in the aggregate or on a per-pupil basis, whichever is more favorable to the LEA) in the preceding year that is at least 90% of the amount provided in the second preceding year for public elementary and secondary education. In addition, Title I-C funds must be used so as to supplement, and not supplant, state and local funds that would otherwise be available for the education of migrant students, and the Title I-A comparability requirement (discussed above) also applies to Title I-C.

Treatment of Puerto Rico, Outlying Areas, and the BIE. Grants to Puerto Rico are determined by multiplying its population factor by the product of (1) the percentage that Puerto Rico's APPE is of the lowest APPE of any of the 50 states⁷¹ and (2) 32% of the national APPE. No funds are provided to the outlying areas or the BIE under this program.

district to another, (2) from one administrative area to another in a state comprised of a single school district, or (3) a distance of 20 miles or more to a temporary residence in a school district larger than 15,000 square miles.

⁶⁹ See footnote 68.

⁷⁰ Covered programs are defined in Section 8101(11) and include the Title I-A, Title I-C, Title I-D, Title II-A, Title III-A, Title IV-A, Title IV-B, and Title V-B-2 programs.

⁷¹ This percentage may not be less than 85%, unless the application of this provision would result in any of the 50 states (continued...)

Other Reservations from Appropriations. The Secretary shall reserve not more than \$10 million of total appropriations to make grants or enter into contracts for the coordination of migrant education activities. Up to \$3 million of the \$10 million may be used to award competitive grants to SEAs that propose a consortium arrangement with another state that will improve the delivery of services to migratory children whose education is interrupted.⁷²

Migrant Education Program Allocation Formula

Step 1: Preliminary Grant = $(PF * EF)$ or HH, whichever is greater

In Step 1, the population factor is multiplied by the expenditure factor for each state. If this amount is greater than the state's hold harmless level, it is used in the subsequent calculation. If it is less than the state's hold harmless level, the hold harmless amount is used. As the hold harmless provision was for FY2017, FY2018, and FY2019 only, the hold harmless amount is \$0 for grant calculations made for FY2020 and subsequent fiscal years.

Step 2: Final Grant = $[(\text{Preliminary Grant } I / \sum \text{Preliminary Grant } I) * APP * HH_ADJ]$ or HH, whichever is greater

In Step 2, the amount for each state in Step 1 is divided by the total of these amounts for all states, and then multiplied by the available appropriation, adjusted through application of the state hold harmless provisions. For FY2017 through FY2019, the hold harmless adjustment was upward in states receiving a hold harmless amount and downward in all other states, where funds are reduced in order to pay the costs of applying the hold harmless provisions to states receiving a hold harmless amount. For subsequent fiscal years, there is no applicable hold harmless provision or related adjustment.

Where:

PF = Population factor

EF = Expenditure factor

HH = State hold harmless amount

APP = Annual appropriation less reservations of funds for national activities

HH_ADJ = State hold harmless adjustment (proportional decrease, in states not receiving a hold harmless amount, to apply the hold harmless provisions)

$\sum$ = Sum (for all states)

Title I, Part D: Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent, or At-Risk

Title I-D authorizes a pair of programs intended to improve education for children and youth who are neglected, delinquent, or at-risk of dropping out of school. Subpart 1 authorizes grants for the education of children and youth in state institutions for the neglected or delinquent, including community day programs and adult correctional institutions. Funds are allocated to states on the basis of a population factor multiplied by an expenditure factor. Each state is required to reserve not less than 15% and not more than 30% of its grant amount for transition services for children and youth transferring from state institutions to regular public schools or to support the successful reentry of youth offenders into postsecondary and career and technical education programs. For

or the District of Columbia receiving less under the program than it received in the preceding year. If this occurs, the percentage used is the greater of (1) the actual percentage that Puerto Rico's APPE is of the lowest APPE of any of the 50 states or (2) the percentage used for the preceding fiscal year.

⁷² A consortium of states receiving a competitive grant under this provision cannot receive an amount greater than \$250,000.

services provided to children and youth in adult correctional institutions, priority must be given to those who are likely to complete incarceration within a two-year period.

Subpart 2 provides aid for programs operated by LEAs in collaboration with locally operated correctional facilities, and in coordination with the Title I-A program. These funds are allocated to states as part of the Title I-A allocation process (described above). Once Title I-A grants reach SEAs, the portion of state total grants that is based on delinquent youth in local programs is set aside and separately allocated to LEAs providing services to such youth. SEAs are to allocate these funds to LEAs with high numbers or percentages of children and youth in local correctional facilities. SEAs may allocate the funds through a state-developed formula or on a discretionary basis.

Therefore, the remainder of this discussion is based on the Subpart 1 state agency program only.

Population Factor. Grants are determined based on the number of neglected or delinquent children and youth receiving public education services in institutions operated by state agencies, including those in community day programs and adult correctional institutions. Such children and youth must receive at least 15 hours per week of educational services in adult correctional institutions, and at least 20 hours per week in other eligible institutions.

Expenditure Factor. Same as for Title I-A Basic Grants (see above).

Initial Grant. The initial grant for each state is calculated by multiplying its population factor by its expenditure factor.

Ratable Reduction. After initial grants are calculated, if appropriations are insufficient to pay the initial amounts (as has been the case for every year from FY1981 to the present), these amounts are reduced by the same percentage for all states until they equal the aggregate level of appropriations.

Fiscal Requirements. The State Agency Neglected and Delinquent program is one of many covered programs to which a general ESEA MOE requirement applies. Recipient LEAs must provide, from state and local sources, a level of funding (either in the aggregate or on a per-pupil basis, whichever is more favorable to the LEA) in the preceding year that is at least 90% of the amount provided in the second preceding year for public elementary and secondary education. In addition, Title I-D funds must be used so as to supplement, and not supplant, state and local funds that would otherwise be available for the education of neglected and delinquent students, and the Title I-A comparability requirement (discussed above) also applies to Title I-D.

Treatment of Puerto Rico, Outlying Areas, and the BIE. Grants are available only for the 50 states, the District of Columbia, and Puerto Rico. Puerto Rico is treated in the same manner as under the MEP (see above). No funds are provided to the outlying areas or the BIE under this program.

Other Reservations from Appropriations. The Secretary may reserve up to 2.5% of total appropriations for providing technical assistance to state agency programs and support for the capacity building of state agency programs.

State Agency Neglected and Delinquent Allocation Formula

Step 1: $\text{Grant 1} = \text{PF} * \text{EF}$

In Step 1, the population factor is multiplied by the expenditure factor for each state.

Step 2: $\text{Grant 2} = (\text{Grant 1} / \sum \text{Grant 1}) * \text{APP}$

In Step 2, the amount for each state in Step 1 is divided by the total of these amounts for all states, then multiplied by the available appropriation.

Where:

PF = Population factor

EF = Expenditure factor

APP = Appropriation for Neglected and Delinquent state grants less reservations of funds for technical assistance and capacity building

Σ = Sum (for all states)

Title II, Part A: Supporting Effective Instruction

Title II-A authorizes state grants that may be used for a variety of purposes related to the recruitment, retention, and professional development of elementary and secondary teachers, principals, or other school leaders. Prior to FY2017, state grants were determined based primarily on the amount of funding each state received in FY2001 under two antecedent programs: the Eisenhower Professional Development Program authorized under Title II, Part B, of the ESEA as in effect immediately preceding enactment of the NCLB; and the Class Size Reduction Program authorized under Section 306 of the Department of Education Appropriations Act, 2001 (P.L. 106-554). This is commonly referred to as the *base guarantee*. Remaining funds, if any, were allocated as follows: 35% on the basis of the total population aged 5-17 and 65% on the basis of the population aged 5-17 in poor families, subject to state minimum grant provisions. Beginning in FY2017, each state's base guarantee⁷³ was incrementally reduced each year, resulting in the elimination of the base guarantee beginning in FY2023. Additionally, the percentages of funds allocated by population and poverty shifted from 35% to 20% and 65% to 80%, respectively, by FY2020.

SEAs may reserve up to 5% of the funds received for administration and statewide services, such as teacher, principal, or school leader support programs, or certification reform. Of the remaining funds, states may reserve up to an additional 3% for a range of state-level activities aimed at improving the effectiveness of principals and other school leaders. After making these reservations, SEAs suballocate funds to LEAs as follows: 20% on the basis of the total population aged 5-17, and 80% on the basis of the population aged 5-17 in poor families. LEAs may use these grants for purposes that include recruiting and retaining effective teachers; developing rigorous, transparent, and fair evaluation and support systems; professional development activities for teachers, instructional leadership teams, principals, and other school leaders; and class size reduction.

Base Guarantee/Hold Harmless. In the allocation of grants to states, if sufficient funds were available, each state first received a decreasing percentage of the total of the grants it received for FY2001 under two antecedent programs: the Eisenhower Professional Development Program authorized under Title II, Part B, of the ESEA as in effect immediately preceding enactment of the NCLB, and the Class Size Reduction Program authorized under Section 306 of the Department of Education Appropriations Act, 2001 (P.L. 106-554).⁷⁴ Beginning in FY2017, each state's base

⁷³ Current law refers to the base guarantee as a hold harmless provision. In practice, it is referred to as a base guarantee, foundation grant, or hold harmless provision.

⁷⁴ As base guarantee amounts are equal to the sum of a state's grant amount under these two programs for FY2001, a state's Title II-A grant amount for a fiscal year prior to FY2023 is based, in part, on the state's school-age population and Title I-A grant amount for FY2001.

guarantee was annually reduced by 14.29 percentage points from the prior year, resulting in the elimination of the base guarantee beginning in FY2023. The percentage of each state's FY2001 grant amount used in the allocation of Title II-A grants for each fiscal year is shown in **Table 12**.

Table 12. Share of FY2001 Grant Amount Used to Calculate the Base Guarantee/Hold Harmless in the Determination of ESEA Title II-A Grants

Fiscal Year	Percentage of FY2001 Grant
2017	85.71%
2018	71.42%
2019	57.13%
2020	42.84%
2021	28.55%
2022	14.26%
2023 and all subsequent fiscal years	00.00%

Source: Prepared by the Congressional Research Service (CRS) based on CRS analysis of current law.

Population Factor. After base guarantees are distributed to states, the remaining funds (also referred to as *excess funds*) are allocated in proportion to a state's total school-age population (aged 5-17) and in proportion to its total school-age population living in families in poverty.⁷⁵ The share of funds allocated based on population incrementally decreased from 35% in FY2017 to 20% in FY2020 (and all subsequent years), while the share of funds allocated based on poverty incrementally increased from 65% in FY2017 to 80% in FY2020 (and all subsequent years). The share of funds allocated based on population and poverty for each fiscal year is shown in **Table 13**.

Table 13. Share of Funds Above the Amount Needed for Base Guarantees Allocated Based on Population and Poverty in the Determination of ESEA Title II-A Grants

Fiscal Year	Percentage of Funds Allocated Based on Population	Percentage of Funds Allocated Based on Poverty
2017	35%	65%
2018	30%	70%
2019	25%	75%
2020 and all subsequent fiscal years	20%	80%

Source: Prepared by the Congressional Research Service (CRS) based on CRS analysis of current law.

In the suballocation of state total grants to LEAs, 20% of funds are allocated on the basis of total school-age population and 80% on the basis of school-age population in poor families for all fiscal years.

⁷⁵ The poverty factor is based on the number of children aged 5-17 living in families in poverty, according to estimates from the U.S. Census Bureau's SAIPE program. A state's total school-age population is based on the number children aged 5-17 living in the state, according to SAIPE data.

Minimum State Grant. Each state is to receive a minimum of 0.5% of the total excess funds (i.e., funds remaining after providing base guarantees/hold harmless amounts to each state).

Ratable Reduction. If funds are insufficient to provide the full base guarantee/hold harmless amount to each state, grants are reduced by the same percentage (but not the same dollar amount) for all states until they equal the aggregate level of appropriations. If after providing the base guarantee/hold harmless the excess funds are insufficient to provide each state with a grant of at least 0.5% of the excess funds, grants from the excess funds are reduced by the same percentage (but not the same dollar amount) for all states until they equal the aggregate level of excess funds.

Fiscal Requirements. Title II-A is one of many covered programs to which a general ESEA MOE requirement applies. Recipient LEAs must provide, from state and local sources, a level of funding (either in the aggregate or on a per-pupil basis, whichever is more favorable to the LEA) in the preceding year that is at least 90% of the amount provided in the second preceding year for public elementary and secondary education. In addition, Title II-A funds must be used so as to supplement, and not supplant, state and local funds that would otherwise be available for activities authorized under this program.

State Reservations of Funds. At the state level, up to 5% of grants may be reserved for administration and other state activities, but states may not use more than 1% of the funds received for administrative costs. Of the remaining funds for subgrants to LEAs, states may reserve up to an additional 3% for a range of state-level activities aimed at improving the effectiveness of principals and other school leaders.

Treatment of Puerto Rico, Outlying Areas, and the BIE. Puerto Rico is treated as a state under the Title II-A formula. Of total Title II-A state grants, 0.5% is reserved for grants to the BIE and the same amount is reserved for the outlying areas.⁷⁶

Supporting Effective Instruction Grant Allocation Formula

Stage 1: Calculation of State Total Title II-A Allocations

Step 1 (for FY2020 and subsequent fiscal years): State Grant = $[(POP / \sum POP) * (APP * 0.2)] + [(POV / \sum POV) * (APP * 0.8)]$

In Step 1 for FY2020 and subsequent fiscal years, 20% of the funds are allocated in proportion to the state share of total population aged 5-17, and 80% of the funds are allocated in proportion to the population aged 5-17 in poor families.

Step 1 (for FY2017 through FY2019): Preliminary State Grant = $[(S_EIS_01 + S_CSR_01) * P_BG] + [(EXCESS * P_POP) * (POP / \sum POP)] + [(EXCESS * P_POV) * (POV / \sum POV)]$

In Step 1 for FY2017 through FY2019, each state first receives a share of its FY2001 grant under the two antecedent programs.⁷⁷ Of the remaining funds available for state grants, a share is allocated in proportion to the state share of total population aged 5-17, and the remaining share is allocated in proportion to the population aged 5-17 in poor families.

Step 2: Final State Grant = $[Preliminary State Grant * S_MIN_ADJ]$ or S_MIN , whichever is greater

In Step 2, each state's final grant is equal to the greater of (1) the amount calculated in Step 1 multiplied by a (downward) adjustment to pay for increased grants to states where the initial (Step 1) grant was less than the

⁷⁶ The Secretary is required to distribute funds among the outlying areas on the basis of their relative need, as determined by the Secretary.

⁷⁷ Beginning in FY2023, no portion of a state's grant is calculated based on the antecedent programs. That is, the base guarantee/hold harmless provision is eliminated.

minimum, or (2) the state minimum.

Stage 2 (for FY2017 and subsequent fiscal years): Calculation of Title II-A LEA Allocations (calculated at state level)

Final LEA Grant = $[(\text{POP} / \sum \text{POP}) * (\text{S_ALL} * 0.2)] + [(\text{POV} / \sum \text{POV}) * (\text{S_ALL} * 0.8)]$

Of the state total allocation after the state reservation of funds for administration and other state activities, 20% of the allocation is allocated on the basis of each LEA's share of the state total of the total population aged 5-17, and 80% on the basis of the population aged 5-17 from poor families.

Where:

POP = Total population aged 5-17

POV = Population aged 5-17 in living in families in poverty

APP = Appropriation less reservations of funds for the outlying areas and BIE

S_EIS_01 = State total Eisenhower Professional Development Program grant, FY2001

S_CSR_01 = State total Class Size Reduction Program grant, FY2001

P_BG = Percentage of FY2001 grant amount used to calculate base guarantee amount

EXCESS = Appropriation in excess of total Eisenhower Professional Development Program and Class Size Reduction Program grants, FY2001

P_POP = Share of funds allocated based on population

P_POV = Share of funds allocated based on poverty

S_MIN_ADJ = State minimum adjustment (proportional increase [in small states] or decrease [in other states] to apply the statewide minimum grant)

S_MIN = State minimum allocation

S_ALL = State total allocation for grants to LEAs less reservations for state activities, including administration

$\sum$ = Sum (for all states in the nation in Stage 1, and for all LEAs in the state in Stage 2)

Title III, Part A, English Language Acquisition State Grants

Title III-A authorizes formula grants to states to ensure that English learners (ELs) and immigrant children develop English proficiency.⁷⁸ Grants to the 50 states, the District of Columbia, and Puerto Rico are determined based on the state's proportional share of ELs and immigrant students relative to the U.S. population of ELs and immigrant students.

States are required to distribute funds to eligible local entities⁷⁹ based on the number of ELs in schools served by the entity relative to the total population of ELs served by all eligible entities in the state. If this calculation would result in an eligible entity receiving a grant of less than \$10,000, the SEA may not provide the subgrant. While the majority of the state allocation must be distributed to the local level, the SEA must reserve up to 15% of its allotment to award

⁷⁸ Statutory language defines an *English learner* to be (1) a student aged 3-21; (2) who is enrolled or is preparing to enroll in an elementary or secondary school; (3) who was not born in the United States or whose native language is a language other than English, who is a Native American or Alaska Native, who is a native of the outlying areas, who comes from an environment where a language other than English has had an impact on the student's level of English language proficiency, or is a migratory student whose native language is not English and who comes from an environment where English is not the dominant language; and (4) whose difficulties in speaking, reading, writing, or understanding English may prevent them from meeting state academic standards, succeeding in classrooms where the language of instruction is English, or participating fully in society (§8101). Statutory language defines an *immigrant student* as an individual aged 3-21 who was not born in any state, and has not been attending a school in the United States for more than three full academic years (§3201). These latter students are referred to as *immigrant students* or *recent immigrant students* throughout this report.

⁷⁹ An *eligible entity* is defined as (1) one or more LEAs, or (2) one or more LEAs working in collaboration with an institution of higher education, community-based organization, educational service agency, or SEA (§3201).

subgrants to eligible entities that have experienced a “significant increase” in the percentage or number of immigrant students who have enrolled during the current fiscal year in public and non-public elementary and secondary schools in the geographic area served by the eligible entity. These subgrants do not have to be awarded by a formula.

Population Factors. Grants are determined based on the state’s proportional share of ELs and immigrant students relative to the U.S. population of ELs and immigrant students. These shares are then weighted, with a higher weight (0.8) being assigned to the state’s population of EL students and a lower weight (0.2) being assigned to the state’s population of recent immigrant students.

In determining the number of ELs, statutory language directs ED to use “the most accurate” of (1) data available from the American Community Survey (ACS), (2) the number of children being assessed for English proficiency as required under Title I-A of the ESEA (hereinafter referred to as “state-reported data”),⁸⁰ or (3) a combination of the ACS and state-reported data. For FY2019, ED used a combination of the ACS and state-reported data.⁸¹ The number of immigrant children is determined solely based on ACS data.

Minimum State Grant. No state can receive a grant of less than \$500,000.

State and LEA Reservations of Funds. Each SEA may reserve up to 5% of its allotment to carry out state activities, including professional development activities, planning, administration, and technical assistance. However, state-level planning and administrative costs may not exceed the greater of (1) 50% of the state set aside or (2) \$175,000. While 95% of the state allocation must be distributed to eligible entities at the local level, the SEA must reserve up to 15% of its allotment to award subgrants to eligible entities that have experienced a significant increase in immigrant children and youth enrollment. Each eligible entity receiving funds may reserve up to 2% of formula grant funds received for administration.⁸²

Fiscal Requirements. Title III-A is one of many covered programs to which a general ESEA MOE requirement applies. Recipient LEAs must provide, from state and local sources, a level of funding (either in the aggregate or on a per-pupil basis, whichever is more favorable to the LEA) in the preceding year that is at least 90% of the amount provided in the second preceding year for public elementary and secondary education. In addition, Title III funds must be used so as to supplement, not supplant, the level of federal, state, and local funds that, in the absence of Title III funds, would have been expended to support programs for ELs and immigrant children and youth.⁸³

Treatment of Puerto Rico, Outlying Areas, and the BIE. Puerto Rico is treated as a state, but its grant may not exceed 0.5% of the total available for state grants.⁸⁴ Grants to the outlying areas

⁸⁰ Section 1111(b)(2)(G) requires states to assess the English language skills of ELs on an annual basis.

⁸¹ To estimate counts of ELs for FY2019, ED assigned a weight of 25% to state-reported data and 75% to ACS data; see U.S. Department of Education, *Justifications of Appropriation Estimates to the Congress: FY2024*, 2023, <https://www2.ed.gov/about/overview/budget/budget24/justifications/h-ela.pdf>.

⁸² Statutory provisions only permit local entities to reserve funds for administration from formula grants. They may not reserve funds for administration from competitive grants provided by the state to local entities that have experienced a significant increase in immigrant children and youth enrollment (§3115(b)).

⁸³ Additionally, it should be noted that states, LEAs, and schools are required by law to provide a free public education to all students and are required to provide core language instruction educational programs and services for ELs based on Title VI of the Civil Rights Act of 1964. For more information, see <http://www2.ed.gov/about/offices/list/ocr/qa-ell.html>.

⁸⁴ Puerto Rico counts the number of Spanish learners for purposes of Title III-A. Spanish is considered the primary language of instruction in Puerto Rico.

are provided through a reservation of 0.5% of the total Title III-A appropriations⁸⁵. There is no specific reservation for the BIE but funds are available to support students in BIE schools (see below).

Other Reservations from Appropriations. The Secretary is required to reserve the greater of 0.5% or \$5 million of the total Title III-A appropriation for grants to eligible entities that operate elementary, secondary, and postsecondary schools predominantly for Native American and Alaska Native children. Eligible entities include an Indian tribe or an elementary or secondary school that is operated or funded by the BIE. The Secretary is also required to reserve 6.5% of the total Title III-A appropriation for the National Professional Development Project (NPDP) and the National Clearinghouse for English Language Acquisition and Language Instruction Educational Programs (NCELA). Of the reserved funds, not more than \$2 million may be reserved for the NCELA.

English Language Acquisition State Grants Allocation Formula

Stage 1: Calculation of State English Language Acquisition Grant

State Grant = $\left[\left(\frac{EL}{\sum EL} \right) * (APP * 0.8) \right] + \left[\left(\frac{RIM}{\sum RIM} \right) * (APP * 0.2) \right] * S_MIN_ADJ$ or S_MIN , whichever is greater

Each state receives an English Language Acquisition grant equal to its proportional share of ELs and recent immigrant children weighted by 0.8 and 0.2, respectively, adjusted downward to provide funds to raise the smallest states to the state minimum level.

Stage 2: Calculation of English Language Acquisition Grant for an Eligible Entity (calculated at the state level)

Eligible Entity Grant = $\left(\frac{EE_EL}{\sum EE_EL} \right) * ST_APP$

Each eligible entity receives an English Language Acquisition grant equal to its proportional share of ELs in schools served by the entity. If this calculated amount is less than \$10,000, the eligible entity may not receive a grant.

Where:

EL = Number of ELs in a state

APP = Appropriation less reservations of funds for the outlying areas, schools predominantly for Native American and Alaska Native children, NPDP, and NCELA

RIM = Number of recent immigrant children and youth in a state

S_MIN_ADJ = State minimum adjustment (proportional decrease to apply the statewide minimum grant)

S_MIN = State minimum grant

EE_EL = Number of ELs in schools served by the eligible entity

ST_APP = Amount of state total grant used to make formula grants to eligible entities less reservations of funds for state activities

$\sum$ = Sum (for all states or eligible entities)

Title IV, Part A: Student Support and Academic Enrichment Grants

Title IV-A authorizes a block grant program, under which aid may be provided to SEAs and LEAs for an especially wide range of educational services and activities, including academic programs, advanced placement (AP) programs, mental health, counseling, physical education, and educational technology. The purpose of SSAE Grants is to improve students' academic achievement by increasing the capacity of states, LEAs, schools, and local communities to (1) provide all students with access to a well-rounded education, (2) improve school conditions for

⁸⁵ The Secretary is required to distribute funds among the outlying areas on the basis of their respective need for assistance, as determined by the Secretary.

student learning, and (3) improve the use of technology in order to improve the academic achievement and digital learning of all students.

SSAE Grants are allocated to SEAs based on state shares of prior year Title I-A grants, subject to state minimum grant provisions. SEAs subsequently award grants to LEAs based on LEA shares of prior-year Title I-A grants, subject to LEA minimum grant provisions. SEAs must allocate at least 95% of the funds received to LEAs. Grants to LEAs must be used for three broad categories of activities: (1) supporting well-rounded educational opportunities, (2) supporting safe and healthy students, and (3) supporting the effective use of technology. If an LEA receives a grant of \$30,000 or more, it must use funds for activities in each of the three categories.

Title I-A Grant Factor. Grants are allocated to SEAs and LEAs in proportion to total Title I-A grants from the prior fiscal year (calculated as if no LEA hold harmless provisions were applied).⁸⁶

State Minimum Grant. Each state receives at least 0.5% of total state grants.

LEA Minimum Grant. If sufficient funds are appropriated, each LEA receives at least \$10,000.

Ratable Reduction. If state grant amounts are insufficient to provide each LEA with its minimum grant amount, LEA minimum grant amounts are reduced to equal the level of available funds. In this scenario, all LEAs in the state would receive the same grant amount.

State and LEA Reservations of Funds. At the state level, up to 1% may be reserved for administration and no more than 5% (including the 1% administration reservation) may be reserved for state activities. At the LEA level, up to 2% of the funds received may be reserved for administrative costs.

Fiscal Requirements. The block grant program is one of many covered programs to which a general ESEA MOE requirement applies. Recipient LEAs must provide, from state and local sources, a level of funding (either in the aggregate or on a per-pupil basis, whichever is more favorable to the LEA) in the preceding year that is at least 90% of the amount provided in the second preceding year for public elementary and secondary education. In addition, Title IV-A funds must be used so as to supplement, and not supplant, any other state and local funds.

Treatment of Puerto Rico, the Outlying Areas, and the BIE. Puerto Rico's grant amount is capped at the state minimum grant amount (0.5% of total state grants). Grants to the outlying areas are provided through a reservation of 0.5% of total Title IV-A appropriations,⁸⁷ and grants to schools operated or funded by the BIE are provided through a separate reservation of 0.5% of total Title IV-A appropriations.

Other Reservations from Appropriations. At the national level, of the total amount appropriated for Title IV-A, 2% is reserved by the Secretary for technical assistance and capacity building.

⁸⁶ The Title I-A allocation formulas include hold harmless provisions that prevent an LEA's grant amount from dropping below 85%, 90%, or 95% of the LEA's prior-year grant amount. Section 1122(c)(3) requires that no hold harmless provisions be applied when formula grants to states are determined by the Secretary based on Title I-A grants.

⁸⁷ The Secretary is required to distribute funds among the outlying areas on the basis of their relative need, as determined by the Secretary.

Student Support and Academic Enrichment Grants Allocation Formula

Stage 1: State Grant Allocations

Step 1: Preliminary State Grant = $[(TIA / \sum TIA) * APP]$ or S_MIN , whichever is greater

Each state's preliminary grant amount is determined based on its proportional share of total grants under Title I-A for the prior year with no hold harmless provisions applied. If this amount is smaller than the state minimum grant amount, then the latter amount is used.

Step 2: Final State Grant = $[Preliminary State Grant * S_MIN_ADJ]$ or S_MIN , whichever is greater

Each state's final grant amount is determined by adjusting its preliminary grant amount downward to pay for increased grants to states receiving minimum grant amounts. If this adjustment results in a grant amount below the state minimum, then the state minimum is used as the final grant amount.

Stage 2: LEA Grant Allocations (calculated at the state level)

Step 1: Preliminary LEA Grant = $[(TIA / \sum TIA) * S_ALL]$ or L_MIN , whichever is greater

Each LEA initially receives a grant equal to its proportional share of total grants under Title I-A. If this calculation results in an amount smaller than the LEA minimum grant amount, then the latter amount is used.

Step 2: Final LEA Grant = $[Preliminary LEA Grant * L_MIN_ADJ]$ or L_MIN , whichever is greater

Each LEA's preliminary grant is multiplied by a (downward) adjustment to pay for increased grants to LEAs receiving the minimum grant amount in the state. If this calculation results in a smaller amount than the LEA's minimum grant amount, then the latter amount is used.

Where:

TIA = ESEA Title I-A grant amounts, but calculated without hold harmless provisions applied

APP = Appropriation less reservations of funds for the outlying areas, BIE, and technical assistance and capacity building

S_MIN = State minimum grant

S_MIN_ADJ = State minimum adjustment (proportional decrease to apply the statewide minimum grant)

S_ALL = State total allocation less reservations of funds for state activities, including administration

L_MIN = LEA minimum grant

L_MIN_ADJ = LEA minimum adjustment (proportional decrease to apply the LEA minimum grant amounts)

$\sum$ = Sum for all states or LEAs

Title IV, Part B: 21st Century Community Learning Centers

The 21st CCLC program supports activities provided during non-school hours that offer learning opportunities for school-aged children. Under the program, formula grants are made to SEAs, which in turn award grants to local entities (e.g., LEAs, community-based organizations) on a competitive basis for a period of three to five years. In awarding subgrants, SEAs are required to give priority to applicants proposing to target services to (1) students who primarily attend schools implementing comprehensive support and improvement or targeted support and improvement activities, or other schools identified by the LEA that are in need of intervention support to improve student academic achievement and other outcomes; enroll students who may be at risk for academic failure, dropping out, or involvement with criminal or delinquent activities, or who lack "strong positive role models"; or (2) the families of such students. Local entities may use funds for activities that improve student academic achievement and support student success, such as academic enrichment learning programs, mentoring, tutoring, well-

rounded education activities, programs to support a healthy and active lifestyle, drug and violence prevention programs, counseling programs, and programs that build career competencies and career readiness. Subgrants to eligible entities may not be less than \$50,000.

Title I-A Grant Factor. Grants are allocated to states in proportion to total Title I-A grants (calculated as if no LEA hold harmless provisions were applied).⁸⁸

Minimum State Grant. Each state is to receive at least 0.5% of total state grants.

State Reservations of Funds. SEAs may reserve up to 2% of grant amounts for administration and up to 5% for monitoring, evaluation, capacity building, and technical assistance.

Fiscal Requirements. Title IV-B is one of many covered programs to which a general ESEA MOE requirement applies. Recipient LEAs must provide, from state and local sources, a level of funding (either in the aggregate or on a per-pupil basis, whichever is more favorable to the LEA) in the preceding year that is at least 90% of the amount provided in the second preceding year for public elementary and secondary education. Also, Title IV-B funds must be used so as to supplement, and not supplant, state and local funds that would otherwise be available for the activities authorized under this program.

Treatment of Puerto Rico, Outlying Areas, and the BIE. Puerto Rico is treated as a state. Grants to the outlying areas and the BIE are provided through a reservation of up to 1% of total Title IV-B appropriations.⁸⁹

Other Reservations from Appropriations. The Secretary may reserve up to 1% of the total amount appropriated for Title IV-B for national activities.⁹⁰

21st Century Community Learning Centers Allocation Formula

Step 1: Preliminary State Grant = $[(TIA / \sum TIA) * APP]$ or S_MIN , whichever is greater

Each state's preliminary grant amount is determined based on its proportional share of total grants under Title I-A for the prior year with no hold harmless provisions applied. If this amount is smaller than the state minimum grant amount, then the latter amount is used.

Step 2: Final State Grant = $[Preliminary State Grant * S_MIN_ADJ]$ or S_MIN , whichever is greater

Each state's final grant amount is determined by adjusting its preliminary grant amount downward to pay for increased grants to states receiving minimum grant amounts. If this adjustment results in a grant amount below the state minimum, then the state minimum is used as the final grant amount.

Where:

TIA = State total grant under ESEA Title I-A, but calculated as these grants would be if no LEA hold harmless provisions were applied

APP = Appropriation less reservations of funds for the outlying areas, BIE, and national activities

S_MIN_ADJ = State minimum adjustment (proportional decrease to apply the statewide minimum grant)

S_MIN = State minimum grant

$\sum$ = Sum (for all states)

⁸⁸ The Title I-A allocation formulas include hold harmless provisions that prevent an LEA's grant amount from dropping below 85%, 90%, or 95% of the LEA's prior-year grant amount. Section 1122(c)(3) requires that no hold harmless provisions be applied when formula grants to states are determined by the Secretary based on Title I-A grants.

⁸⁹ The Secretary is required to allot funds to the outlying areas and BIE on the basis of their respective needs for assistance, as determined by the Secretary.

⁹⁰ National activities might include providing technical assistance or conducting a national evaluation.

Title V, Part B, Subpart 1: Small, Rural School Achievement Program

Title V-B-1 authorizes the SRSA program, which provides flexibility in the use of funds under several ESEA programs to rural LEAs with fewer than 600 students (or meeting certain other criteria). Among ESEA formula grant programs, the SRSA is unique in that an initial grant, ranging from \$20,000 to \$60,000, is first calculated for each eligible LEA.⁹¹ Then, the amounts received by each LEA under certain ESEA programs (see below) are subtracted from the initial grant, and the final grant to each LEA is the remainder (if any) after this deduction. The rationale for this procedure is that the SRSA is intended to supplement funds provided under certain other ESEA programs. SRSA funds may be used for any purpose authorized under ESEA Title I-A (Education for the Disadvantaged), Title II-A (Supporting Effective Instruction), Title III (English Language Acquisition), Title IV-A (Student Support and Academic Enrichment), or Title IV-B (21st Century Community Learning Centers).

Grants are calculated on the basis of LEAs. State total grants are the total of final grants calculated on behalf of the state's eligible LEAs.

Population Factor (initial grant calculation). Grants are provided based on the number of students in average daily attendance at the public schools operated by eligible LEAs.

Eligibility Criteria. Only *small, rural LEAs* are eligible for grants. These are defined as LEAs in which all of the schools have a rural locale code,⁹² and either (1) the average daily attendance of the LEA is less than 600 or (2) the total population density of the county in which the LEA is located is less than 10 persons per square mile. LEAs receiving grants under this program are not eligible to receive a grant under Title V-B-2 (see below).⁹³

Initial Grant. The initial grant for each eligible LEA is equal to \$20,000, plus \$100 multiplied by the number of students in the population factor in excess of 50 students. The initial amount may not exceed \$60,000.⁹⁴

Deduction from Initial Grant. Initial grants are reduced by the total amount of grants made to the LEA under the following programs: (1) Supporting Effective Instruction (Title II-A) and (2) SSAE Grants (Title IV-A) for the preceding fiscal year.⁹⁵ If the total deduction is equal to or greater than the initial grant, the LEA receives no funds under the SRSA program.

⁹¹ If appropriations for Title V-B-1 and Title V-B-2 (collectively referred to as the Rural Education Achievement Programs [REAP]) equal or exceed \$256 million in a given fiscal year, the range of initial grants changes to \$25,000 to \$80,000.

⁹² For the SRSA program, the locale codes referred to in the ESEA are “urban-centric” locale codes from the National Center for Education Statistics (NCES) of 41 (rural, fringe), 42 (rural, distant), or 43 (rural, remote). For an explanation of this system of locale codes, see <https://nces.ed.gov/ccd/commonfiles/glossary.asp>. The locale code requirement may be waived by the Secretary based on a demonstration by the LEA and concurrence by the SEA that the LEA is located in a *rural area* as defined by a governmental agency in the state.

⁹³ An LEA eligible for a grant under Title V-B-1 and Title V-B-2 may choose under which program it will receive funds (§5225).

⁹⁴ If appropriations for SRSA are \$265 million or more, the initial grant for each eligible LEA will be equal to \$25,000 plus \$100 multiplied by the number of students in the population factor in excess of 50. However, the initial grant cannot exceed \$80,000 (§5212(b)(2)(B)).

⁹⁵ The Secretary may choose to determine an LEA's grant amount by subtracting from the LEA's initial grant amount an LEA's per pupil share of ESEA Title II-A and Title IV-A funds. However, the Secretary may only do this if doing so would not “disproportionately affect” any state.

LEA Hold Harmless. Among other changes, the ESSA updated the locale codes used to determine SRSA eligibility. LEAs no longer eligible for a grant under the SRSA program due to this change received a temporary hold harmless amount that was based on a percentage of their FY2015 grant for FY2017 through FY2019. More specifically, these LEAs received 75% of their FY2015 grant in FY2017, 50% of their FY2015 grant in FY2018, and 25% of their FY2015 grant in FY2019. Beginning in FY2020, the hold harmless provision is no longer applied to grant calculations.

Ratable Reduction. After net initial grants are calculated, if appropriations are insufficient to pay the total of these amounts, grants are reduced by the same percentage for all LEAs until they equal the aggregate level of appropriations. If, on the other hand, sufficient funds are available to give all eligible LEAs an amount in excess of their initial grant, the initial grants are ratably increased, although the \$60,000 maximum grant is maintained.⁹⁶

Fiscal Requirements. SRSA funds must be used so as to supplement, and not supplant, any other federal, state, or local funds.

Treatment of Puerto Rico, Outlying Areas, and the BIE. Puerto Rico and the outlying areas are treated as states. There is no provision for grants to the BIE.

Small Rural Schools Achievement Program Allocation Formula

Step 1: Initial Grant 1 = \$20,000 + ((ADA - 50) * \$100)

In Step 1, each LEA receives an initial grant of \$20,000, plus \$100 for each student in average daily attendance in excess of 50.

Step 2: Initial Grant 2 = Initial Grant 1 or \$60,000, whichever is less

In Step 2, a maximum of \$60,000 is applied to the initial grant.

Step 3: Initial Grant 3 = [Initial Grant 2 - (T2A + T4A)] or \$0, whichever is greater

In Step 3, the LEA total of grants received under ESEA Title II-A and Title IV-A is subtracted from the amount calculated in Step 2. If this amount is equal to zero or less, the LEA receives no SRSA grant.

Step 4: Final Grant = (Initial Grant 3 / $\sum$ Initial Grant 3) * APP

In Step 4, each eligible LEA receives a share of available appropriations that is proportional to its grant amount calculated in Step 3.

Where:

ADA = LEA students in average daily attendance

T2A = LEA grant under ESEA Title II-A

T4A = LEA grant under ESEA Title IV-A

APP = Appropriation

$\sum$ = Sum (for all eligible LEAs)

⁹⁶ If appropriations for SRSA are \$265 million or more, the initial grant for each eligible LEA will be equal to \$25,000 plus \$100 multiplied by the number of students in the population factor in excess of 50. However, the initial grant cannot exceed \$80,000 (\$5212(b)(2)(B)).

Title V, Part B, Subpart 2: Rural and Low-Income School Program

Title V-B-2 authorizes the RLIS program, under which grants are made to rural LEAs. An LEA is eligible to receive a grant under the program if (1) it did not receive a grant under the SRSA program, (2) all of its schools have a specific locale code, and (3) it has a school-age child poverty rate of 20% or more. The RLIS grants may be used for any activities authorized under ESEA Title I-A (Education for the Disadvantaged), Title II-A (Supporting Effective Instruction), Title III (English Language Acquisition), or Title IV-A (Student Support and Academic Enrichment), or for parent involvement activities.

Under the RLIS program, funds are generally allocated initially to SEAs, based on the state total number of population factor students in eligible LEAs relative to the national total of such students. However, if an SEA did not apply for RLIS grants or does not have an approved application, eligible LEAs may apply directly to ED for RLIS funds, based on the LEA's number of population factor students relative to the national total of such students. ED may award funds to these LEAs by formula or on a competitive basis.

When RLIS grants are made to SEAs, states may suballocate funds among eligible LEAs in one of three ways: (1) on a competitive basis, (2) on the basis of the population factor used to allocate RLIS funds to states, or (3) on the basis of a state-developed alternative formula, approved by the Secretary, that increases the share of funds going to LEAs with a concentration of children in poor families.

Population Factor. Grants are provided based on the number of students in average daily attendance at the schools operated by eligible LEAs.

Eligibility Criteria. Only rural LEAs with relatively high poverty rates among school-age children are eligible for grants. These are defined as LEAs in which all of the schools have a specific locale code,⁹⁷ and the percentage of school-age children from families with incomes below the poverty line is at least 20%.⁹⁸ LEAs receiving grants under the SRSA program (see above) are not eligible to receive a grant under the RLIS program.⁹⁹

State Reservations of Funds. At the state level, up to 5% of grants may be used for administration and technical assistance.

LEA Hold Harmless. To determine the number of school-age children from families with incomes below the poverty line in a given LEA, ED uses SAIPE data. LEAs that do not have SAIPE data available to make this determination (e.g., charter schools that are their own LEAs) use alternative poverty data to make this determination. However, over time, ED permitted some LEAs with available SAIPE data to use alternative poverty data to determine the LEA's eligibility for a grant. ED does not have the authority to allow this. After discovering that some LEAs were using inappropriate data for eligibility determinations, ED indicated that this practice could not continue beyond FY2020. In response, as part of the Consolidated Appropriations Act, 2021 (P.L. 116-260), Congress enacted a hold harmless provision to continue to provide funds to LEAs that

⁹⁷ For the RLIS program, the locale codes referred to in the ESEA are "urban-centric" locale codes from the NCES of 32 (town, distant), 33 (town, remote), 41 (rural, fringe), 42 (rural, distant), or 43 (rural, remote). For an explanation of this system of locale codes, see <https://nces.ed.gov/ccd/commonfiles/glossary.asp>. The locale code requirement may be waived by the Secretary based on a demonstration by the LEA and concurrence by the SEA that the LEA is located in a rural area as defined by a governmental agency in the state.

⁹⁸ The poverty data used for this program are the same as those used for the ESEA Title I-A program: Census Bureau estimates from the SAIPE program.

⁹⁹ An LEA eligible for a grant under both SRSA and RLIS may choose under which program it will receive funds (§5225).

would lose their eligibility to receive a grant because they had to use SAIPE data for eligibility determinations rather than alternative poverty data.¹⁰⁰ For FY2021 and FY2022, the affected LEAs received 100% of their FY2019 grant amount. This share decreases from FY2023 through FY2027 as follows.

- For FY2023, an affected LEA will receive 83.33% of the amount such LEA received for FY2019.
- For FY2024, an affected LEA will receive 66.67% of the amount such LEA received for FY2019.
- For FY2025, an affected LEA will receive 50.00% of the amount such LEA received for FY2019.
- For FY2026, an affected LEA will receive 33.33% of the amount such LEA received for FY2019.
- For FY2027, an affected LEA will receive 16.67% of the amount such LEA received for FY2019.

The Further Consolidated Appropriations Act, 2024 (P.L. 118-47), however, increased the hold harmless for FY2024 to 83.33%.

Fiscal Requirements. RLIS is one of many covered programs to which a general ESEA MOE requirement applies. Recipient LEAs must provide, from state and local sources, a level of funding (either in the aggregate or on a per-pupil basis, whichever is more favorable to the LEA) in the preceding year that is at least 90% of the amount provided in the second preceding year for public elementary and secondary education. In addition, RLIS funds must be used so as to supplement, and not supplant, any other federal, state, or local funds.

Treatment of Puerto Rico, Outlying Areas, and the BIE. Puerto Rico is treated as a state. Of the total appropriation, 0.5% is reserved for grants to the BIE, and an additional 0.5% is reserved for the outlying areas.¹⁰¹

Rural and Low-Income Schools Allocation Formula

State Grant = $(ADA / \sum ADA) * APP$

The grant is equal to the state total number of students in average daily attendance in schools operated by eligible LEAs compared to the national total number of such students (where grants are made via SEAs, as is the case for all funds currently).

Where:

ADA = Students in average daily attendance in eligible LEAs

APP = Appropriation less reservations of funds for the outlying areas and BIE

$\sum$ = Sum (for all eligible LEAs)

Title VI, Part A, Subpart 1: Indian Education

Title VI-A-1 authorizes formula grants primarily to LEAs and to schools operated or funded by the BIE. Grants also are awarded to Indian tribes or Indian organizations, or Indian community-

¹⁰⁰ For more information, see CRS Report R44906, *The Rural Education Achievement Program: Title V-B of the Elementary and Secondary Education Act*.

¹⁰¹ The Secretary is required to distribute funds among the outlying areas on the basis of their respective needs, as determined by the Secretary.

based organizations representing more than 50% of the children in the schools of an LEA that does not apply for funding.¹⁰² Consortia of two or more LEAs, Indian tribes, Indian organizations, or Indian community-based organizations may also apply if they are able jointly to meet all necessary requirements, assurances, and obligations. An Indian community-based organization serving the community of the LEA may apply for a grant if no LEA, Indian tribe, Indian organization, or consortium applies for one.¹⁰³ The grants are used to develop elementary and secondary education programs for Indian students that are designed to meet their unique cultural, language, and educational needs and to ensure that all students meet challenging state academic standards.

Eligible LEAs must generally meet Indian student enrollment thresholds of at least 10 students or 25% of total enrollment. Formula grants are allocated on the basis of the number of Indian students and the greater of (1) the APPE for the state or (2) 80% of the national APPE. The formula grants may be consolidated with grants under other federal education programs serving Indian students (under a demonstration project authority), and may be used for comprehensive programs of educational services for Indian students, such as culturally related activities and curriculum content, substance abuse prevention, and family literacy programs.¹⁰⁴ The state total for this program is the sum of grants awarded to eligible LEAs or other grantees in the state.

Population Factor. Grants are provided based on the number of Indian children and youth enrolled in educational programs provided by an LEA.

Eligibility Threshold. In most cases, LEAs are eligible for grants if they enroll at least 10 Indian students or Indian students constitute at least 25% of total enrollment. These thresholds do not apply to LEAs located in Alaska, California, or Oklahoma, or on or near an Indian reservation. Eligible LEAs must establish a committee, a majority of whose members are parents of Indian children, to develop a program for the use of funds received under this subpart. If the LEA fails to meet this requirement, an Indian tribe, Indian organization, or a consortium of entities representing at least one-half of the Indian children served by the LEA may apply for the grant. If no other eligible entity chooses to apply, an Indian community-based organization serving the community of the LEA may apply.

Expenditure Factor. The expenditure factor is the state APPE or 80% of the national average APPE, whichever is greater.

LEA Minimum Grant. If sufficient funds are available, each eligible LEA is to receive a minimum of \$3,000. This minimum may be raised to up to \$4,000 “if the Secretary determines such increase is necessary to ensure the quality of the programs provided.”¹⁰⁵

Ratable Reduction. After maximum grants (population factor multiplied by expenditure factor) are calculated, if appropriations are insufficient to pay the maximum amounts for LEAs as well as for the Secretary of the Interior (see discussion below of the treatment of the BIE), these amounts are reduced by the same percentage (but not the same dollar amount) until they equal the aggregate level of appropriations, subject to the LEA minimum grant provision (see above).

¹⁰² In FY2022, 28 tribes received such grants; see U.S. Department of Education, *Justifications of Appropriation Estimates to the Congress: FY2024*, 2023, <https://www2.ed.gov/about/overview/budget/budget24/justifications/e-indianed.pdf>.

¹⁰³ §6112(d).

¹⁰⁴ For additional information on ESEA Title VI-A-1, see CRS Report RL34205, *Indian Elementary-Secondary Education: Programs, Background, and Issues*.

¹⁰⁵ §6113(b)(3).

LEA Reservations of Funds. At the LEA level, up to 5% of grants may be reserved for administration.

Fiscal Requirements. Indian Education is one of many programs to which a general ESEA MOE requirement applies. Recipient LEAs must provide, from state and local sources, a level of funding (either in the aggregate or on a per-pupil basis, whichever is more favorable to the LEA) in the preceding year that is at least 90% of the amount provided in the second preceding year for public elementary and secondary education. In addition, Title VI-A-1 funds must be used so as to supplement, and not supplant, state and local funds that would otherwise be available for the education of Indian children.

Treatment of Puerto Rico, Outlying Areas, and the BIE. Puerto Rico and the outlying areas are treated as states. The BIE receives a grant under the same formula used for grants to LEAs, based on the total number of Indian students enrolled in schools funded by the bureau.

Indian Education Allocation Formula

Step 1: Preliminary LEA Grant = $PF * EF$

In Step 1, maximum grants, equal to the population factor multiplied by the expenditure factor, are calculated for each LEA meeting the Indian student enrollment eligibility threshold (where applicable).

Step 2: LEA Grant 2 = $[(\text{Preliminary LEA Grant} / \sum \text{Preliminary LEA Grant}) * APP * L_MIN_ADJ]$ or L_MIN , whichever is greater

In Step 2, maximum grants, as calculated in Step 1, are adjusted through application of the LEA minimum grant provision.

Where:

PF = Population factor

EF = Expenditure factor

APP = Appropriation

L_MIN_ADJ = LEA minimum grant adjustment (proportional decrease, in LEAs not benefitting from the minimum LEA grant provision, to apply the LEA minimum grant)

L_MIN = LEA minimum grant

$\sum$ = Sum (for all eligible LEAs)

Title VII: Impact Aid

The Impact Aid program is one of the oldest federal education programs, dating from 1950. Impact Aid compensates LEAs for a “substantial and continuing financial burden” resulting from federal activities. These activities include federal ownership of certain lands, as well as the enrollment in LEAs of children whose parents work or live on federal land and children living on Indian lands. The federal government provides compensation because LEAs are unable to collect property or other taxes from these individuals (e.g., members of the Armed Forces living on federal property) or their employers, even though the LEAs are obligated to provide free public education to their children. Thus, Impact Aid is intended to compensate LEAs for the resulting

loss of tax revenue. In 1994,¹⁰⁶ the Impact Aid program was incorporated into Title VIII of the ESEA.¹⁰⁷ The ESSA moved the Impact Aid program into Title VII of the ESEA.¹⁰⁸

ESEA Title VII authorizes several types of Impact Aid payments. These include payments allocated via formula under Section 7002, Section 7003(b), Section 7003(d), and Section 7007.¹⁰⁹ In the discussion below, each of the four Impact Aid payments allocated via formula is discussed separately.

Section 7002: Payments for Federal Property

Section 7002 authorizes payments directly to LEAs to compensate them for the federal ownership of certain property. To qualify for compensation, the federal government must have acquired the property, in general, after 1938 and the assessed value of the land at the time it was acquired must have represented at least 10% of the assessed value of all real property within an LEA's boundaries.

Eligibility Threshold. LEAs may receive a payment under this section if they can demonstrate, among other things, that the federal government has acquired property in the LEA since 1938¹¹⁰ and the property had an assessed value at the time it was acquired of at least 10% of (1) all the real property in the LEA at the time the federal property was acquired or (2) the greater of all real property as assessed in the first year preceding or succeeding the acquisition of the property, if the property was not assessed at the time it was acquired and state law requires an assessment of property acquired.¹¹¹

Payments When Appropriations Are Insufficient to Provide Maximum Payments: When appropriations are insufficient to provide LEAs with their maximum payment, a statutorily prescribed hold harmless formula that is designed to preserve historical funding levels for LEAs is used (see below).

Caps on Grant Amounts: Section 7002 payments are subject to two caps. First, the combination of payments under Section 7002 and Section 7003(b) may not exceed an LEA's maximum basic support payment under Section 7003(b)¹¹² or maximum payment under Section 7002, whichever is greater. The second cap reduces an LEA's Section 7002 payment if the combination of the calculated payments and any revenue the LEA received from the federal property during the prior fiscal year exceeds the LEA's calculated maximum payment for the fiscal year for which grants

¹⁰⁶ See the Improving America's Schools Act of 1994 (IASA; P.L. 103-382)

¹⁰⁷ Impact Aid was previously authorized by P.L. 81-874.

¹⁰⁸ When the ESSA redesignated Impact Aid as Title VII of the ESEA, the sections of Title VII (as redesignated) were renumbered accordingly. For example, Impact Aid payments authorized under Section 8003(b) prior to the ESSA are now authorized under Section 7003(b).

¹⁰⁹ These payments were previously authorized under Section 8002, Section 8003(b), Section 8003(d), and Section 8008 of the ESEA, respectively. Other significant Impact Aid provisions include Section 7004, which details policies regarding children residing on Indian lands; Section 7008, which provides funds for emergency repairs and comprehensive capital improvements to schools that ED currently owns but LEAs operate and use to serve federally connected children who live with a parent on active duty in the uniformed services; and Section 7009, which prohibits states from considering Impact Aid payments in determining state aid to LEAs, unless the state has an approved program to equalize expenditures among LEAs.

¹¹⁰ In addition, the property cannot have been acquired by exchange for another federal property in the LEA that the United States owned before 1939.

¹¹¹ An LEA previously eligible for a federal property payment may carry over its eligibility to a new LEA formed as the result of the consolidation of two or more LEAs.

¹¹² More specifically, it cannot exceed an LEA's maximum basic support payment calculated for regular (not heavily impacted) LEAs.

are being made under Section 7002. If an LEA's payment is reduced due to either of these caps and appropriations are insufficient to provide all LEAs with their maximum payment amounts, then the excess funds resulting from the aforementioned reductions are redistributed to other eligible LEAs under the fourth step of the formula.

The caps are applied differently to LEAs that were eligible for federal property payments in FY2009 and to newly eligible LEAs that were not eligible in that year. More specifically, for LEAs that were eligible for federal property payments in FY2009, only the remaining funds allocated under the fourth step of the formula are subject to the caps. However, newly eligible LEAs are limited by the caps under the third step of the formula in their first year of eligibility and under the fourth step for all years of eligibility.¹¹³

Hold Harmless: There is a one-year hold harmless provision that is applied to an LEA that loses its eligibility to receive a Section 7002 payment because property that previously qualified as federal property was sold or transferred to a nonfederal party. The hold harmless provision provides the LEA with a payment equal to 90% of the amount the LEA received the preceding year. (This provision is not discussed in the payment calculation.) The payment calculation that is used if appropriations are insufficient to provide maximum payments is also referred to as a hold harmless formula (see below).

Ratable Reductions. If insufficient funds are allocated to make the foundation payments described in Steps 1 and 3 (see below), grants to all eligible LEAs in that step are reduced by the same percentage (but not the same dollar amount) until they equal the aggregate level of appropriations.

Treatment of Puerto Rico, Outlying Areas, and the BIE. LEAs in Puerto Rico and the outlying areas with qualifying federal property are eligible to receive grants. There is no provision for grants to the BIE.

Impact Aid Federal Property Payments Maximum Payment Calculation

Initial calculation: $MP = CRPT * ETV$ or $IRPT * ETV$

In the initial calculation, the maximum payment an LEA is eligible to receive for a fiscal year is determined by multiplying the current real property tax rate for current expenditures levied by fiscally independent LEAs, or imputed real property tax rate for fiscally dependent LEAs, by the current estimated taxable value of the federal property.¹¹⁴ For at least the past two decades, appropriations levels have been insufficient to provide LEAs with their maximum payments.¹¹⁵

Payment Calculation When Appropriations Are Insufficient to Provide Maximum Payments

Step 1: $FPP10 = [90\% \text{ of FY09}]$ or $[90\% \text{ of } ((FY06 + FY07 + FY08 + FY09) / 4)]$, whichever is greater

¹¹³ For more information, see U.S. Department of Education, *Justifications of Appropriations Estimates to the Congress*, 2020, <https://www2.ed.gov/about/overview/budget/budget21/justifications/c-impactaid.pdf>.

¹¹⁴ The estimated taxable value for eligible property is calculated through a three-step process. First, the Secretary must determine the total taxable value for the purpose of levying property tax for school purposes for current expenditures of real property located within the boundaries of a given LEA. The Secretary must then determine the per acre value of the eligible federal property by dividing the total taxable value for all property in the LEA determined in step one by the difference between the total number of acres located within the boundaries of the LEA and the number of eligible federal acres within the boundaries of the LEA. The total taxable value of the eligible federal property is then determined by multiplying the per acre value calculated in step two by the number of eligible federal acres. When determining the taxable value for property shared by two or more LEAs, an LEA may request to have the value of the property determined based on the average value of the property for each LEA in which the property is located.

¹¹⁵ In ED's FY2002 budget request, it noted that the payments had "not been fully funded in recent years"; see U.S. Department of Education, *Justifications of Appropriation Estimates to the Congress: Fiscal Year 2002*, 2001, pp. B-31.

If funds are insufficient to provide all LEAs with their maximum payment, then a hold harmless formula is used to allocate funds. In Step 1, a “foundation payment for pre-2010 recipients” is made to eligible LEAs that were also eligible for a federal property payment in FY2009. The amount of the payment is equal to the greater of (1) 90% of the payment the LEA received in FY2009 or (2) 90% of the average payment the LEA received for FY2006, FY2007, FY2008, and FY2009.¹¹⁶ If funds are insufficient to provide foundation payments for all LEAs eligible under Step 1, grants to each LEA eligible under Step 1 are ratably reduced and no grants are provided under subsequent steps.

Step 2: HFSP

In Step 2, after making foundation payments for pre-2010 recipients, a special payment is made to the Highland Falls-Fort Montgomery Central School District in New York, provided the LEA continues to meet the eligibility requirements to receive it.¹¹⁷

Step 3a: $FPNA_FT = MP * 0.9 * (APP / \sum MPC)$

Step 3b: $FPNA_SY = FPNA_FT$

In Step 3, foundation payments are made to LEAs that were not eligible to receive a federal property payment in FY2009 (referred to as new applicants). In Step 3a, when an LEA qualifies for the first time as a new applicant, its grant is determined first by multiplying the LEA's maximum payment by 90%, and then multiplying the resulting payment by the ratio of the Section 7002 appropriation to the total of all LEAs' maximum, not actual, payments in the most recent year in which payments have been completed. In Step 3b, in subsequent years, new applicants receive a foundation payment that is equal to the amount the LEA received in its first year of eligibility. If funds remaining after Steps 1 and 2 are insufficient to provide foundation payments for all LEAs eligible under Step 3, grants to each LEA eligible under Step 3 are ratably reduced.

Step 4: $\text{Additional funds} = RAPP * (MP / \sum MP)$

If funds remain after making grants under Steps 1 through 3, each eligible LEA that received a grant in Steps 1 through 3 receives a grant based on prorated shares of maximum grants for the current year.

Where:

MP = Maximum payment

CRPT = Current real property tax rate for current expenditures levied by fiscally independent LEAs

IRPT = Imputed real property tax rate for fiscally dependent LEAs

ETV = Current estimated taxable value of the federal property

FPPI0 = Foundation payment for pre-2010 recipients

FY06 = LEA's FY2006 grant amount

FY07 = LEA's FY2007 grant amount

FY08 = LEA's FY2008 grant amount

FY09 = LEA's FY2009 grant amount

HFSP = Special payment to Highland Falls-Fort Montgomery Central School District (NY)

FPNA_FT = Foundation payment for new applicants qualifying for the first time

MPC = Maximum payment for most recent year in which payments have been completed

FPNA_SY = Foundation payment for new applicants in subsequent years (i.e., not their first year of qualification)

RAPP = Remaining appropriations (after completing Steps 1 through 3)

$\sum$ = Sum (for all eligible LEAs)

¹¹⁶ The caps on Section 7002 payments discussed above do not apply to the foundation payment for pre-2010 recipients.

¹¹⁷ For more information about the eligibility requirements, see ESEA Section 7002(i).

Section 7003(b): Payments for Federally Connected Children: Basic Support Payments¹¹⁸

Section 7003(b) authorizes payments directly to LEAs to compensate them for the cost of serving certain groups of federally connected children.¹¹⁹ The presence of these children can increase the number of children the LEA must serve without providing a commensurate increase in taxes that support public education. Section 7003(b) is the largest Impact Aid payment, funded at \$1.5 billion for FY2024.

Section 7003(b) payments are based on an eligible LEA's weighted count of federally connected children multiplied by an expenditure factor. If appropriations are insufficient to make maximum payments, then payments are reduced. Additionally, hold harmless provisions are applied that generally prevent large decreases in payment amounts from year to year.

Population Factor (Federally Connected Children). Grants are determined based on the number of federally connected children, including children of parents on active duty in the uniformed services, children living on Indian lands, children of civilian federal employees, and children living in low-rent housing. Each federally connected child is assigned to a category that has a specific weight associated with it. These weights are used to produce a weighted student count for each LEA that is used to determine grant amounts. The weights assigned to each category are shown in **Table 14**. Federally connected children receiving the highest weights (i.e., 1.0 or above) have historically been referred to as “a” children, while students with lower weights have been referred to as “b” children.¹²⁰

Table 14. Types of Federally Connected Children and Weights Assigned to Them in the Impact Aid Basic Support Payments Formula
(Section 7003(a)(1))

Children Attending School in the LEA Who ...	Weight	Shorthand Designation
reside on federal property with a parent employed on federal property situated in whole or in part within the boundaries of the LEA—(A)(i)	1.0	“a” children
reside on federal property with a parent who is an official of, and accredited by, a foreign government and is a foreign military officer—(A)(ii)	1.0	“a” children
reside on federal property and have a parent on active duty in the uniformed services—(B)	1.0	“a” children
reside on Indian lands—(C)	1.25	“a” children
have a parent on active duty in the uniformed services but do not reside on federal property—(D)(i)	0.2	“b” children
have a parent who is an official of, and has been accredited by, a foreign government and is a foreign military officer but do not reside on federal property—(D)(ii)	0.2	“b” children

¹¹⁸ There are numerous special rules that apply in determining 7003(b) grants. This report provides a general overview of how the formula works. For a more detailed discussion of the determination of 7003(b) grants, see CRS Report R45400, *Impact Aid, Title VII of the Elementary and Secondary Education Act: A Primer*.

¹¹⁹ Federally connected children are children who reside with a parent who is a member of the uniformed services living on or off federal property, with a parent who is an accredited foreign military officer living on or off federal property, on Indian lands, in low-rent public housing, or with a parent who is a civilian working or living on federal land.

¹²⁰ These references are derived from a subsection of the previous Impact Aid statute (P.L. 81-874). Although no longer relevant to the current law, these shorthand designations are still widely used.

Children Attending School in the LEA Who ...	Weight	Shorthand Designation
reside in low-rent public housing—(E)	0.1	“b” children
reside on federal property and are not described in Subparagraph (A) or (B)-(F)	0.05	“b” children
reside with a parent who works on federal property situated in whole or in part in the county in which such LEA is located, or in whole or in part in such LEA if such LEA is located in more than one county—(G)(i); or if not in such county, in whole or in part in the same state as such LEA—(G)(ii) ^a	0.05	“b” children

Source: Prepared by the Congressional Research Service (CRS) based on an analysis of relevant statutory language.

Note: *Uniformed services* is defined in 37 U.S.C. §101 to include the Army, Navy, Air Force, Space Force, and Marines, as well as the Coast Guard, National Oceanic and Atmospheric Administration, and Public Health Service.

- a. These children include, for example, children who live with parents working for the federal government in a federal building (e.g., the Hart Senate Office Building).

Eligibility Threshold. To be eligible for Section 7003(b) payments, an LEA must have at least 400 federally connected children, or such children must represent at least 3% of an LEA’s average daily attendance.¹²¹

Expenditure Factor. Grants are calculated in part based on a local contribution rate (LCR). For most LEAs, the LCR used in this calculation is either one-half of the state APPE or one-half of the national APPE, whichever is greater.¹²²

LEA Hold Harmless. Beginning in FY2017, if an LEA’s payment calculated by ED decreases by 20% or more from the previous year, then it would receive a payment equal to 90% of the previous year’s payment. In the following year, the LEA would receive 85% of the previous year’s payment, and in the third year, it would receive 80% of the previous year’s payment.¹²³ For example, if an LEA’s calculated payment for FY2024 is \$70,000 but it had received \$100,000 in FY2023 then it would receive \$90,000 in FY2024 (90% of \$100,000), \$76,500 in FY2025 (85% of \$90,000), and \$61,200 in FY2026 (80% of \$76,500). After the three-year period following the decline in funding, the LEA would receive its grant amount as calculated by ED.

Ratable Reductions. After maximum grants (population factor multiplied by the expenditure factor) are calculated, if appropriations are insufficient to pay the maximum amounts, statutory language provides a mechanism for reducing payments to LEAs. The general principle is that more heavily impacted districts (i.e., those more dependent on Impact Aid payments) receive higher percentages of their maximum payments than less-impacted districts. This principle is achieved by calculating a Learning Opportunity Threshold (LOT) payment. This is a percentage of the maximum payment determined by adding

¹²¹ To receive payments for children of parents employed, but not residing, on federal property or certain children residing on federal property, an LEA generally must serve 1,000 or more of such children or such children must represent at least 10% of the LEA’s total average daily attendance. However, certain LEAs, known as heavily impacted LEAs, do not need to meet these thresholds to receive payments on behalf of these children.

¹²² Two other LCRs are used less frequently: (1) the previously determined LCR for comparable districts with unusual circumstances, such as those serving a particularly large number of disabled children, or (2) the state APPE multiplied by the LCR (i.e., the percentage of educational revenues that comes from the local level). In addition, for LEAs that are considered heavily impacted LEAs, the LCR is the greater of 80% of the state or national APPE.

¹²³ If the LEA’s payment calculated by ED exceeds the hold harmless payment amount in a successive year, the LEA would receive the ED-calculated amount and would no longer have its grants calculated based on the three-year provision unless it once again met the criteria to receive a hold harmless payment.

- the percentage of an LEA's average daily attendance that is federally connected children, and
- the percentage that an LEA's maximum payment is of an LEA's total current expenditure.¹²⁴

This total percentage must not exceed 100%. The percentage is multiplied by the maximum payment to produce the LOT payment. If current appropriations are not sufficient to make all LOT payments, these payments are reduced by the same percentage for all LEAs until they equal the aggregate level of appropriations, subject to the LEA hold harmless provision (see above). If appropriations exceed the amount needed to make LOT payments, but are not enough to provide maximum basic support payments, the percentage of LOT amounts paid is increased.¹²⁵

Treatment of Puerto Rico, Outlying Areas, and the BIE. LEAs in Puerto Rico and the outlying areas serving federally connected children are eligible to receive grants. There is no provision for grants to the BIE.

Impact Aid Basic Support Payments Allocation Formula

Step 1: $WSC = \sum (FCC * WGT)$

In Step 1, a weighted student count is calculated by multiplying each federally connected child by the appropriate weight and summing the total of these calculations.

Step 2: $MBSP = WSC * LCR$

In Step 2, the weighted student count calculated in Step 1 is multiplied by an LCR to determine the LEA's maximum basic support payment.

Step 3: $LOT = ADA\% + EXP\%$

In Step 3, an LEA's LOT percentage is calculated, based on (1) the percentage of an LEA's average daily attendance that is composed of federally connected children plus (2) the percentage that an LEA's maximum payment is of an LEA's total current expenditure. The LOT percentage cannot exceed 100%.

Step 4: $LOT_P = MBSP * LOT$

In Step 4, an LEA's maximum basic support payment is multiplied by its LOT percentage. This payment is known as an LEA's LOT payment.

Step 5: Final Grant = $[(LOT_P / \sum LOT_P) * APP * L_HH_ADJ]$ or L_HH , whichever is greater

In Step 5, if appropriations are not sufficient to make 100% of LOT payments, these payments are ratably reduced. If appropriations exceed the amount needed to make LOT payments, but are not enough to provide maximum basic support payments, the percentage of LOT amounts paid is increased. If these payments would be less than LEAs' hold harmless amounts, payments to other LEAs are ratably reduced to account for the aggregate costs of raising affected LEAs to their hold harmless levels, given a fixed total appropriation level.

Where:

WSC = Weighted student count

FCC = Federally connected children

WGT = Weights for categories of federally connected children

¹²⁴ Payments for certain heavily impacted LEAs (§7003(b)(2)) are excluded from the calculation.

¹²⁵ For example, if there was only enough funding to provide 100% of LOT, then an LEA with a LOT percentage of 60% and a maximum basic support payment of \$2 million would receive \$1.2 million. However, if there was enough to pay 125% of LOT, the LEA would receive \$1.5 million.

MBSP = Maximum basic support payment

LCR = Local contribution rate

LOT = Learning Opportunity Threshold percentage

ADA% = Percentage of an LEA's average daily attendance that is composed of federally connected children

EXP% = Percentage of an LEA's total current expenditure that is composed of Section 7003 payments

LOT_P = LOT payment

APP = Appropriation

L_HH_ADJ = LEA minimum or hold harmless adjustment (proportional decrease, in LEAs not benefitting from the LEA hold harmless, to apply the LEA minimum grant)

L_HH = LEA minimum or hold harmless level

Σ = Sum (for weighted student counts and LOT payments for all eligible LEAs)

Section 7003(d): Payments for Federally Connected Children: Payments for Children with Disabilities

Section 7003(d) authorizes payments directly to LEAs based on the number of certain federally connected children with disabilities who are eligible to receive services under the Individuals with Disabilities Education Act (IDEA).¹²⁶ More specifically, payments are limited to certain IDEA-eligible children: those whose parents are on active duty in the uniformed services (residing on or off federal property), those residing on Indian lands, and those with a parent who is an accredited foreign military officer (living on or off federal property).

Population Factor (Federally Connected Children). Grants are determined based on weighted child counts calculated for eligible federally connected children who are also eligible to receive IDEA services by multiplying eligible “a” children by a factor of 1.0 and eligible “b” children by a factor of 0.5.¹²⁷ An LEA's payment is its percentage share of the total weighted child count multiplied by the funds appropriated for Section 7003(d).

Treatment of Puerto Rico, Outlying Areas, and the BIE. LEAs in Puerto Rico and the outlying areas serving federally connected children are eligible to receive grants. There is no provision for grants to the BIE.

Impact Aid Payments for Children with Disabilities Allocation Formula

Step 1: $WSC = (HWC * 1.0) + (LWC * 0.5)$

In Step 1, a weighted student count is calculated by multiplying each federally connected child eligible for IDEA and meeting certain criteria by the appropriate weight.

Step 2: $LEA \text{ grant} = (WSC / \Sigma WSC) * APP$

In Step 2, an LEA's weighted student count is divided by the total weighted student count and multiplied by the appropriation for Section 7003(d) to provide each LEA with a proportional share of available funds.

¹²⁶ For more information about the IDEA, see CRS Report R41833, *The Individuals with Disabilities Education Act (IDEA), Part B: Key Statutory and Regulatory Provisions*.

¹²⁷ ED determines weighted counts of children with disabilities by multiplying more heavily weighted eligible children under Section 7003(b) (i.e., children with disabilities who live on federal property with a parent who is on active duty in the uniformed services, live on federal property with a parent who is an accredited foreign military officer, or live on Indian lands) by 1.0 and lower weighted children (i.e., children with disabilities who live on nonfederal property with a parent on active duty in the uniformed services or an accredited foreign military officer) by 0.5.

Where:

WSC = Weighted student count

HWC = Federally connected children who are eligible for IDEA services and who live on federal property with a parent on active duty in the uniformed services, live on federal property with a parent who is an accredited foreign military officer, or live on Indian lands

LWC = Federally connected children who are eligible for IDEA services and who live on nonfederal property with a parent on active duty in the uniformed services or live on nonfederal property with a parent who is an accredited foreign military officer but on nonfederal property

APP = Appropriation

 Σ = Sum (of weighted student count for eligible LEAs)**Section 7007: Construction Payments**

Section 7007 provides funds for construction and facilities upgrading to certain LEAs with high percentages of children living on Indian lands or children living on or off federal property with a parent on active duty in the uniformed services. Of these funds, 40% are used to make formula grants, and 60% are used to make competitive grants.¹²⁸ This discussion focuses on funds awarded by formula.

Population Factor. Formula grants are allocated based on each eligible LEA's weighted number of children living on Indian lands and weighted number of children living on or off federal property with a parent on active duty in the uniformed services. The same process used to weight child counts for Section 7003(b) regular basic support payments (see above) is used to weight child counts for Section 7007 payments. Half of the funds are allocated to eligible LEAs in proportion to weighted counts of children living on Indian lands and half are allocated based on weighted counts of students living on or off federal property with a parent on active duty in the uniformed services.

Eligibility Threshold. Formula grants are available to LEAs receiving Section 7003(b) payments and (1) in which children living on Indian land constitute at least 50% of the LEA's total average daily attendance and that receive a regular Basic Support Payment under Section 7003(b), (2) in which children living on or off federal property with a parent on active duty in the uniformed services constitute at least 50% of the LEA's total average daily attendance and that receive a regular Basic Support Payment under Section 7003(b), or (3) are heavily impacted LEAs.¹²⁹

Treatment of Puerto Rico, Outlying Areas, and the BIE. LEAs in Puerto Rico and the outlying areas serving federally connected children are eligible to receive grants. There is no provision for grants to the BIE.

**Impact Aid Payments for Construction Allocation Formula
(for formula grants only)**

Step 1: $WSC = [(MB * 1.0) + (MOB * 0.02)]$, or

$WSC = (CIL * 1.25)$

¹²⁸ Although statutory language mandates that 40% of the appropriations for Section 7007 be distributed through formula grants and 60% through competitive grants, since FY2006 the Labor, Health and Human Services, and Education Appropriations Acts have specified that the funds be distributed solely through formula or competition. For example, Section 7007 funds were distributed only by formula in FY2024.

¹²⁹ For more information about regular Basic Support Payments and heavily impacted LEAs, see CRS Report R45400, *Impact Aid, Title VII of the Elementary and Secondary Education Act: A Primer*.

In Step 1, a weighted student count is calculated by (1) multiplying the number of children living on or off federal property with a parent on active duty in the uniformed services by the appropriate weight and adding the results, or (2) multiplying the number of children living on Indian lands by the appropriate weight for eligible LEAs. An LEA is eligible for a grant if (1) children living on or off federal property with a parent on active duty in the uniformed services or children living on Indian lands constitute at least 50% of the LEA's total average daily attendance and the LEA received a regular Basic Support Payment under Section 8003(b) or (2) the LEA received a Basic Support Payment for heavily impacted LEAs during the preceding school year.

Step 2: $\text{LEA grant} = [(\text{APP} * 0.2) / (\sum \text{WSC})] * \text{WSC}$

In Step 2, the funds available for formula grants are divided equally between LEAs in which children living on federal property with a parent on active duty in the uniformed services constitute at least 50% of the LEA's total average daily attendance and the LEA received a regular Basic Support Payment under Section 8003(b) and LEAs in which students living on Indian lands constitute at least 50% of the LEA's total average daily attendance and the LEA received a regular Basic Support Payment under Section 8003(b) (20% of the total Section 7007 appropriation going to each group). Thus, the calculation shown in Step 2 is done separately for each set of LEAs. For example, grants for LEAs impacted by children living on federal property with a parent on active duty in the uniformed services are determined by dividing the total amount of available funding (20% of the Section 7007 appropriation) by the total number of weighted student units of children living on federal property with a parent on active duty in the uniformed services across all eligible LEAs to produce an amount per weighted child. This amount is then multiplied by the total number of weighted student units of these children enrolled in the LEA. The same calculation is made for LEAs impacted by children living on Indian lands.

Where:

WSC = Weighted student count

MB = Federally connected children living on federal property with a parent on active duty in the uniformed services

MOB = Federally connected children students living on nonfederal property with a parent on active duty in the uniformed services

CIL = Children living on Indian lands

APP = Appropriation

$\sum$ = Sum (of weighted student count for eligible LEAs)

Formula Factors in Practice

This section examines the effects of the state minimum grant and hold harmless provisions on state grant amounts, as these are provisions that appear in several of the Title I-A formulas (see **Table 5** and **Table 4**, respectively). It focuses on how these provisions affected state Title I-A grant amounts in FY2022, as Title I-A funds accounted for over 60% of all ESEA appropriations that fiscal year.¹³⁰ **Table 15** compares actual FY2022 Title I-A state grant amounts and grant dollars per formula child with state grant amounts estimated under grant formulas that eliminate (1) the state minimum grant provisions, (2) the hold harmless provisions, and (3) both the state minimum grant and hold harmless provisions.

¹³⁰ FY2022 Title I-A data were selected for this analysis as the data are final and are not needed to calculate FY2024 grant amounts. FY2023 Title I-A data, while final, will be used in the FY2024 Title I-A grant determination process.

Minimum State Grant Provisions

As discussed previously, minimum grant provisions serve to increase the amount of funding that is provided to small states or LEAs to operate programs.¹³¹ Several programs have a state minimum grant expressed primarily in terms of a percentage of program appropriations or as a fixed dollar amount. Minimum grant provisions are funded by reducing the amount of funding available to other states or LEAs not receiving minimum grants.

Using the Title I-A grant formulas as an example, as all four formulas are based on factors related to population, minimum state grant provisions primarily benefit states with small populations (commonly referred to as *small states*). Accordingly, when state minimum grant provisions are removed, grants to small states decrease while all states not previously receiving minimum state grants see increases in their grant amounts. In **Table 15**, Column F shows estimated percentage changes in state grant amounts if the Title I-A minimum state grant provisions were dropped compared to state grant amounts determined under current law. Small states are estimated to experience a decrease in grant amounts ranging from less than 1% (Utah) to 27% (Vermont). All states not previously receiving minimum grants are estimated to receive grants that are approximately 0.5% higher than their actual grants as a result of the redistribution of funds away from small states previously receiving minimum grants. However, under this scenario hold harmless provisions remain in effect. Because hold harmless provisions in the Title I-A formula ensure eligible LEAs receive a grant that is no less than 85% of the previous year's grant, assuming appropriations are sufficient to provide hold harmless grant amounts, these provisions moderate the estimated changes in state grants that small states are estimated to experience when no minimum state grant provisions are in place.

Another way to examine the effects of the minimum state grant provisions is to consider the amount of funding each state receives per formula child under Title I-A. Under current law, FY2022 Title I-A grants per formula child ranged from approximately \$1,600 in Utah to approximately \$4,600 in Vermont in FY2022. That is, Title I-A grants per formula child in FY2022 were nearly three times higher in Vermont than Utah. The five states that received the highest Title I-A grants per formula child all benefitted from the minimum state grant provisions. If the minimum state grant provisions were eliminated, it is estimated that Title I-A grants per formula child in FY2022 would have ranged from approximately \$1,600 (Idaho) to \$3,300 (Vermont). Thus, FY2022 Title I-A grants per formula child are estimated to be more than two times higher in Vermont than Idaho. However, Vermont's grant per formula child is estimated to decline by nearly \$1,300. In addition, the five states that are estimated to receive the highest Title I-A grants per formula child under current law would no longer include only states that benefit from minimum state grant provisions under current law. The continued inclusion of the hold harmless provisions would prevent the states that benefit from the minimum state grant provisions from having their grant amounts per formula child reduced even further in this scenario.

Hold Harmless Provisions

As discussed earlier, hold harmless provisions prevent grantees from having large decreases in their grant amounts from year to year. Hold harmless provisions establish a minimum state or LEA grant equal to a specified percentage of the amount received in a previous year. Increasing a state's or LEA's grant amount from its initial level based on formula factors or foundation grants

¹³¹ See, for example, the debates surrounding the inclusion of minimum grant provisions in the Title I-A formulas in CRS Report R44898, *History of the ESEA Title I-A Formulas*.

to its hold harmless level almost always reduces grants to other states or LEAs that do not benefit from the hold harmless provisions.

Using the Title I-A formulas as an example, in these formulas hold harmless provisions are applied at the LEA level; therefore, changes to hold harmless provisions do not produce clear patterns when viewed in the aggregate at the state grant level.¹³² As seen in Column I of **Table 15**, which compares the percentage change in estimated state grant amounts under Title I-A without hold harmless provisions to the final FY2022 state grants, state-level grant changes tend to be small in magnitude under this scenario. Because minimum state grant provisions remain in place in this scenario, state grants do not change for small states that receive state minimums under all four Title I-A allocation formulas (e.g., Alaska, Montana, New Hampshire, North Dakota, South Dakota, Vermont, Wyoming). Although the overall state grants remain the same for these states, the distribution of funds between their LEAs may change due to the removal of hold harmless provisions.

At the LEA level, removing hold harmless provisions from the Title I-A grant formulas is estimated to generally result in increased grants for LEAs with larger total populations and higher proportions of formula children, but smaller LEAs are also estimated to receive increased grants when hold harmless provisions are removed. In this scenario, when hold harmless provisions are removed and minimum state grant provisions are retained, it is estimated that about one-third of LEAs would receive lower grants, two-thirds would receive higher grants, and approximately 1% of LEAs that would otherwise receive grants would receive no grant.¹³³

As discussed above, hold harmless provisions are applied at the LEA level, so the effects of eliminating these provisions on estimated Title I-A grants per formula child at the state level may differ substantially from the estimated change in Title I-A grants per formula child at the LEA level. With the elimination of the hold harmless provisions, it is estimated that Washington would have the largest decrease in its Title I-A grant per formula child and the District of Columbia would have the largest increase—both changes would be in excess of \$50 per formula child but less than \$100 per formula child.

No State Minimum Grant or Hold Harmless Provisions

The last scenario examined in this section considers the removal of both state minimum grant and hold harmless provisions simultaneously. As briefly discussed in the “Minimum State Grant Provisions” section above, hold harmless provisions can act as a type of alternative state minimum grant. Thus, when both the minimum state grant provisions and the hold harmless provisions are removed, there is no longer a minimum grant amount that must be received, assuming appropriations would have been sufficient to provide the minimum amounts.

Using Title I-A formulas as an example, hold harmless provisions under Title I-A limit how much any individual LEA’s grant can decrease from one year to the next, and in the aggregate can create a limit on how small of a grant a state can receive and still be able to fulfill hold harmless

¹³² Currently, hold harmless provisions only apply to Title I-A and some of the Impact Aid programs. Hold harmless provisions for other ESEA programs were provided on a temporary basis and have since expired. CRS does not have access to the underlying data needed to examine the effect of the hold harmless provision on Impact Aid grantees, so this analysis focuses on Title I-A.

¹³³ The latter group of LEAs are those that benefit from the four-year hold harmless provision under the Concentration Grant formula. These are LEAs that would not otherwise qualify for a Concentration Grant and would not meet the eligibility requirements for the other three Title I-A formulas.

provisions for all LEAs in the state.¹³⁴ When neither state minimum grant provisions or hold harmless provisions are included in the Title I-A grant formulas, it is estimated that small states would receive substantially smaller grants than under current law. When both sets of provisions are removed, this effectively eliminates any floor on the grant amounts either states or LEAs can receive. Column L in **Table 15** compares the estimated percentage change in state grants under a grant scenario with no state minimum grant or hold harmless provisions to FY2022 final state grants. Decreases in estimated grant amounts for states that benefit from the minimum state grant provision are estimated to be larger under this scenario than when only the minimum state grant provisions are dropped. The most extreme effect would be seen in Vermont, North Dakota, and Wyoming, where estimated state grants would decrease by approximately 50%. Due to the estimated changes in LEA grant amounts resulting from the removal of the hold harmless provisions, grants to states not receiving minimum state grants under current law are estimated to both increase and decrease slightly. This is in contrast to the scenario in which only state minimum grants were removed from the grant formula, and all states not previously receiving state minimum grants were estimated to see increases in their overall grant amounts.

When both the minimum state grant and hold harmless provisions are dropped, 29 states are estimated to have increases in their Title I-A grant per formula child, while 23 states are estimated to have decreases. The changes are estimated to range from a decrease of nearly \$2,400 per Title I-A formula child in Vermont to an increase of approximately more than \$50 but less than \$100 per Title I-A formula child in Hawaii. Overall, 11 states¹³⁵ are estimated to have their Title I-A grant per formula child decrease by more than \$100, including 4 states¹³⁶ that are estimated to have their Title I-A grant per formula child decrease by more than \$1,000.

¹³⁴ This is true for the Title I-A Basic, Concentration, and Targeted allocation formulas, which are calculated at the LEA level before being summed to create a final state grant (subject to state minimum grant provisions). For the EFIG allocation formula, final state grant amounts are calculated first, after which LEAs are awarded grants from the final state grant amount. In the case of the EFIG formula, only state minimum grant provisions are taken into account when calculating a state grant award, and hold harmless amounts at the LEA level are ratably reduced according to the available state grant when the state grant allocation is insufficient to satisfy initial LEA hold harmless provisions.

¹³⁵ Alaska, Delaware, Idaho, Maine, Montana, New Hampshire, North Dakota, Rhode Island, South Dakota, Vermont, and Wyoming.

¹³⁶ New Hampshire, North Dakota, Vermont, and Wyoming.

Table 15. Estimated FY2022 State Grants Under Title I-A, Comparing Current Law and Formulas to Scenarios Without State Minimum Grant and/or Hold Harmless Provisions

A	B	C	D	E	F	G	H	I	J	K	L	M
State	Current Grant Provisions			(1) Without State Minimum Grant Provisions			(2) Without Hold Harmless Provisions			(3) Without Minimum State Grant or Hold Harmless Provisions		
	Final State Grant (in thousands)	Estimated Grant Amount Per Formula Child (to nearest hundred)	Receives State Minimum Under at Least One Allocation Formula	Estimated State Grant (in thousands)	Percentage Difference from Final Grant ((Col. E - Col. B) / Col. B))	Estimated Grant Amount Per Formula Child (to nearest hundred)	Estimated State Grant (in thousands)	Percentage Difference from Final Grant ((Col. H - Col. B) / Col. B))	Estimated Grant Amount Per Formula Child (to nearest hundred)	Estimated State Grant (in thousands)	Percentage Difference from Final Grant ((Col. L - Col. B) / Col. B))	Estimated Grant Amount Per Formula Child (to nearest hundred)
Alabama	\$279,142	\$1,800	No	\$280,594	0.52%	\$1,800	\$278,528	-0.22%	\$1,800	\$281,045	0.68%	\$1,800
Alaska	\$50,604	\$3,300	Yes	\$42,348	-16.31%	\$2,700	\$50,604	0.00%	\$3,300	\$38,821	-23.28%	\$2,500
Arizona	\$370,385	\$1,800	No	\$372,297	0.52%	\$1,800	\$367,619	-0.75%	\$1,800	\$370,963	0.16%	\$1,800
Arkansas	\$174,307	\$1,700	No	\$175,200	0.51%	\$1,800	\$174,281	-0.01%	\$1,700	\$175,821	0.87%	\$1,800
California	\$2,076,706	\$2,200	No	\$2,087,564	0.52%	\$2,200	\$2,062,692	-0.67%	\$2,200	\$2,081,666	0.24%	\$2,200
Colorado	\$174,023	\$1,900	No	\$174,920	0.52%	\$1,900	\$169,279	-2.73%	\$1,800	\$170,777	-1.87%	\$1,800
Connecticut	\$153,701	\$2,500	No	\$154,424	0.47%	\$2,500	\$151,256	-1.59%	\$2,400	\$152,557	-0.74%	\$2,400
Delaware	\$57,224	\$2,700	Yes	\$51,763	-9.54%	\$2,500	\$56,801	-0.74%	\$2,700	\$49,371	-13.72%	\$2,400
District of Columbia	\$59,793	\$3,000	Yes	\$59,475	-0.53%	\$3,000	\$61,148	2.27%	\$3,100	\$61,056	2.11%	\$3,100
Florida	\$1,006,554	\$1,900	No	\$1,012,447	0.59%	\$2,000	\$1,022,836	1.62%	\$2,000	\$1,032,713	2.60%	\$2,000
Georgia	\$655,086	\$1,900	No	\$658,678	0.55%	\$1,900	\$662,653	1.16%	\$1,900	\$668,810	2.09%	\$1,900
Hawaii	\$58,193	\$2,800	Yes	\$58,490	0.51%	\$2,800	\$59,397	2.07%	\$2,800	\$59,951	3.02%	\$2,900
Idaho	\$60,274	\$1,700	Yes	\$57,122	-5.23%	\$1,600	\$59,862	-0.68%	\$1,700	\$53,948	-10.50%	\$1,500
Illinois	\$701,661	\$2,500	No	\$705,422	0.54%	\$2,500	\$703,506	0.26%	\$2,500	\$709,898	1.17%	\$2,600
Indiana	\$273,340	\$1,700	No	\$274,838	0.55%	\$1,700	\$272,552	-0.29%	\$1,700	\$274,943	0.59%	\$1,700

A	B	C	D	E	F	G	H	I	J	K	L	M
State	Current Grant Provisions			(1) Without State Minimum Grant Provisions			(2) Without Hold Harmless Provisions			(3) Without Minimum State Grant or Hold Harmless Provisions		
	Final State Grant (in thousands)	Estimated Grant Amount Per Formula Child (to nearest hundred)	Receives State Minimum Under at Least One Allocation Formula	Estimated State Grant (in thousands)	Percentage Difference from Final Grant ((Col. E - Col. B) / Col. B))	Estimated Grant Amount Per Formula Child (to nearest hundred)	Estimated State Grant (in thousands)	Percentage Difference from Final Grant ((Col. H - Col. B) / Col. B))	Estimated Grant Amount Per Formula Child (to nearest hundred)	Estimated State Grant (in thousands)	Percentage Difference from Final Grant ((Col. L - Col. B) / Col. B))	Estimated Grant Amount Per Formula Child (to nearest hundred)
Iowa	\$110,758	\$1,900	No	\$111,344	0.53%	\$1,900	\$109,001	-1.59%	\$1,800	\$109,924	-0.75%	\$1,900
Kansas	\$117,527	\$1,800	No	\$118,158	0.54%	\$1,800	\$117,271	-0.22%	\$1,800	\$118,295	0.65%	\$1,800
Kentucky	\$272,020	\$2,000	No	\$273,428	0.52%	\$2,000	\$273,757	0.64%	\$2,000	\$276,217	1.54%	\$2,000
Louisiana	\$358,954	\$2,000	No	\$360,596	0.46%	\$2,000	\$353,174	-1.61%	\$2,000	\$356,452	-0.70%	\$2,000
Maine	\$59,492	\$2,600	Yes	\$55,310	-7.03%	\$2,400	\$59,232	-0.44%	\$2,600	\$52,046	-12.52%	\$2,300
Maryland	\$292,787	\$2,800	No	\$294,456	0.57%	\$2,800	\$296,493	1.27%	\$2,800	\$299,282	2.22%	\$2,800
Massachusetts	\$262,718	\$2,400	No	\$264,060	0.51%	\$2,400	\$261,934	-0.30%	\$2,400	\$264,212	0.57%	\$2,400
Michigan	\$514,603	\$2,100	No	\$517,367	0.54%	\$2,100	\$512,776	-0.36%	\$2,100	\$517,386	0.54%	\$2,100
Minnesota	\$174,738	\$2,000	No	\$175,656	0.53%	\$2,000	\$172,689	-1.17%	\$1,900	\$174,159	-0.33%	\$2,000
Mississippi	\$234,558	\$1,800	No	\$235,627	0.46%	\$1,900	\$231,015	-1.51%	\$1,800	\$233,119	-0.61%	\$1,800
Missouri	\$265,588	\$1,700	No	\$266,894	0.49%	\$1,700	\$264,366	-0.46%	\$1,700	\$266,677	0.41%	\$1,700
Montana	\$54,751	\$2,300	Yes	\$47,102	-13.97%	\$1,900	\$54,751	0.00%	\$2,300	\$41,823	-23.61%	\$1,700
Nebraska	\$70,063	\$2,000	Yes	\$70,290	0.32%	\$2,000	\$69,926	-0.20%	\$2,000	\$70,233	0.24%	\$2,000
Nevada	\$157,263	\$2,000	No	\$158,217	0.61%	\$2,000	\$160,121	1.82%	\$2,000	\$161,707	2.83%	\$2,100
New Hampshire	\$49,194	\$3,200	Yes	\$39,108	-20.50%	\$2,500	\$49,194	0.00%	\$3,200	\$33,531	-31.84%	\$2,200
New Jersey	\$417,927	\$2,400	No	\$420,217	0.55%	\$2,500	\$420,898	0.71%	\$2,500	\$424,572	1.59%	\$2,500
New Mexico	\$135,700	\$1,900	No	\$136,424	0.53%	\$1,900	\$136,114	0.31%	\$1,900	\$137,363	1.23%	\$1,900

A	B	C	D	E	F	G	H	I	J	K	L	M
State	Current Grant Provisions			(1) Without State Minimum Grant Provisions			(2) Without Hold Harmless Provisions			(3) Without Minimum State Grant or Hold Harmless Provisions		
	Final State Grant (in thousands)	Estimated Grant Amount Per Formula Child (to nearest hundred)	Receives State Minimum Under at Least One Allocation Formula	Estimated State Grant (in thousands)	Percentage Difference from Final Grant ((Col. E - Col. B) / Col. B))	Estimated Grant Amount Per Formula Child (to nearest hundred)	Estimated State Grant (in thousands)	Percentage Difference from Final Grant ((Col. H - Col. B) / Col. B))	Estimated Grant Amount Per Formula Child (to nearest hundred)	Estimated State Grant (in thousands)	Percentage Difference from Final Grant ((Col. L - Col. B) / Col. B))	Estimated Grant Amount Per Formula Child (to nearest hundred)
New York	\$1,319,754	\$2,800	No	\$1,327,095	0.56%	\$2,800	\$1,329,058	0.70%	\$2,800	\$1,341,719	1.66%	\$2,800
North Carolina	\$532,882	\$1,800	No	\$535,589	0.51%	\$1,800	\$532,937	0.01%	\$1,800	\$537,856	0.93%	\$1,900
North Dakota	\$45,823	\$3,700	Yes	\$34,560	-24.58%	\$2,800	\$45,823	0.00%	\$3,700	\$23,870	-47.91%	\$1,900
Ohio	\$618,532	\$2,100	No	\$621,632	0.50%	\$2,100	\$615,462	-0.50%	\$2,100	\$620,943	0.39%	\$2,100
Oklahoma	\$211,951	\$1,700	No	\$213,034	0.51%	\$1,700	\$211,253	-0.33%	\$1,700	\$213,133	0.56%	\$1,700
Oregon	\$145,025	\$2,000	No	\$145,702	0.47%	\$2,000	\$140,043	-3.44%	\$1,900	\$141,244	-2.61%	\$1,900
Pennsylvania	\$697,679	\$2,600	No	\$701,215	0.51%	\$2,600	\$687,708	-1.43%	\$2,500	\$693,895	-0.54%	\$2,600
Puerto Rico	\$472,747	\$1,900	No	\$475,557	0.59%	\$1,900	\$483,797	2.34%	\$1,900	\$488,311	3.29%	\$1,900
Rhode Island	\$57,212	\$2,700	Yes	\$52,775	-7.76%	\$2,500	\$57,532	0.56%	\$2,800	\$52,203	-8.76%	\$2,500
South Carolina	\$285,457	\$1,900	No	\$286,926	0.51%	\$1,900	\$280,591	-1.70%	\$1,900	\$283,137	-0.81%	\$1,900
South Dakota	\$54,600	\$2,600	Yes	\$42,568	-22.04%	\$2,000	\$54,600	0.00%	\$2,600	\$33,970	-37.78%	\$1,600
Tennessee	\$349,664	\$1,800	No	\$351,555	0.54%	\$1,800	\$351,550	0.54%	\$1,800	\$354,771	1.46%	\$1,800
Texas	\$1,785,415	\$1,800	No	\$1,795,332	0.56%	\$1,800	\$1,805,096	1.10%	\$1,800	\$1,821,871	2.04%	\$1,900
Utah	\$74,465	\$1,600	Yes	\$74,194	-0.36%	\$1,600	\$72,453	-2.70%	\$1,600	\$70,120	-5.83%	\$1,500
Vermont	\$40,146	\$4,600	Yes	\$29,186	-27.30%	\$3,300	\$40,146	0.00%	\$4,600	\$19,406	-51.66%	\$2,200
Virginia	\$300,720	\$2,000	No	\$302,298	0.52%	\$2,000	\$300,562	-0.05%	\$2,000	\$303,237	0.84%	\$2,000
Washington	\$282,409	\$2,300	No	\$283,834	0.50%	\$2,300	\$272,474	-3.52%	\$2,200	\$274,794	-2.70%	\$2,200

A	B	C	D	E	F	G	H	I	J	K	L	M
State	Current Grant Provisions			(1) Without State Minimum Grant Provisions			(2) Without Hold Harmless Provisions			(3) Without Minimum State Grant or Hold Harmless Provisions		
	Final State Grant (in thousands)	Estimated Grant Amount Per Formula Child (to nearest hundred)	Receives State Minimum Under at Least One Allocation Formula	Estimated State Grant (in thousands)	Percentage Difference from Final Grant ((Col. E - Col. B) / Col. B))	Estimated Grant Amount Per Formula Child (to nearest hundred)	Estimated State Grant (in thousands)	Percentage Difference from Final Grant ((Col. H - Col. B) / Col. B))	Estimated Grant Amount Per Formula Child (to nearest hundred)	Estimated State Grant (in thousands)	Percentage Difference from Final Grant ((Col. L - Col. B) / Col. B))	Estimated Grant Amount Per Formula Child (to nearest hundred)
West Virginia	\$107,169	\$2,100	No	\$107,744	0.54%	\$2,100	\$108,058	0.83%	\$2,100	\$109,009	1.72%	\$2,100
Wisconsin	\$215,867	\$2,000	No	\$216,987	0.52%	\$2,000	\$212,281	-1.66%	\$2,000	\$214,156	-0.79%	\$2,000
Wyoming	\$41,800	\$4,300	Yes	\$31,336	-25.03%	\$3,200	\$41,800	0.00%	\$4,300	\$21,968	-47.44%	\$2,200

Source: Prepared by CRS based on unpublished data provided by the U.S. Department of Education, Budget Service.

Notes: Details may not add to totals due to rounding. Percentages were calculated based on unrounded numbers.

Notice: These are estimated grants under current law and various alternative policy scenarios. These estimates are provided solely to assist in comparisons of the relative impact of different formula grant provisions. They are not intended to predict specific amounts states will receive under a particular grant formula.

Appendix. ESEA Formula Grant Program

Appropriations Levels

The federal government fiscal year starts on October 1 and ends the following September 30. Funding for federal programs that is provided through the annual appropriations process is typically available at the start of the fiscal year, unless otherwise specified. This period of availability most often begins on the first day of the fiscal year of the appropriations act, also referred to as the “budget year.” This type of funding is often referred to as “budget year appropriations.”¹³⁷

In contrast to regular budget year appropriations, funding could be provided in the appropriations act for the fiscal year that precedes the school year for which they will be used. In general, this alternative approach would provide appropriations a number of months in advance of when they would otherwise become available with budget year appropriations. Such a process would presumably allow local educational agencies (LEAs) to incorporate funding with more certainty in their planning process for the upcoming school year. In addition, because of the lag in availability of these funds relative to regular budget year appropriations, if the enactment of appropriations acts were delayed in any given year, LEAs presumably would not be adversely affected for the purposes of the upcoming school year unless the delay in appropriations extended through most of the fiscal year.

While appropriations could be made available at any time, as specified in the appropriations act in which they are enacted, two such conventions have been used for some ED programs to accommodate the disconnect between the federal fiscal year and the school year—“advance appropriations” and “forward funding.”

Advance appropriations are enacted one or more fiscal years prior to when they become available.¹³⁸ For example, in an appropriations act for FY2024, funds would generally become available for obligation at the start of the fiscal year—October 1, 2023. Advance appropriations in this FY2024 act, however, would not become available until the start of FY2025—October 1, 2024—or later.

Forward funds are also enacted in advance, but become available during the last quarter of the budget year as opposed to a future fiscal year.¹³⁹ For example, in an appropriations act for FY2024, appropriations that are forward funded would become available during FY2024, but not until July 1, 2024, or later, and would remain available through at least part of the following fiscal year (e.g., September 30, 2025).

Forward funding is provided for many elementary and secondary education programs to allow additional time for school officials to develop budgets in advance of the beginning of the school year and to better align federal appropriations with the fiscal year used by many LEAs, which runs from July 1 to June 30. Forward funding is similar to advance appropriations, in that it is

¹³⁷ For more information about the mechanisms for funding federal education programs, see CRS Report R44477, *Department of Education Funding: Key Concepts and FAQ*. In addition, for a more detailed discussion about the funding mechanism for the Impact Aid Section 7003(b) program, see CRS Report R43657, *Funding for the Impact Aid Program: Options for Budget Year Appropriations, Forward Funding, and Advance Appropriations*.

¹³⁸ See U.S. Government Accountability Office (GAO), *A Glossary of Terms Used in the Federal Budget Process*, GAO-05-734SP, September 2005, p. 8, available at <http://www.gao.gov/new.items/d05734sp.pdf>. See footnote 1 for a definition of “obligation” and other related budget process concepts.

¹³⁹ See U.S. GAO, *A Glossary of Terms Used in the Federal Budget Process*, GAO-05-734SP, September 2005, p. 56, available at <http://www.gao.gov/new.items/d05734sp.pdf>.

enacted in advance of the school year for which it is provided. In the context of education, the distinction between the two is that forward funding becomes available during the summer months to provide for program costs that largely occur during the following fiscal year, whereas advance appropriations first become available in the fall, during that following fiscal year.

Table A-1 details the mechanism(s) used to fund each of the ESEA formula grant programs. In some instances, a program may be funded using more than one approach. For example, a portion of Title I-A funds becomes available on July 1 of a given fiscal year (forward funding; e.g., July 1, 2024) and the remaining funds become available on October 1 of the subsequent fiscal year (advance appropriations; e.g., October 1, 2024).

Table A-1. Method by Which Appropriations Are Provided to ESEA Formula Grant Programs

Program	Budget Year Appropriations	Forward Funding	Advance Appropriations
Title I-A: Education for the Disadvantaged (all formulas)		X	X
Title I-B: State Assessment Grants		X	
Title I-C: Migrant Education Program		X	
Title I-D-1 and 2: Neglected or Delinquent (State Agency and Local Agency programs)		X	
Title II-A: Supporting Effective Instruction		X	X
Title III-A: English Language Acquisition		X	
Title IV-A: Student Support and Academic Enrichment Grants		X	
Title IV-B: 21 st Century Community Learning Centers		X	
Title V-B-1: Small, Rural School Achievement Program		X	
Title V-B-2: Rural and Low-Income School Program		X	
Title VI-A-1: Indian Education	X		
Title VII: Impact Aid Basic Support Payments (§7003(b))	X		

Program	Budget Year Appropriations	Forward Funding	Advance Appropriations
Title VII: Impact Aid Payments for Children With Disabilities (§7003(d))	X		
Title VII: Impact Aid Construction (§7007)	X		

Source: Prepared by the Congressional Research Service (CRS) based on data available from the U.S. Department of Education, *FY2025 Justifications of Appropriations Estimates to the Congress*, March 2024, <https://www2.ed.gov/about/overview/budget/budget25/justifications/index.html>.

Table A-2 provides the FY2024 appropriations levels for the ESEA formula grant programs. **Table A-3** details the share that appropriations provided for the ESEA formula grant programs are of appropriations provided for all ESEA programs.

Table A-2. FY2024 Appropriations Levels for ESEA Formula Grant Programs

(dollars in thousands)

Program	FY2024 Appropriations Level	Share of ESEA Formula Grant Appropriations
Title I-A: Education for the Disadvantaged	\$18,406,802	68.29%
Title I-B: State Assessment Grants	\$380,000	1.41%
Title I-C: Migrant Education Program	\$375,626	1.39%
Title I-D-1: Neglected and Delinquent State Agency Program ^a	\$49,239	0.18%
Title II-A: Supporting Effective Instruction	\$2,190,080	8.13%
Title III-A: English Language Acquisition	\$890,000	3.30%
Title IV-A: Student Support and Academic Enrichment Grants	\$1,380,000	5.12%
Title IV-B: 21st Century Community Learning Centers	\$1,329,673	4.93%
Title V-B-1: Small, Rural School Achievement Program	\$110,000	0.41%
Title V-B-2: Rural and Low-Income School Program	\$110,000	0.41%
Title VI-A-1: Indian Education	\$110,381	0.41%
Title VII: Impact Aid Payments for Federal Property (§7002)	\$79,000	0.29%
Title VII: Impact Aid Basic Support Payments (§7003(b))	\$1,474,000	5.47%
Title VII: Impact Aid Payments for Children With Disabilities (§7003(d))	\$48,316	0.18%
Title VII: Impact Aid Construction (§7007)	\$19,000	0.07%
Total	\$26,952,117	100.00%

Source: Prepared by the Congressional Research Service (CRS) based on data available from the Explanatory Statement accompanying the Further Consolidated Appropriations Act, 2024 (P.L. 118-47).

Notes: Details may not add to totals due to rounding. Percentages were calculated based on unrounded numbers.

- a. The appropriation for Title I-D that is included as a line item in the appropriations table only includes funding for the Neglected and Delinquent State Agency Program. Appropriations for the Neglected and Delinquent Local Agency Program are included with the appropriations for Title I-A.

Table A-3. ESEA Formula Grant Program Share of All ESEA Appropriations: FY2024
(dollars in thousands)

Type of Program	FY2024 Appropriations Level	Share of Total ESEA Appropriations
Formula grant programs	\$26,952,117	93.17%
All other ESEA programs	\$1,976,050	6.83%
Total	\$28,928,167	100.00%

Source: Prepared by the Congressional Research Service (CRS) based on data available from the Explanatory Statement accompanying the Further Consolidated Appropriations Act, 2024 (P.L. 118-47).

Author Information

Rebecca R. Skinner
Specialist in Education Policy

Isobel Sorenson
Research Assistant

Acknowledgments

Leah Rosenstiel, former CRS Analyst in Education Policy, contributed to this report.

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS’s institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.