



Research

Funding the Child: Analysis of Title I Portability

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Introduction

Tucked away in the reforms to the Elementary and Secondary Education Act (ESEA) that the House is currently considering is a provision that has raised the ire of the administration and organizations that prefer to maintain status-quo. At issue is whether states should be given the option to allow federal funding to be used at any public school of choice, including charter schools. Commonly known as Title I portability, or financial backpacks, the idea is not new, and dates as far back as the Reagan Administration. Support for the idea is mounting – particularly among conservatives who view federalism and choice as the way to counter “a system [that] consigns the poor and immobile to inferior schools and leaves the control of schools in the hands of those who benefit most from the status quo.” From this perspective it becomes imperative to change the way Title I funds are allocated to a per-pupil basis rather than a formulaic system that has shown little evidence in significantly improving academic achievement. By doing so schools will be incentivized to attract, retain and improve outcomes for disadvantaged students.

Overview of Title I

As part of ESEA, Title I aims to provide all students with an equitable education by providing financial assistance to high-poverty schools and school districts. Four different types of formula grants are used in this funding and school districts must demonstrate that the funds are used to supplement and not supplant services provided by the state and local agencies. As low-income students have a strong correlation for developmental delays and poor academic achievement, it is extremely important that these students receive extra aid.

For the 2014 fiscal year, Title I, Part A was the single largest investment for K-12 education with an estimated \$14.4 billion allocated. The funding goes through a long top-down process, which starts at the federal level, then to state education agencies, down to the school districts, and finally to schools. Title I does not fund the low-income student directly. Instead, funding is directed towards schools with highest concentration of low-income students. Basing funding on highest concentration of low-income student has been demonstrated to not accurately measure poverty, particularly in high schools which tend to have larger student populations.

Problems with the allocation of Title I funding are surfacing anew as Congress addresses reauthorization of ESEA. In fact, diminishing Title I funding throughout the education process of low-income students and costly, time-consuming regulations have been some of the most discussed issues in the debate. There is growing consensus that “pumping all this money into districts to boost the budgets of schools serving disadvantaged students hasn’t done much good by way of improved academic achievement.”^[1]

Table 1. Title I Formula Grants

Federal funds are currently allocated through four statutory formulas that are based primarily on census poverty estimates and the cost of education in each state.

1. Basic Grants provide funds to Local Education Agencies (LEAs) in which the number of children counted in the formula is at least 10 and exceeds 2 percent of an LEA's school-age population.
2. Concentration Grants flow to LEAs where the number of formula children exceeds 6,500 or 15 percent of the total school-age population.
3. Targeted Grants are based on the same data used for Basic and Concentration Grants except that the data are weighted so that LEAs with higher numbers or higher percentages of children from low-income families receive more funds. Targeted Grants flow to LEAs where the number of schoolchildren counted in the formula (without application of the formula weights) is at least 10 and at least 5 percent of the LEA's school-age population.
4. Education Finance Incentive Grants (EFIG) distribute funds to states based on factors that measure:
 - o a state's effort to provide financial support for education compared to its relative wealth as measured by its per capita income; and
 - o the degree to which education expenditures among LEAs within the state are equalized.

Source: US Department of Education

Title I Portability

In response to the issues with Title I funding, Congress has offered an answer with Title I portability. Within the House's Student Success Act, states would be given the choice to employ Title I portability for public schools. And although the Senate is still drafting their version of a reauthorizing bill, the Health, Education, Labor and Pensions Committee Chairman Lamar Alexander has, in the past, proposed a similar structure with the [Scholarship for Kids Act](#). This emphasis on portability will greatly impact the current Title I funding system, but as with any change in policy, there are some positive and negative outcomes associated with the reforms.

Impact of Title I Portability

School Choice

The National Center for Education Statistics^[2] reports, trends of providing school choice throughout the nation have been increasing in the past twenty years, and it is projected to continue increasing. The [defining principle](#) of school choice policies is that parents should be able to send children to a school that fits their child's educational needs. As concluded by multiple research studies, these policies along with financial aid support allow disadvantaged students a better chance to receive a high-quality K-12 education by improving opportunities to access private schools, charter schools, traditional public schools and others. By allowing federal dollars to follow low-income students with Title I portability, eligible students will have access to much needed additional financial support that will allow parents and students to explore these other school options.

Reallocation of Funding

Title I portability will cause a shift in overall funding in many districts. According to Education Trust, the shift could cause areas with a high poverty concentration to lose funding. On the other hand, areas with a low poverty concentration will receive more funding. For example, it is estimated that Pennsylvania's highest poverty quartile would lose [twenty-one percent](#) of funding. Pennsylvania's lowest poverty quartile would gain [fifty-six percent](#) in funding. States will have the option to implement a weighted funding formula that can take into account the increased burdens of poverty concentration and or any regional differences in costs.

Stabilization of Funding Throughout Schooling

Currently, Title I at the local level uses the percentage of low-income students to divide the pool of funding. However, overall school population tends to increase from elementary to high school. Therefore, even if the enrollment of low-income students is the same between a student's past elementary and current high school, the high school will not receive as much Title I funding per low-income student as the elementary school. By the current distribution of funding, as a low-income student goes through K-12 education, the amount of money per year will decrease. [Seventy-six percent](#) of Title I funding goes to elementary schools. Only ten percent of Title I funding goes to high school. Title I portability gives low-income students access to funding throughout their education.

Transparent Funding for Teachers, Principals

Allowing Title I portability will empower school principals and teachers to be more in charge of their own funding. A large portion of Title I funding for students gets absorbed into administration cost. For instance, prior to 2008, less than half of Hartford, Connecticut's education funding made it to the classroom.[\[3\]](#) Now, with an emphasis on portability, over seventy percent goes directly to the schools. As principals and teachers are the closest to students, they can utilize the best way to address student needs and improve academic achievement. As a result, the district's schools posted the largest gains, over three times the average increase, on the state's Mastery Tests in 2007-2008.

Because of the "Supplement not Supplant" provision in Title I, funding is difficult to allocate efficiently to special education students. State officials must oversee and prove the impact of each dollar spent in Title I funding.[\[4\]](#) For special education students, the Title I funding cannot overlap with other funds. This well-intended policy adds time-consuming budget analyses. As there is a high [correlation](#) between special education students and low-income students, it is important that schools can utilize funding to best benefit each student.

Implementing Title I portability would move funding to the local level and eliminate the administrative burden of "Supplement not Supplant". The principals and teachers would have more autonomy over money. By shifting to a focus in portability, funding will be easier to track. Thus, the success of the funding will be easier to track too.

Conclusion

As Congress continues to explore the reauthorization of ESEA, it is extremely important to ensure every student has access to a quality education. Title I has the history of attempting to bridge the economic gap in education. However, the formula behind Title I funding needs revamping to effectively aid every student throughout their education. By enabling the portability of Title I funds, families will be better equipped when making decisions about the education provider that is in the student's best interest.

Karla Luetzow Co-authored this report. Follow her at [Policy Interns](#)

[1] Chester E. Finn, Jr. *Even with Limited Leverage, Uncle Sam Can Promote School Choice* (EducationNext, August 2012) <http://educationnext.org/even-with-limited-leverage-uncle-sam-can-promote-school-choice/>