

8. Divide adjusted county allocation (determined under Steps 1-5) by the total formula children count (number derived in Step 7) to determine the amount per formula child for the county.
9. Multiply the amount per child times the number of formula children in each eligible LEA to determine the LEA's Basic Grant allocation.
10. Compute the hold-harmless allocation for each LEA by subtracting the amount generated by delinquent children in school year 1994-95 from each LEA's 1994-95 Basic Grant allocation and multiplying the balance by 85 percent. Each eligible LEA is guaranteed an allocation that is not less than 85 percent of its school year 1994-95 Basic Grant allocation without regard to the amount generated in 1994-95 by children in local institutions for delinquent children.

Example

School Year 1994-95	Allocation
LEA:	
Total Basic Grant allocation	\$15,000,000
Amount for delinquent children	<u>- 1,500,000</u>
Subtotal	13,500,000
	<u> X .85</u>
School year 1995-96 hold-harmless	\$11,475,000

11. If an LEA's allocation in Step 9 is less than the hold-harmless allocation in Step 10, increase the LEA's allocation to the hold-harmless amount and ratably reduce the allocations of all other LEAs in the county that are above 85 percent. Repeat this step, if necessary, until all LEAs receive allocations that equal 85 percent or more of their 1994-95 Basic Grant allocations (without regard to the amount generated in 1994-95 by children in local institutions for delinquent children).

Note: If an adjusted county allocation is not sufficient to give LEAs in the county their hold-harmless allocations, the SEA may use funds from the amount reserved from Part D, Subpart 2.

III. Determining Basic Grant Allocations When Counties and LEAs Are Coterminous

Follow Steps 1 through 5 in instructions for adjusting county allocations under II. **Distribution of County Basic Grant Allocations among Eligible LEAs.**

CONCENTRATION GRANTS

Unlike Basic Grants, SEAs must generally suballocate each county's Concentration Grant allocation to eligible LEAs within that county and may not allocate funds without regard to county allocations (see Section I). The only exception to this rule is for those States receiving a State minimum allocation under Section 1122(a)(1). These States may allocate funds to LEAs without regard to the county allocations or they may suballocate the county allocations to eligible LEAs within each county (see Section II).

I. Distribution to Eligible LEAs on a County-by-County Basis

Adjusting County Allocations

1. From total State Concentration Grant allocation, subtract amounts reserved by the SEA for State Administration and School Improvement.
2. Subtract from State allocation up to 2 percent for eligible LEAs in ineligible counties (Optional).
3. Ratably reduce all county allocations shown on the printout to the amount remaining after funds are reserved under Steps 1 and 2. For this purpose, treat the Part D, Subpart 2 allocation shown at the end of the county allocation printout as a county.

Distribute Each County Concentration Grant Allocation to Eligible LEAs Within the County

4. Identify eligible LEAs. To be eligible, the number of formula children used to compute a Basic Grant allocation for an LEA must exceed 6,500 or the number must exceed 15 percent of the total children in the LEA ages 5 through 17.

Reminder: Do not include children in local institutions for delinquent children.

5. Add formula children count for all eligible LEAs. If an eligible LEA overlaps a county boundary, the SEA must make, on a proportionate basis, a separate allocation to the LEA from the county allocation for each county in which the LEA is located.
6. Divide the adjusted county allocation, determined in Step 3, by the total formula children count for eligible LEAs under Step 5 to determine the amount per formula child for the county.
7. Multiply the amount per child times the number of formula children in each eligible LEA to determine the LEA's Concentration Grant allocation.
8. In an eligible county with no eligible LEAs, identify those LEAs in which either the number or percentage of formula children exceeds the average number or percentage of those children in the county.
 - ▶ Divide the adjusted county allocation determined under Step 3 by the total formula children count for the LEAs identified above to determine the amount per formula child.

- ▶ Multiply the amount per formula child by the formula child count in each LEA identified above to determine the LEA's Concentration Grant allocation.

II. Distribution to LEAs in a State Receiving a Minimum Allocation

A State receiving a minimum allocation has two options for determining LEA Concentration Grant allocations:

1. The State may follow the same procedures outlined under I. **Distribution to Eligible LEAs on a County-by-County Basis.** Before beginning, an SEA must distribute unassigned funds for State distribution shown at the top of the county allocation printout proportionately among each eligible county and the unassigned funds for Part D shown at the top of the county allocation printout to the Part D allocation shown at the end of the county allocation printout; or
2. The State may allocate Concentration Grant funds without regard to the county allocations. Under this option, the following steps must be followed:
 - A. Reserve the appropriate amounts from State's Concentration Grant allocation for State Administration and School Improvement and subtract from the State allocation.
 - B. Adjust the Part D, Subpart 2 total allocation to reserve appropriate amounts for State Administration and School Improvement and subtract from the State allocation.

Example

Part D, Subpart 2 Allocation on Printout	\$194,530
Deductions:	
State Administration (1 percent) ¹	(1,945)
School Improvement (0.5 percent) ²	<u>(973)</u>
Subtotal	2,918
Amount available for Part D, Subpart 2 Grants	\$191,612 ¹

¹ Percentage must agree with the percentage reserved by the SEA from Concentration Grants for State Administration.

² Percentage must agree with the percentage reserved by the SEA from Concentration Grants for School Improvement.

- C. Identify those LEAs as eligible in which either the number or percentage of formula children exceeds the average number or percentage of those children in the State.
- D. Add the number of formula children in LEAs identified in Step C.
- E. Divide balance of State allocation after amounts are reserved under Steps A and B by total formula children in Step D to arrive at an amount per child.

- F. Multiply the amount per child times the formula children count for each eligible LEA to determine the LEA's Concentration Grant allocation.

**PART D, SUBPART 2 - LOCAL PROGRAMS FOR CHILDREN
IN INSTITUTIONS FOR DELINQUENT CHILDREN**

1. Determine which LEAs are eligible to receive grants. The SEA must award grants to LEAs with high numbers or percentages of youth residing in locally operated (including county-operated) correctional facilities for youth (including institutions and community day programs or schools that serve delinquent children and youth). The SEA has flexibility in establishing criteria to determine which LEAs have high numbers or percentages of such children.
2. An SEA may distribute Part D, Subpart 2 funds to eligible LEAs on a formula or discretionary basis.
3. If the SEA chooses to make grants on a formula basis, the following procedure could be used:
 - A. Add the amounts available for Part D, Subpart 2 from Basic Grants and Concentration Grants after funds are reserved for State Administration and School Improvement.
 - B. Add the number of children in correctional facilities in LEAs with high numbers or percentages of children determined under Step 1.
 - C. Divide the available Part D, Subpart 2 funds by the number of children in Step B to arrive at an amount per formula child.
 - D. Multiply the number of formula children in each LEA by the amount per formula child to determine the LEA's grant.
 - E. Notify the LEA of its eligibility and grant amount.
4. If grants are made by the SEA on a discretionary basis, the SEA needs to establish procedures for notifying LEAs of their eligibility as determined under Step 1 and set priorities for funding that are used as the basis for making awards.

QUESTIONS AND ANSWERS

Children to be Counted

Q1. What data must an SEA use to allocate funds to LEAs?

A. An SEA must count the number of children 5 through 17 years of age from low-income families and the number of children residing in local institutions for neglected children.

Q2. What low-income data may the SEA use to allocate Basic Grant, Concentration Grant, and Targeted Grant funds to LEAs?

A. The SEA may use any one of the following to obtain counts of children from low-income families:

- o Factors in the Federal formula, which include census poverty data, data on children in families above poverty receiving payments under the program of Aid to Families with Dependent Children (AFDC), and data on foster children.
- o Alternative data that an SEA determines best reflect the distribution of children from low-income families and that are adjusted to be equivalent in proportion to the total number of children counted under Section 1124(c) of Title I (excluding N or D children).
- o Data that more accurately target poverty.

An SEA's flexibility in selecting the low-income data allows the SEA to use data more current or accurate than the census counts the Department uses to determine county amounts. Although SEAs possess broad discretion in selecting these data, they must further the purposes of Title I, Part A by directing funds to high-poverty areas. If an SEA decides to use data that are different from those used in the county allocation formula, the SEA must ensure that it is using the best available data on the number of children from low-income families.

Q3. May an SEA use a variety of sources of low-income data within the State to distribute the various county allocations among LEAs?

A. No. In determining the number of children from low-income families in its LEAs, the SEA must use the same measure of low-income throughout the State.

Q4. May an SEA use a combination of low-income factors if these data are used consistently for allocation purposes throughout the State?

A. Yes. For instance, a State might choose to use both decennial census data and current free-lunch data. The SEA must weight the data, however, so that LEA allocations are not determined on the basis of duplicate counts of children.

Neglected Children

Q5. If an LEA is unable or unwilling to provide services to children in local institutions for neglected children, may it retain the funds that were allocated on the basis of these children?

A. No. If an LEA is unwilling or unable to provide services to neglected children, the SEA must reduce the LEA's allocation by the amount generated by the neglected children.

Q6. May the SEA transfer these funds to another LEA?

A. Yes. These funds may be assigned to another State agency or LEA that agrees to assume educational responsibility for the neglected children.

Q7. May the SEA retain these funds?

A. Yes. If the SEA assumes educational responsibility for the neglected children, it is entitled to the funds generated by these children.

Q8. If neither the SEA nor another agency is willing to assume educational responsibility for neglected children, what happens to the funds?

A. The SEA must reduce the LEA's allocation by the amount that was based on neglected children. These funds would lapse and not be available for reallocation to other LEAs.

Q9. If an institution closes and the children are transferred to an institution in another LEA, must the SEA transfer the funds to the LEA in which the children now reside?

A. Yes. The SEA must adjust the allocations of the two LEAs to reflect the transfer.

Statewide Distribution

Q10. Under what circumstances may SEAs allocate funds directly to LEAs without regard to county allocations determined by the Secretary?

A. In any State in which a large number of LEAs overlap county boundaries, the SEA may apply to the Secretary for the authority to make Basic and Targeted Grant allocations directly to LEAs without regard to counties. In its application to the Secretary, the SEA must identify the data on children from low-income families it will use to allocate funds to LEAs and provide assurance that:

- o Allocations will be based on data approved by the Secretary; and
- o The SEA has established procedures through which an LEA dissatisfied with the determination by the SEA may appeal directly to the Secretary for a final determination.

Q11. May an SEA allocate Concentration Grants directly to LEAs without regard to counties?

- A. An SEA may make allocations directly to LEAs without regard to counties only if it is a State receiving a minimum Concentration Grant allocation from the Secretary.

Special Circumstances

Q12. Are there special circumstances that allow an SEA to make adjustments when determining final LEA allocations?

- A. Yes. An SEA may adjust allocations it makes to LEAs for Basic Grants and Concentration Grants where (1) an LEA serves a substantial number of children within the same geographic area as another LEA and (2) an LEA is merged or consolidated, or a portion of the district is transferred to another LEA.

Q13. How must an SEA treat LEAs that contain two or more counties in their entirety?

- A. Section 1124(c)(2) of Title I requires that an SEA treat each county as if it were a separate LEA. The LEA in turn must distribute to schools in each county within the LEA a share of the LEA's total grant that is no less than the county's share of the population counts used to calculate the LEA's grant.

Basic Grants

Q14. What data does an SEA use to determine whether an LEA has 10 formula children to qualify for Basic Grants?

- A. In determining whether an LEA qualifies for Basic Grants, the SEA uses the count of children ages 5 through 17 years of age from low-income families **that it has selected to use to allocate funds to LEAs plus the number of children residing in local institutions for neglected children.**

Concentration Grants

Q15. For 1995-96 are SEAs required to use the count of children to determine LEA eligibility and allocate funds for Concentration Grants as they use to allocate Basic Grant funds?

- A. Yes. To determine LEA eligibility and to allocate Concentration Grant funds, SEAs must use the same count of children used to allocate Basic Grant funds and determine eligibility.

Q16. If an LEA overlaps county boundaries and one of the counties is eligible, how does the SEA determine the LEA's eligibility to receive Concentration Grant funds and the amount of such funds for the LEA?

- A. An LEA's eligibility is determined based on its total number of formula children, including those in all counties in which the LEA is located. The LEA is eligible if the number exceeds 6,500 or 15 percent of all children in the LEA. If the eligible LEA is located in part in an eligible county and in part in an ineligible county, the LEA is entitled to a proportionate amount of the eligible county's allocation based only on its number of formula children in that county compared to the total number of formula children in all eligible LEAs in the county. The

children in the part of the LEA located in the ineligible county would not generate funds for the LEA.

Q17. Is an SEA required to reserve 2 percent of its Concentration Grant allocation for eligible LEAs that are located in ineligible counties?

A. No. This is an SEA option. The SEA may choose to reserve 2 percent, an amount less than 2 percent, or no funds at all.

Q18. If an SEA reserves Concentration Grant funds, must it distribute the reserved amount among all eligible LEAs in the State that are located in ineligible counties?

A. No. The SEA may rank order these LEAs according to the number or percentage of formula children and distribute the reserved funds among the selected LEAs it plans to serve in rank order based on their counts of formula children.

Q19. Is there an LEA hold-harmless provision for Concentration Grant funds for 1995-96?

A. No. Section 1122(c)(2) of Title I provides a hold harmless of 100 percent of the previous year's amount for 1996-97 only.

Hold-Harmless Provisions

Q20. If an LEA loses eligibility for Basic Grants in 1995-96, does the hold-harmless provision apply?

A. No. An LEA must be eligible in order for the hold-harmless provision to apply.

Reallocation

Q21. How does an SEA reallocate funds?

A. Section 1126(c) of Title I requires that an SEA reallocate Part A funds on a timely basis to LEAs in the State that need additional funds in accordance with criteria established by the SEA. Funds available for reallocation may include:

- o Excess Part A funds available from an LEA that: (1) is not participating in the Title I LEA program; (2) has had its allocation reduced because it failed to meet the maintenance of effort requirements in Section 14501 of ESEA; (3) has carryover funds that exceed the 15 percent limitation in Section 1127 of Title I; or (4) has excess funds for other reasons; or
- o Funds that an SEA has recovered after determining that an LEA has failed to spend Part A funds in accordance with the law.

Waivers

Q22. May the provisions related to the allocation of Basic and Concentration Grant funds to LEAs be waived?

- A. No. Section 14401(c) of ESEA prohibits the Secretary from waiving any statutory or regulatory provisions related to the allocation or distribution of funds to States, LEAs, or other recipients of funds under ESEA.

LEA IDENTIFICATION AND SELECTION OF SCHOOL ATTENDANCE AREAS AND ALLOCATION OF TITLE I FUNDS TO SCHOOL ATTENDANCE AREAS AND SCHOOLS

Section 1113 of Title I contains the requirements for identifying eligible school attendance areas and selecting those eligible areas that will participate in Title I, Part A. It also contains the requirements for allocating Part A funds to participating areas. The following points summarize these requirements:

General Selection Requirements

1. An LEA must rank all of its school attendance areas in rank order of poverty.
 - An LEA must use the same measure of poverty for:
 - Identifying eligible school attendance areas.
 - Determining the ranking of each area.
 - Determining the allocation for each area.
 - The LEA must select a poverty measure from the following options:
 - Children ages 5-17 in poverty counted in the most recent census data approved by the Secretary.
 - Children eligible for free and reduced-price lunches under the National Free School Lunch Act.
 - Children in families receiving assistance under the Aid to Families with Dependent Children (AFDC) program.
 - Children eligible to receive medical assistance under the Medicaid program.
 - A composite of any of the above measures.
 - An LEA must rank school attendance areas based on the percentage (not the number) of low-income children counted.
2. After an LEA has ranked all of its school attendance areas by poverty, the LEA must serve, in rank order of poverty, its areas above 75 percent poverty, including any middle schools or high schools.
3. Only after an LEA has served all of its areas with a poverty rate above 75 percent may the LEA serve lower-ranked areas. The LEA has the option to (1) continue on with the districtwide ranking or (2) rank remaining areas by grade span groupings.
 - The same districtwide poverty average must be used if the LEA selects option (1).

- For ranking by grade span groupings, the LEA may use (1) the districtwide poverty average or (2) the districtwide grade span poverty averages for the respective grade span groupings.
 - If an LEA has no school attendance areas above 75 percent poverty, the LEA may rank districtwide or by grade span groupings.
 - An LEA's organization of its schools defines its grade span groupings. For example, if an LEA had elementary schools serving all elementary grades, middle schools, and high schools, the grade span groupings would be grades K-5, 6-8, and 9-12. To the extent an LEA has schools that overlap grade spans (e.g., K-5, K-8, 6-8), the LEA may include a school in the grade span in which it is most appropriate.
4. An LEA with an enrollment of less than 1,000 students or with only one school per grade span is not required to rank its school attendance areas.

LEA Discretion in Selecting Participating Areas and Schools

5. An LEA may--
- Designate as eligible any school attendance area or school in which at least 35 percent of the children are from low-income families--i.e., the "35 percent rule."
 - Use Part A funds in a school that does not serve an eligible school attendance area if the percentage of children from low-income families enrolled in the school is equal to or greater than the percentage of such children in a participating school attendance area of the LEA.
 - Elect not to serve an eligible school attendance area or school that has a higher percentage of children from low-income families if--
 - ◆ The school meets the Title I comparability requirements;
 - ◆ The school is receiving supplemental funds from other State or local sources that are spent according to the requirements of Sections 1114 or 1115; and
 - ◆ The funds expended from such other sources equal or exceed the amount that would be provided under Part A.

Allocating Title I Funds to Participating Areas and Schools

6. An LEA must allocate Part A funds to participating school attendance areas or schools, in rank order, on the basis of the total number of children from low-income families in each area or school. An LEA with an enrollment of less than 1,000 students or with only one school per grade span is not required to allocate funds to areas or schools in rank order.
7. If an LEA serves any areas or schools below 35 percent poverty, the LEA must allocate to all its participating areas or schools an amount for each low-income child in each participating school attendance area or school that is at least 125 percent of the LEA's allocation per low-income child.

- An LEA's allocation per low-income child is the total LEA allocation under subpart 2 of Part A divided by the number of low-income children in the LEA according to the poverty measure selected by the LEA to identify eligible school attendance areas. The LEA then multiplies this per-child amount by 125 percent.
 - An LEA calculates 125 percent of its allocation per low-income child before the LEA reserves any funds.
 - An LEA must allocate at least this amount for each low-income child in every school the LEA serves, not just for those schools below 35 percent poverty.
 - If remaining funds are not sufficient to fully fund the next ranked eligible school attendance area or school, the LEA may serve the area or school if it determines the funds are sufficient to enable children to make adequate progress toward meeting the State's challenging performance standards.
8. An LEA serving only areas or schools at or above 35 percent poverty must allocate funds in rank order, on the basis of the total number of low-income children in each area or school but is not required to allocate 125 percent of the LEA's allocation per low-income child (described in 7. above). However, in determining what per-child amount to allocate, the LEA should bear in mind the purpose of such funding--to enable children who are most at risk to meet the State's challenging student performance standards.
 9. An LEA is not required to allocate the same per-child amount to each area or school. However, the LEA must allocate a higher per-child amount to areas or schools with higher poverty rates than it allocates to areas or schools with lower poverty rates.
 10. An LEA that opts to serve schools below 75 percent poverty using grade span groupings may determine different per-child amounts for different grade spans as long as those amounts do not exceed the amount allocated to any area or school above 75 percent poverty. Per-child amounts within grade spans may also vary as long as the LEA allocates higher per-child amounts to areas or schools with higher poverty rates than it allocates to areas or schools with lower poverty rates.

QUESTIONS AND ANSWERS

- Q1. When applying the "35 percent rule," must all school attendance areas with at least 35 percent poverty be served?**
- A.** No. However, school attendance areas to be served must be selected in rank order.

Q2. Section 1113(b)(1)(C)(i)(II) allows an LEA to skip an eligible school attendance area or school that has a higher percentage of poverty if the area or school is spending supplemental State or local funds "according to the requirements of section 1114 or 1115." What is meant by "according to the requirements of section 1114 or 1115?"

A. A supplemental State or local program meets the requirements of Section 1114 if the program--

- Is implemented in a school that meets the schoolwide poverty threshold for eligibility.
- Is designed to upgrade the entire educational program in the school to support students in their achievement toward meeting the State's challenging student performance standards.
- Is designed to meet the educational needs of all children in the school, particularly the needs of children who are failing, or most at risk of failing, to meet the State's challenging student performance standards.
- Uses the State's system of assessment to review the effectiveness of the program.

A supplemental State or local program meets the requirements of Section 1115 if the program--

- Serves only children who are failing, or most at risk of failing, to meet the State's challenging student performance standards.
- Provides supplementary services designed to meet the special educational needs of the children who are participating to support their achievement toward meeting the State's student performance standards that all children are expected to meet.
- Uses the State's system of assessment to review the effectiveness of the program.

Q3. How does an LEA handle carryover funds when allocating funds to school attendance areas?

A. Although an LEA may not use carryover funds to provide services in an ineligible school, an LEA has considerable discretion in handling carryover funds. Some of these options include:

- Allow each school to retain its carryover funds for use in the subsequent year.
- Add carryover funds to the LEA's subsequent year's allocation and distribute to participating areas and schools in accordance with allocation procedures.
- Designate carryover funds for particular activities that could best benefit from additional funding. (Examples: parental involvement activities; schools with the highest concentrations of poverty.)

Regardless of the option an LEA elects, the LEA may not carry over more than 15 percent of its allocation from one year to the next. This percentage limitation does not apply to an LEA that receives an allocation of less than \$50,000 under subpart 2 of Part A. An SEA may, once every three years, waive the percentage limitation if it determines that the request of an LEA is reasonable and necessary or if supplemental appropriations become available.

Q4. May an LEA allocate a greater per-pupil amount, for example, to schoolwide program schools than to targeted assistance schools since schoolwide programs serve all children in the school?

A. The Title I statute requires allocations to be based on the total number of low-income children in a school attendance area or school. Therefore, poverty is the only factor on which an LEA may determine funding. In other words, an LEA may not allocate funds based on the instructional model, educational need, or any other non-poverty factor. In fact, now that Part A places the responsibility for selecting participants and designing programs on schools rather than on the LEA, the LEA will not necessarily be in a position to know in advance the instructional model or educational need when determining allocations.

Q5. May an LEA reserve funds from its Part A allocation before distributing funds to school attendance areas?

A. Yes. Before allocating funds an LEA shall reserve funds as are reasonable and necessary to--

■ Provide services comparable to those provided to children in participating school attendance areas and schools to serve--

◆ Children in local institutions for neglected children; and

◆ Where appropriate--

▶ Eligible homeless children who do not attend participating schools, including providing educationally related support services to children in shelters.

▶ Children in local institutions for delinquent children.

▶ Neglected and delinquent children in community day school programs.

■ Meet the requirements for parent involvement. An LEA that receives more than \$500,000 under subpart 2 of Part A must spend at least 1 percent of its allocation for parental involvement activities. However, funds that schools spend for parent involvement activities may count toward meeting this requirement.

- Administer Part A programs for public and private school children, including special capital expenses not paid for from funds provided under §200.16 of the Title I regulations that are incurred as a result of implementing alternative delivery systems to comply with the requirements of Aguilar v. Felton.
- Conduct other authorized activities such as preschool programs, summer school and intersession programs, professional development, school improvement, and coordinated services.

Because the reservation of funds by an LEA will reduce the funds available for distribution to participating areas and schools, the LEA must consult with teachers, pupil services personnel (where appropriate), principals, and parents of children in participating schools in determining, as part of its LEA plan, what reservations are needed. This issue must also be part of the consultation with private school officials before an LEA makes any decisions that affect the opportunities of eligible private school children to participate in Part A programs.

Q6. Is there a maximum amount that an LEA may reserve?

- A. No. An LEA must bear in mind, however, that the goal of Part A is to enable participating children to make adequate progress toward meeting the challenging student performance standards that all children are expected to meet. Moreover, the LEA must calculate 125 percent of the LEA's allocation per low-income child before it reserves any funds.

Q7. How may an LEA reserve funds for activities such as parental involvement and professional development?

- A. An LEA may reserve funds at the LEA level for activities such as parental involvement and professional development or the LEA may require its Title I schools to carry out these activities from their allocations. For example, an LEA that is required to spend at least 1 percent of its allocation for parental involvement activities may reserve the full 1 percent from its Part A allocation, require each school to spend a requisite amount from its Part A allocation, or use a combination of these approaches.

Q8. May an LEA consider variations in personnel costs, such as seniority pay differentials or fringe benefit differentials, as LEA-wide administrative costs, rather than as part of the funds allocated to school attendance areas?

- A. Yes, this is an allowable option for the LEA. The statute requires that Part A funds be allocated to school attendance areas and schools on the basis of the number of children from low-income families in each area or school. This provision assumes, for example, that two schools with the same number of poor children need similar amounts of funds to provide comparable educational programs to participating children. An inequity may occur, however, if schools with similar allocations offering similar instructional programs need to spend different amounts because of the salary and fringe benefit costs of the staff providing the instruction. To address this situation, an LEA may consider variations in personnel costs, such as seniority pay differentials or fringe benefits differentials, as LEA-wide administrative costs, rather than as part of the funds allocated to school attendance areas or schools. The LEA would pay the differential salary and fringe benefit costs from its administrative funds taken off the top of the LEA's allocation. This policy would have to be applied consistently to staff serving both public

and private school children throughout the LEA.

Q9. How may preschool children be served under Part A?

A. There are several ways in which preschool children may be served under Part A. For example--

- A participating school may use part of its Part A funds to operate a preschool program.
- An LEA may reserve an amount from the LEA's total allocation to operate a Part A preschool program for eligible children in the district as a whole or for a portion of the district.
- An LEA may reserve an amount from the LEA's total allocation and distribute these funds to schools that wish to operate a Part A preschool program.

Q10. Is there any flexibility in how an LEA may count children from low-income families in middle and high schools?

A. Of the four measures of poverty the statute permits an LEA to use for identifying eligible school attendance areas and allocating funds to those areas, eligibility for free or reduced-price lunch is by far the measure most frequently used. Yet, we know from experience that high school and middle school students are less likely to participate in free and reduced-price lunch programs than are elementary school students. Hence, those schools often may not be identified as eligible for Title I services or, if eligible, may not receive as high an allocation as their actual poverty rate would require. In order to address the situation, an LEA may use comparable data collected through alternative means such as a survey. Also, an LEA may use the feeder pattern concept. This concept would allow the LEA to project the number of low-income children in a middle school or high school based on the average poverty rate of the elementary school attendance areas that feed into that school.

EXAMPLE OF FEEDER PATTERN

<u>DISTRICT</u>	<u>ENROLLMENT</u>	<u>LOW-INCOME #</u>
(Elementary)		
School A	568	364
School B	329	163
School C	588	262
School D	<u>836</u>	<u>277</u>
Total	2,321	1,066
(High School)	2,000	918

Calculate average percentage of poverty for the four elementary school attendance areas by dividing the total number of low-income children by the total enrollment (1,066/2,321). The average percentage of poverty is 45.92%.

Because these four elementary schools feed into the high school, the poverty percentage of the high school is also 45.92%.

To calculate the number of low-income students in the high school, multiply the total school enrollment by the average percentage of poverty for the four elementary feeder schools (2,000 x 45.92%). **This is the number used for allocating Title I funds to the high school.**

Feeder Pattern Example (continued)

(High School) 3,000 1,422

Calculate average percentage of poverty for all elementary attendance areas by dividing the total number of low-income children by the total enrollment (1,533/3,190) The average percentage of poverty is 48.06%.

Because all elementary schools eventually feed into the high school, the poverty percentage of the high school is also 48.06%.

To calculate the number of low-income students in the high school, multiply the total school enrollment by the average percentage of poverty for all the elementary feeder schools (3,000 x 48.06%). **This is the number used for allocating Title I funds to the high school.**

When an LEA elects to use the feeder pattern, the LEA--

- Determines the districtwide average of poverty based on all of the schools for which the district is using actual poverty data; and
- Uses this districtwide average to rank all of the attendance areas or schools in the district.

If an LEA serves attendance areas or schools below a 35 percent poverty rate, the district's allocation per low-income child must be based on the actual number of low-income children in the feeder schools, and the projected number in the feeder pattern receiving schools.

Q11. How are funds made available to provide services to eligible private school children?

- A. Title I continues the requirement that an LEA provide equitable services to eligible children enrolled in private schools. Because of other changes in Title I, however, some new procedures are necessary. For example, Section 1113(c) of Title I requires an LEA to allocate funds to a participating school attendance area or school on the basis of the total number of children from low-income families, including low-income children attending private schools. Thus, the LEA, in consultation with private school officials, must obtain the best available poverty data on private school children who reside in participating attendance areas. Because private school officials may have access to some sources of poverty information not easily accessible to public school officials, it is very important that public and private school official cooperate in this effort.

LEAs have flexibility in the methods used to collect poverty data on private school children . For example, an LEA could use:

1. Data from the same source for both public and private school children.
2. Poverty data for private school children that are from a different source than the data the LEA uses for public school children as long as the income level for both sources is generally the same.

3. If complete data from the same or comparable poverty sources are not available, extrapolated data on the number of low-income private school children based on actual data from a representative sample of private school children.
4. Correlated data that shows the relation between two known sources of poverty data on public school children, which is then applied to a known source of data on private school children.
5. For 1995-96 **ONLY**, proportional data based on the poverty percentage of each public school attendance area applied to the total number of private school children who reside in that area.

Although funds are allocated on the basis of poor children, private school children eligible to be served are children who reside in a participating public school attendance area and who have educational needs. To provide equitable services to eligible private school children, an LEA must reserve the amounts generated by poor private school children who reside in participating public school attendance areas. In consultation with private school officials, an LEA may choose one, or a combination of, the following options for using the funds reserved for private school children:

- Provide equitable services to eligible children in each private school with the funds generated by children from low-income families who reside in participating public school attendance areas and who attend that private school.
- Combine the funds generated by poor private school children in all participating areas to create a pool of funds from which the LEA provides equitable services to eligible private school children who reside in participating public school attendance areas and are in the greatest educational need of those services. Under this option, the services provided to eligible children in a particular private school are not dependent upon the amount of funds generated by poor children in the school.

EXAMPLE OF RANKING SCHOOLS & ALLOCATING FUNDS IN AN LEA SERVING SCHOOLS BELOW 35 % POVERTY (125 % RULE APPLIES)

Example 1	Note: Totals may not add due to rounding	11-May-95
Per-Pupil 125% Calculation: To determine the amount per child, divide the LEA's allocation (\$2,366,381) by its total number of children from low-income families (2,618) to arrive at an amount per poverty child (\$903.89). Multiply this amount by 1.25 to determine the minimum per-child payment (\$1,129.86) for each attendance area (see table below)		
LEA Allocation	Count of Children from Low-Income Families	\$ Per Poverty Child
\$2,366,381	2,618	\$903.89
Divided By	=	X
		125%
		=
		\$1,129.86
<hr/>		
Total Title I Allocation for LEA	\$2,366,381	
Reservations		
Neglected	- \$10,000	
1% parent involvement	- \$23,664	
Homeless	- \$10,000	
Administration, including capital expenses	- \$184,909	
Remaining amount to be distributed to schools	\$2,137,808	

ALLOCATION TO ELIGIBLE SCHOOLS

	Total Enrollment	Children from Low-Income Families		Total	Percent Poor	Eligible Schools 1 = Yes 0 = No	Minimum Attendance Area Allocation (No. Poor X \$1,129.86)	Attendance Area Allocation (1)	Allocation Generated By Public School Poor Children	Allocation Generated By Private School Poor Children (2)
		Public	Private							
LEA Total	14,059	2,550	68	2,618	18.62%	8	\$1,875,569	\$2,137,808	\$2,083,719	\$54,089
Attendance Area										
Valley View	696	265	8	273	39.22%	1	\$308,452	\$351,579	\$341,277	\$10,303
Violet Hill	870	287	5	292	33.56%	1	\$329,919	\$376,048	\$369,609	\$6,439
Elemwood	951	260	15	275	28.92%	1	\$310,712	\$354,155	\$334,837	\$19,318
Oakdale MS	276	78	0	78	28.26%	1	\$88,129	\$100,451	\$100,451	\$0
Hobson	601	124	6	130	21.63%	1	\$146,882	\$167,419	\$159,692	\$7,727
Davis	1,134	227	3	230	20.28%	1	\$259,868	\$296,202	\$292,339	\$3,864
Takoma HS	1,080	201	5	206	19.07%	1	\$232,751	\$265,294	\$258,855	\$6,439
Berlieth HS	933	176	0	176	18.86%	1	\$198,856	\$226,659	\$226,659	\$0
Indian Rock MS	1,695	294	10	304	17.94%	0				
Camp Springs	1,026	178	4	182	17.74%	0				
Taft HS	2,073	237	9	246	11.87%	0				
Bannaker	874	89	2	91	10.41%	0				
White Hill	857	87	1	88	10.27%	0				
Eastern MS	490	47	0	47	9.59%	0				
Roosevelt HS	203	0	0	0	0.00%	0				
Wilson HS	300	0	0	0	0.00%	0				

- (1) Example assumes that amount remaining after allocations based on the minimum amount per child would be redistributed proportionately to schools receiving funds.
- (2) The LEA must reserve the amount of funds generated by private school children and in consultation with appropriate private school officials may (1) combine those amounts to create a pool of funds from which the LEA provides equitable services to eligible private school children in greatest need of those services; or (2) provide equitable services to eligible children in each private school with the funds generated by children from low-income families who attend that private school.

EXAMPLE OF RANKING SCHOOLS & ALLOCATING FUNDS IN AN LEA USING THE 35% ELIGIBILITY PROVISION

Example 2		11-May-95
Per-Pupil Calculation (125% Not Required)		Note: Totals may not add due to rounding
Amount LEA determines to allocate per-poverty child (LEA Discretion)		\$700.00
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Total Title I Allocation for LEA	\$4,180,273	
Reservations		
Neglected	\$38,000	
1% parent involvement	\$23,664	
Homeless	\$20,000	
Administration, including capital expenses	\$184,909	
Remaining amount to be distributed to schools	\$3,913,700	

ALLOCATION TO ELIGIBLE SCHOOLS

	Total Enrollment	Children from Low-Income Families		Total	Percent Poor	Eligible Schools 1 = Yes 0 = No	Attendance Area Allocation (No. of Poor X \$700)	Allocation Generated By Public School Poor Children	Allocation Generated By Private School Poor Children (1)	
		Public	Private							
LEA Total	14,059	6,767	100	6,867	LEA AVG. 48.84%	11	\$3,913,700	\$3,847,200	\$66,500	
Attendance Area										
Violet Hill	870	850	20	870	100.00%	1	\$609,000	\$595,000	\$14,000	
Oakdale MS	276	202	8	210	76.09%	1	\$147,000	\$141,400	\$5,600	
Elemwood	951	591	24	615	64.67%	1	\$430,500	\$413,700	\$16,800	
Valley View	696	444	0	444	63.79%	1	\$310,800	\$310,800	\$0	
Hobson	601	367	10	377	62.73%	1	\$263,900	\$256,900	\$7,000	
Berlieth HS	933	550	5	555	59.49%	1	\$388,500	\$385,000	\$3,500	
Davis HS	1,134	646	8	654	57.67%	1	\$457,800	\$452,200	\$5,600	
Indian Rock MS	1,695	815	0	815	48.08%	1	\$570,500	\$570,500	\$0	
Roosevelt HS	203	95	0	95	46.80%	1	\$66,500	\$66,500	\$0	
Takoma HS	1,080	487	6	493	45.65%	1	\$345,100	\$340,900	\$4,200	
Camp Springs	1,026	449	14	463	45.13%	1	\$324,100	\$314,300	\$9,800	
White Hill	857	293	3	296	34.54%	0				
Bannaker	874	299	2	301	34.44%	0				
Eastern MS	490	142	0	142	28.98%	0				
Taft HS	2,073	509	0	509	24.55%	0				
Wilson HS	300	28	0	28	9.33%	0				

(1) The LEA must reserve the amount of funds generated by private school children and in consultation with appropriate private school officials may (1) combine those amounts to create a pool of funds from which the LEA provides equitable services to eligible private school children in greatest need of those services; or (2) provide equitable services to eligible children in each private school with the funds generated by children from low-income families who attend that private school.

EXAMPLE OF RANKING SCHOOLS & ALLOCATING FUNDS IN AN LEA SERVING ATTENDANCE AREAS ABOVE THE DISTRICT POVERTY RATE

Example 3	Per-Pupil Calculation (125% Not Required)	11-May-95
		Note: Totals may not add due to rounding.
Amount LEA determines to allocate per-poverty child (LEA Discretion)	\$573.96	
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Total Title I Allocation for LEA	\$2,366,573	
Reservations		
Neglected	-	\$10,000
1% parent involvement	-	\$23,664
Homeless	-	\$10,000
Administration, including capital expenses	-	\$184,909
Remaining amount to be distributed to schools	\$2,138,000	

ALLOCATION TO ELIGIBLE SCHOOLS

	Total Enrollment	Children from Low-Income Families		Total	Percent Poor	Eligible Schools 1 = Yes 0 = No	Attendance Area Allocation (No. of Poor X \$573.96)	Allocation Generated By Public School Poor Children	Allocation Generated By Private School Poor Children (1)	
		Public	Private							
LEA Total	14,059	6,767	100	6,867	LEA AVG. 48.84%	7	\$2,138,000	\$2,094,953	\$43,047	
Attendance Area										
Violet Hill	870	850	20	870	100.00%	1	\$499,345	\$487,866	\$11,479	
Oakdale MS	276	202	8	210	76.09%	1	\$120,532	\$115,940	\$4,592	
Elenwood	951	591	24	615	64.67%	1	\$352,985	\$339,210	\$13,775	
Valley View	696	444	0	444	63.79%	1	\$254,838	\$254,838	\$0	
Hobson	601	367	10	377	62.73%	1	\$216,383	\$210,643	\$5,740	
Berlieth HS	933	550	5	555	59.49%	1	\$318,548	\$315,678	\$2,870	
Davis HS	1,134	646	8	654	57.67%	1	\$375,370	\$370,778	\$4,592	
Indian Rock MS	1,695	815	0	815	48.08%	0				
Roosevelt HS	203	95	0	95	46.80%	0				
Takoma HS	1,080	487	6	493	45.65%	0				
Camp Springs	1,026	449	14	463	45.13%	0				
White Hill	857	293	3	296	34.54%	0				
Bannaker	874	299	2	301	34.44%	0				
Eastern MS	490	142	0	142	28.98%	0				
Taft HS	2,073	509	0	509	24.55%	0				
Wilson HS	300	28	0	28	9.33%	0				

(1) The LEA must reserve the amount of funds generated by private school children and in consultation with appropriate private school officials may (1) combine those amounts to create a pool of funds from which the LEA provides equitable services to eligible private school children in greatest need of those services; or (2) provide equitable services to eligible children in each private school with the funds generated by children from low-income families who attend that private school.

EXAMPLE OF RANKING SCHOOLS & ALLOCATING FUNDS IN AN LEA

USING THE 35% ELIGIBILITY PROVISION AND ALLOWING FOR "BANDS" OF POVERTY WITHIN THE LEA

Example 4	Per-Pupil Calculation (125% Not Required)	11-May-95
		Note: Totals may not add due to rounding.
Amount LEA determines to allocate per-poverty child:		
Schools with greater than 65% poverty	\$950	
Schools with greater than 50% poverty, less than 65% poverty	\$900	
Schools with less than 50% poverty (LEA Discretion)	\$850	
Total Title I Allocation for LEA		
	\$5,432,969	
Reservations		
Neglected	- \$20,000	
1% parent involvement	- \$54,330	
Homeless	- \$20,000	
Administration, including capital expenses	- \$346,039	
Remaining amount to be distributed to schools		
	\$4,992,600	

ALLOCATION TO ELIGIBLE SCHOOLS

	Total Enrollment	Children from Low-Income Families		Total	Percent Poor	Eligible Schools 1 = Yes 0 = No	Attendance Area Allocation (No. Poor X \$950, \$900, or \$850, Depending on Poverty Band)	Allocation Generated By Public School Poor Children	Allocation Generated By Private School Poor Children (1)
		Public	Private						
LEA Total	14,059	6,767	100	6,867	48.84%	11	\$4,992,600	\$4,906,700	\$85,900
Attendance Area									
1 Violet Hill	870	850	20	870	100.00%	1	\$826,500	\$807,500	\$19,000
2 Oakdale MS	276	202	8	210	76.09%	1	\$199,500	\$191,900	\$7,600
1 Elmwood	951	591	24	615	64.67%	1	\$553,500	\$531,900	\$21,600
1 Valley View	696	444	0	444	63.79%	1	\$399,600	\$399,600	\$0
1 Hobson	601	367	10	377	62.73%	1	\$339,300	\$330,300	\$9,000
3 Berlieth HS	933	550	5	555	59.49%	1	\$499,500	\$495,000	\$4,500
3 Davis HS	1,134	646	8	654	57.67%	1	\$588,600	\$581,400	\$7,200
2 Indian Rock MS	1,695	815	0	815	48.08%	1	\$692,750	\$692,750	\$0
3 Roosevelt HS	203	95	0	95	46.80%	1	\$80,750	\$80,750	\$0
3 Takoma HS	1,080	487	6	493	45.65%	1	\$419,050	\$413,950	\$5,100
1 Camp Springs	1,026	449	14	463	45.13%	1	\$393,550	\$381,650	\$11,900
1 White Hill	857	293	3	296	34.54%	0			
1 Bannaker	874	299	2	301	34.44%	0			
2 Eastern MS	490	142	0	142	28.98%	0			
3 Taft HS	2,073	509	0	509	24.55%	0			
1 Wilson HS	300	28	0	28	9.33%	0			

(1) The LEA must reserve the amount of funds generated by private school children and in consultation with appropriate private school officials may (1) combine those amounts to create a pool of funds from which the LEA provides equitable services to eligible private school children in greatest need of those services; or (2) provide equitable services to eligible children in each private school with the funds generated by children from low-income families who attend that private school.

federal register

**Tuesday
October 10, 1995**

Part IV

**Department of
Education**

**Part A of Title I of the Elementary and
Secondary Education Act of 1965; Notice**