

Archived Information

GUIDANCE

**SCHOOL YEAR 1999-2000
STATE EDUCATIONAL AGENCY
PROCEDURES FOR ADJUSTING BASIC AND CONCENTRATION
GRANT ALLOCATIONS DETERMINED BY THE
U.S. DEPARTMENT OF EDUCATION**



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**SCHOOL YEAR 1999-2000 GUIDANCE FOR STATE EDUCATIONAL AGENCIES IN
MAKING ADJUSTMENTS TO BASIC AND CONCENTRATION GRANT
ALLOCATIONS DETERMINED BY THE DEPARTMENT OF EDUCATION**

INTRODUCTION

Beginning in SY 1999-2000, the Title I statute requires the Department of Education (ED) to allocate Basic and Concentration Grants to eligible local educational agencies (LEAs), rather than to counties. These allocations reflect the list of LEAs as they existed on maps provided to the Census Bureau by each State for school year (SY) 1995-1996. ED has determined the eligibility of each of these LEAs for Basic and Concentration Grants using the number of formula children under section 1124(c) of Title I: that is, the 1995 updated poverty estimates produced by the Census Bureau; children above poverty in families receiving Temporary Assistance for Needy Families (TANF) and foster children reported by the Department of Health and Human Services; and children living in institutions for neglected children reported by each State to ED. In addition, ED has created an LEA record for each State that contains all the children living in local institutions for delinquent children or adult correctional facilities. The State educational agency (SEA) will distribute funds that ED allocates to this "LEA" to eligible LEAs under Part D, Subpart 2 of Title I.

The poverty and population data provided by the Census Bureau and used by ED in the Title I formula are based on LEAs as they existed in SY 1995-96. As a result, the LEAs on ED's allocation list may not match the SY 1999-2000 universe of LEAs for many States. Those SEAs must adjust ED-determined allocations to account for LEA boundary changes and new LEAs created since SY 1995-96. This guidance explains how to adjust ED-determined Basic and Concentration Grant allocations to account for changes occurring since SY 1995-96 and make final grants to LEAs. The guidance addresses these issues:

- Determining numbers of Title I formula children and eligibility of LEAs not on the Census Bureau's list of LEAs that ED used to determine LEA allocations. (Step 1)
- Establishing allocations for all eligible LEAs (including those not on the Census list) within the State. (Step 2)
- Establishing a reserve for State administration and school improvement. (Step 3)
- Adjusting allocations to reflect the hold-harmless requirements. (Step 4)

In addition to these adjustments, sections 1124(a)(2) and 1124A(a)(4) of Title I permit an SEA to combine the ED-determined allocations for LEAs that serve an area of fewer than 20,000 total residents ("small" LEAs). Using an alternative method approved by ED, the SEA may redetermine eligibility for Basic and Concentration Grants for its "small" LEAs and redistribute the combined total of funds allocated for those LEAs (Steps 5 and 6). An SEA is not permitted, however, to include the allocations of LEAs that serve an area with a total population of 20,000 or more in this redistribution. Allocations for these "large" LEAs will be the allocations ED has

determined, subject to adjustments described above and reservations for State administration and school improvement.

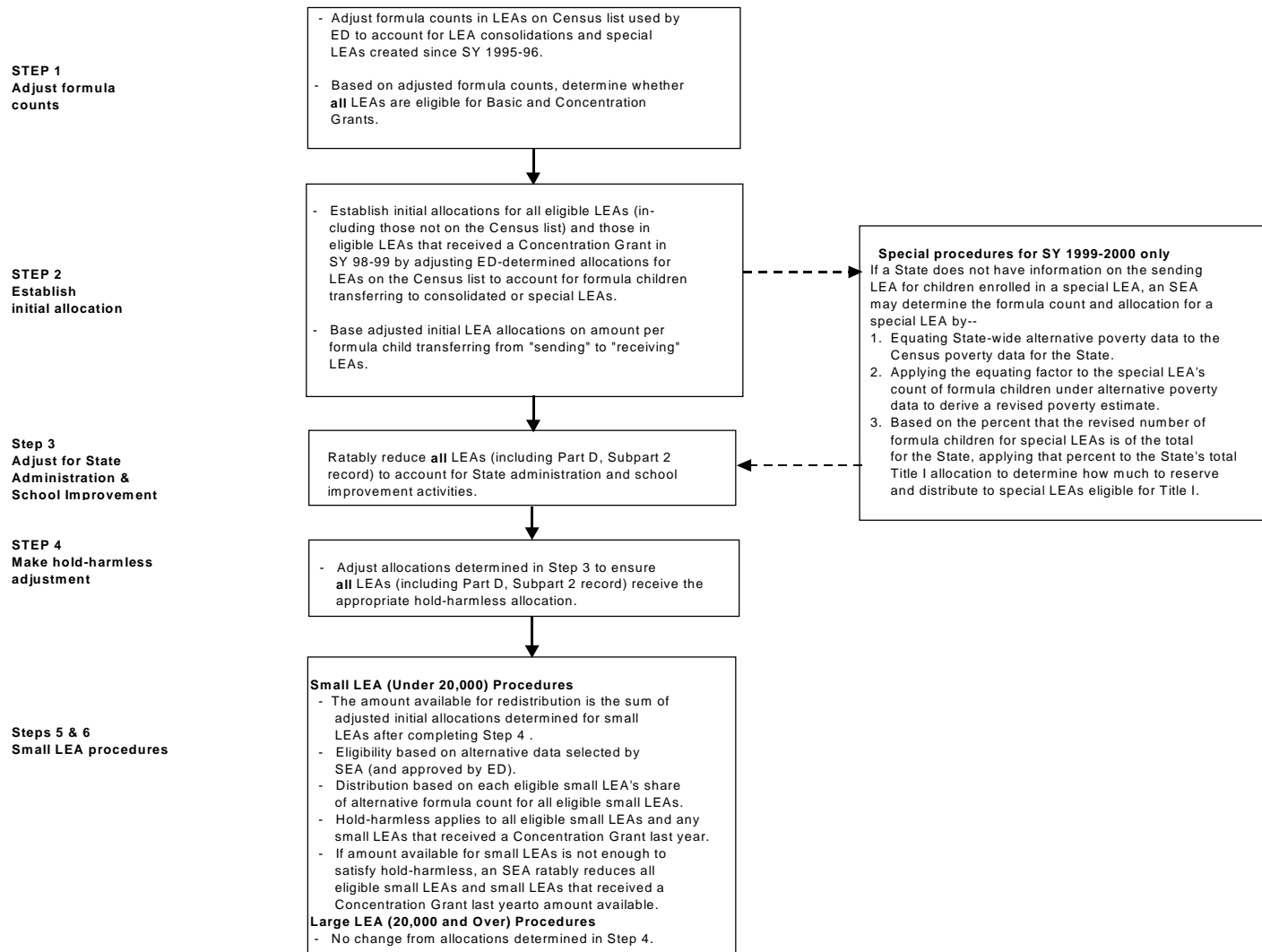
The chart on the next page outlines the steps an SEA follows to adjust ED's Basic and Concentration Grant allocations.

MAJOR CHANGES FROM THE PRELIMINARY GUIDANCE

This guidance reflects two major changes from the preliminary guidance circulated earlier:

1. Congress enacted PL 106-31 the Fiscal Year 1999 Emergency Supplemental Appropriations Act, which provides \$56,377,000 for Concentration Grants for LEAs that received a Concentration Grant allocation in SY 1998-99 but do not qualify for such funds in SY 1999-2000. Therefore, the ED-determined Concentration Grant allocation for an LEA is either the amount it receives through the regular allocation process or under the Emergency Supplemental. When adjusting allocations determined by ED to account for LEAs not on the Census list, an SEA treats LEAs receiving a Concentration Grant allocation under the Emergency Supplemental like other LEAs receiving a Concentration Grant allocation under the regular appropriation. The SEA also includes the Concentration Grant supplemental amount in the base it uses to determine the amounts reserved for State administration and school improvement.
2. When reserving funds from LEAs for State administration and school improvement activities for SY 1999-2000, an SEA must ensure, in accordance with §200.60(c)(2) of the Title I regulations, that no LEA is reduced below its SY 1998-99 allocation unless the amounts remaining are insufficient to pay all LEAs their hold-harmless amount. Thus, an SEA may only reserve the same pro-rata share from each LEA for State administration and school improvement if, by so doing, no LEA falls below its hold-harmless allocation.

OUTLINE OF STEPS TO ADJUST ED's SY 99-00 BASIC & CONCENTRATION GRANT ALLOCATIONS



**SCHOOL YEAR 1999-2000 GUIDANCE FOR STATE EDUCATIONAL AGENCIES IN
MAKING ADJUSTMENTS TO BASIC AND CONCENTRATION GRANT
ALLOCATIONS DETERMINED BY THE DEPARTMENT OF EDUCATION**

How to Use This Guidance

FOLLOW STEPS 3 and 4 only	If LEAs in the allocation from ED are the only LEAs in the State and the State IS NOT using alternative data to redistribute allocations to small LEAs serving fewer than 20,000 residents.
FOLLOW STEPS 3 – 6	If the LEAs listed in the allocation from ED are the only LEAs in the State and the State IS using approved data to redistribute allocations to small LEAs.
FOLLOW STEPS 1 – 4 only	If the LEAs listed in the allocation from ED are NOT the only LEAs in the State and the State IS NOT using alternative data to redistribute allocations to small LEAs.
FOLLOW STEPS 1 – 6	If the LEAs listed in the allocation from ED are NOT the only LEAs in the State and the State IS using alternative data to redistribute allocations to small LEAs.

Step 1: The SEA estimates the number of formula children and determines eligibility for each LEA not on the Census list falling into one of the three categories outlined below.

A. For each LEA not on the Census list (hereinafter referred to as a “new” LEA) that results from the consolidation of two or more LEAs (1) serving similar grade spans each of which is on the Census list (hereinafter referred to as “sending” LEAs); or (2) serving complementary grade spans (e.g., a unified LEA created from one or more elementary LEAs and one or more secondary LEAs) each of which is on the Census list:

- The 5-17 population of the new LEA = the sum of the total 5-17 populations of the sending LEAs that make up the new LEA. [Example 1: Column 6]
- The number of formula children in the new LEA = the sum of the total number of formula children in the sending LEAs that make up the new LEA. [Example 1: Column 5]
- The SEA calculates the percentage of formula children in the new LEA. [Example 1: Column 5/Column 6]

The results determine whether each new LEA is eligible to receive a Basic or a Concentration Grant.

EXAMPLE 1

Determining the number of formula children and eligibility for a new LEA created as a result of LEA consolidations

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
LEA	Census Poverty Estimate	Other Formula Children	Total Number of Formula Children	Population 5 - 17	Formula Children Transferring to Consoli- dated LEA	Population 5 - 17 Transferring to Consoli- dated LEA	Formula Children as a Percent of Population 5 - 17	Eligible for Basic Grants?	Eligible for Concentration Grants?
LEA 1 (on Census list)	140	0	140	1,000	140	1,000	NA	NA	NA
LEA 2 (on Census list)	300	20	320	2,000	320	2,000	NA	NA	NA
LEA 3 (on Census list)	220	0	220	1,500	220	1,500	NA	NA	NA
Consolidated LEA not shown on Census list created out of LEAs 1, 2 & 3					680	4,500	15.11%	YES	YES

In this example the consolidated LEA is eligible for a Basic and Concentration Grant. LEAs 1, 2, and 3 cease to exist.

B. For each new LEA that is created from parts of LEAs on the Census list, the SEA uses the following procedures to:

(1) Determine the number and percentage of formula children in the new LEA.

- The number of formula children in the new LEA = the sum of the formula children transferring to the new LEA from each sending LEA. [Example 2: Column 4]
- The 5-17 population of the new LEA = the sum of the 5-17 population transferring to the new LEA from each sending LEA. [Example 2: Column 7]
- The SEA calculates the percentage of formula children in the new LEA. [Example 2: Column 4/Column 7]

(2) Adjust the number and percentage of formula children in each sending LEA.

- The SEA reduces the number of formula children by the number transferring to the new LEA. [Example 2: Column 5]
- The SEA reduces the total of 5-17 year olds by the number transferring to the new LEA. [Example 2: Column 8]
- The SEA recalculates the percentage of formula children in each sending LEA. [Example 2: Column 5/Column 8]

The results determine whether the new LEA is eligible and whether each affected sending LEA continues to be eligible to receive a Basic or Concentration Grant. In Example 2, all of LEAs 1 and 3 and part of LEA 2 consolidate to form a new LEA.

EXAMPLE 2

Determining the number of formula children and eligibility for a new LEA created as a result of LEA or partial LEA consolidations

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)		
LEA	Census Poverty Estimate	Other Formula Children	Total Number of Formula Children	Formula Children Transferring to Consolidated LEA	Adjusted Number of Formula Children	Population 5 - 17	Population 5 - 17 Transferring to Consolidated LEA	Adjusted LEA Population 5 - 17	Number of Formula Children as Percent of Population 5 - 17	Eligible for Basic Grants?	Eligible for Concentration Grants?	
LEA 1	140	0	140	140	0	1,000	1,000	0	NA			
LEA 2 (Part)	300	20	320	60	260	2,000	250	1,750	14.86%	YES	NO	
LEA 3	220	0	220	220	0	1,500	1,500	0	NA			
Consolidated LEA (not on Census list created out of LEAs 1, 2 (Part), and 3)				420	420			2,750	2,750	15.27%	YES	YES
Total	660	20	680		680	4,500		4,500				

In this example the consolidated LEA is eligible for Basic and Concentration Grants. Note that as a result of the adjustment, LEA 2 no longer qualifies for Concentration Grants.

Notes:

- Column (4) The SEA knows the number of formula children transferring from LEA 2 to the consolidated LEA. If the number is not known, the SEA may assume the proportion of formula children transferring to the consolidated LEA is the same as the proportion of the enrollment transferring to that LEA. An LEA may also derive a census count based on the proportion of poor children transferring to LEA 2 using another poverty measure such as free lunch.
- Column (5) The number for LEA 2 represents the number of formula children retained by the part of LEA 2 that did not contribute to the consolidated LEA (Column (3) - Column (4)).
- Column (8) The number for LEA 2 is the number of children ages 5 - 17 retained by the part of LEA 2 that did not contribute children to the consolidated LEA. (Column (6) - Column (7))
- Column (9) The number of formula children as a percent of the population 5 - 17 for the part of LEA 2 that continues to operate. The consolidated LEA's percentage of formula children is based on the adjusted LEA formula counts determined in Columns (5) and (8).
- Column (10) The new LEA and LEA 2 (part) are eligible for Basic Grants.
- Column (11) The new LEA is eligible for a Concentration Grant; the part of LEA 2 that remains is no longer eligible.

- C. For each LEA not on the Census list that is a charter school, a regional vocational/technical school or a similar LEA (from here on referred to as a “special LEA”), the SEA obtains a count of formula children and children 5-17 for the special LEA and subtracts these children for each sending LEA.

NOTE: Because Census poverty data are not available for special LEAs, the SEA must derive an estimate of Census poor children for each special LEA and determine the LEAs from which these children came. To do that, the SEA may use an alternate poverty data source, as long as these alternative data are available for both the sending and special LEAs.

(1) For each special LEA:

- The special LEA reports to the SEA its total 5-17 population and identifies the LEAs from which the children came.
- The special LEA reports to the SEA a count of low-income children, using alternative poverty data that is from the same time period as the count of the special LEA’s 5-17 population.
- The SEA uses the total 5-17 population and the number of low-income children in the special LEA to derive an estimate of Census poverty children in each special LEA.
- The SEA adds any other formula children reported as enrolled in the special LEA to determine the total formula children in the special LEA.
- The SEA calculates the percentage of formula children in the special LEA.

(2) For each sending LEA:

- The SEA reduces the total 5-17 population by the number transferring to the special LEA.
- The SEA reduces the number of Census poverty children in each sending LEA by the derived estimate of Census poverty children who transferred from that LEA to a special LEA (determined in C (1) above).
- The SEA adds any other formula children that continue to reside in the sending LEA to determine a revised total of formula children in the sending LEA.
- The SEA recalculates the percentage of formula children in the sending LEA.

The results determine eligibility for Basic and Concentration Grants for each special LEA and each affected sending LEA.

The following examples illustrate how the SEA carries out this determination for special LEAs and for affected sending LEAs.

- Examples 3 & 4: determining the number of formula children and eligibility for special LEAs that draw their children solely from a single sending LEA.
- Examples 5 & 6: determining the number of formula children and eligibility for special LEAs that draw children from several sending LEAs.

EXAMPLE 3

Determining formula counts for several special LEAs not on the Census list that draw all students from one LEA on the Census list

	(1)	(2)	(3)	(4)	(5)	(6)
LEA	Number of Census Poverty Children	Number of Free & Reduced Price Lunch (FRPL) Children Enrolled in the Sending LEA & Special LEAs	Percent of All FRPL Children Enrolled in the Sending LEA & Special LEAs	Adjusted Census Poverty Estimate for the Sending LEA and Each Special LEA	Other Formula Children	Total Number of Formula Children
LEA (on Census list)	76,000	151,760	99.84%	75,880	927	76,807
Special LEA 1		40	0.03%	20	0	20
Special LEA 2		120	0.08%	60	0	60
Special LEA 3		80	0.05%	40	0	40
Total	76,000	152,000	100.00%	76,000	927	76,927

Notes: Numbers may not add due to rounding.

- Column (1) Census poverty estimate for the sending LEA from which the special LEAs draw students.
- Column (2) Number of FRPL students enrolled in the sending LEA and special LEAs.
- Column (3) Percent of all FRPL students enrolled in the sending LEA and each special LEA.
- Column (4) Adjusted Census poverty estimate for sending LEA and each special LEA (the total for Column (1) (76,000) x individual percentage figures shown in Column (3)).
- Column (5) The number of other formula children.
- Column (6) The total number of formula children for each LEA is Column (4) + Column (5).

EXAMPLE 4

**Determining whether sending and special LEAs are eligible after determining a formula count
(Several special LEAs drawing children from one LEA on the Census list)**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
LEA	Number of Children Enrolled in Each Special LEA & Living in Sending LEA	Census Population Ages 5 - 17	Estimate of Population Ages 5 - 17	Adjusted Estimate of the Number of Formula Children for Sending LEA & Special LEAs	Number of Formula Children As Percent of Population Ages 5 - 17	Eligible for Basic Grants?	Eligible for Concentration Grants?
LEA (on Census list)		264,553	264,213	76,807	29.07%	YES	YES
Special LEA 1	60		60	20	33.33%	YES	YES
Special LEA 2	170		170	60	35.29%	YES	YES
Special LEA 3	110		110	40	36.36%	YES	YES
Total	340	264,553	264,553	76,927			

Notes:

- Column (1) Number of children living in sending LEA and enrolled in the special LEAs.
- Column (2) Census population ages 5 - 17 for sending LEA provided by ED.
- Column (3) Estimated 5 - 17 population. For sending LEA it is Column (2) less the total in Column (1). For each special LEA 1 - 3, it is the number shown in Column (1).
- Column (4) Adjusted number of formula children for each LEA taken from Column (6) in Example 3.
- Column (5) Formula count as a percent of each LEA's estimated 5 - 17 population (Column (4)/Column(3)).

EXAMPLE 5
Determining the number of formula children for a special LEA not on the Census list

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Number of Census Poverty Children	Number of Free & Reduced Price Lunch (FRPL) Children Reported to SEA	FRPL Children Living in Sending LEAs & Enrolled in Special LEA	Number of FRPL Children Living in LEAs From which Special LEA Draws Students	Percent of Sending LEA FRPL Children Enrolled in Special LEA	Derived Number of Poverty Children Transferring to Special LEA	Derived Poverty Estimate for Each LEA	Other Formula Children	Total Number of Formula Children
140	220	30	250	12.00%	17	123	0	123
160	260	30	290	10.34%	17	143	0	143
300	530	50	580	8.62%	26	274	10	284
200	380	20	400	5.00%	10	190	0	190
250	470	30	500	6.00%	15	235	0	235
400	720	70	790	8.86%	35	365	20	385
st)	230					120	0	120
1,450	2,810	230	2,810		120	1,450	30	1,480

Numbers may not add due to rounding.

Census poverty estimate for each LEA from which the special LEA draws students. The special LEA is not on the Census list.

Number of FRPL students reported by each LEA to the SEA.

FRPL children living in LEAs 1 - 6 and enrolled in the special LEA.

Number of free and reduced-price lunch (FRPL) children living in each regular LEA from which the special LEA draws students.

Percent of FRPL children living in LEAs 1 - 6 enrolled in the special LEA (Column (3)/Column (4)).

Adjustment to Census poverty estimates in LEAs 1 - 6 (Column (1) x Column (5)) used to derive an estimated census count for the special LEA.

Adjusted Census poverty estimate for LEAs 1 - 6 (Column (1) less Column (6)). The derived Census estimate for the special LEA is the total from Column (6). The total in Column (7) should equal the total in Column (1).

The number of other formula children in the LEAs that have such children.

The total number of formula children for each LEA (Column (7) + Column (8)).

EXAMPLE 6

Determining whether LEAs on the Census list and special LEAs are eligible after determining a formula count

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
LEA	Number of Children Living in Sending LEAs & Enrolled in Special LEA	Total Population Ages 5 - 17	Estimate of Population Ages 5 - 17	Estimate of Formula Children for Sending LEAs & Special LEA	Number of Formula Children As Percent of Population Ages 5 - 17	Eligible for Basic Grants?	Eligible for Concentration Grants?
LEA 1 (on Census list)	40	943	903	123	13.64%	YES	NO
LEA 2 (on Census list)	40	815	775	143	18.51%	YES	YES
LEA 3 (on Census list)	75	1,674	1,599	284	17.77%	YES	YES
LEA 4 (on Census list)	35	815	780	190	24.36%	YES	YES
LEA 5 (on Census list)	40	1,160	1,120	235	20.98%	YES	YES
LEA 6 (on Census list)	90	2,117	2,027	385	18.97%	YES	YES
Special LEA (not on Census list)			320	120	37.39%	YES	YES
Total	320	7,524	7,524	1,480			

Notes: Numbers may not add due to rounding.

Column (1) Number of children living in LEAs 1 - 6 and enrolled in the special LEA.

Column (2) Census population for each LEA from which the special LEA draws students. The special LEA is not on the Census list.

Column (3) Adjusted 5 - 17 population for LEAs 1 - 6 (Column (2) less Column (1)) and the derived 5 - 17 population for the special LEA (the total from Column (1)).

Column (4) Adjusted number of formula children for each LEA taken from Column (9) in Example 5.

Column (5) Percent of formula children in each LEA (Column (4)/Column (3)).

Step 2: The SEA makes adjustments to ED allocations to provide an initial allocation for every LEA in the State eligible to receive a Basic or Concentration Grant or that received a Concentration Grant in the prior year.

- A. For each LEA receiving an ED allocation and unaffected by boundary changes or the creation of special LEAs, the initial allocation is the ED allocation. The SEA makes no adjustments at this time.
- B. For each LEA that sends children to an LEA not on the Census list, the SEA adjusts the ED determined allocation as follows:
- The SEA determines an amount per formula child for each sending LEA on the Census list contributing formula children to an LEA not on the Census list by dividing the total allocation from ED by the total number of formula children in the sending LEA (using ED data).
 - The SEA reduces the ED allocation for each sending LEA on the Census list by an amount equal to the number of formula children transferring to LEAs not on the Census list multiplied by the sending LEA's allocation per formula child determined above.
 - Any amounts for Basic Grants remaining in sending LEAs no longer eligible for Basic Grants revert to the SEA for distribution under Step 4.
 - In light of the SY 1999-2000 Emergency Supplemental (PL 106-31), any amounts for a Concentration Grant remaining in a sending LEA that is no longer eligible for a Concentration Grant in SY 1999-2000 but that received a Concentration Grant for SY 1998-99 remain with the sending LEA.
- C. For each LEA not on the Census list, the SEA determines the amount transferring from the sending LEAs as follows:
- The amount transferring to each LEA not on the Census list equals the sum of the allocations subtracted from each sending LEA contributing formula children to the receiving LEA. That is, the amount an LEA not on the Census list receives is the sum of the amounts that have followed the formula children from LEAs on the Census list.
 - Any amounts for Basic Grants transferring to LEAs not on the Census list that are ineligible revert to the SEA for distribution under Step 4.
 - Any amounts for a Concentration Grant transferring to an LEA not on the Census that is ineligible in SY 1999-2000 for a Concentration Grant and did not receive a Concentration Grant in SY 1998-99 revert to the SEA for distribution under Step 4.

- In light of the SY 1999-2000 Emergency Supplemental, any amounts for a Concentration Grant transferring to an LEA not on the Census list that is ineligible for a SY 1999-2000 Concentration Grant but that received a Concentration Grant for SY 1998-99 transfer to the LEA not on the Census list.

Examples 7-9 illustrate how the SEA adjusts initial ED allocations to account for consolidations and the creation of special LEAs. Once the SEA completes this process, it will have a list of all LEAs eligible for Basic and Concentration Grants and an initial allocation for each LEA for SY 1999-2000.

EXAMPLE 7

Determining an allocation for a new LEA not on the Census list created as a result of LEA consolidations

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
						Total				
						Number of	Population	Formula	Basic Grant	
						Formula Children	5 - 17	Children as	Amount	
						Transferring	Transferring	a Percent of	Transferring	
						to Consolidated	to Consolidated	Population	from Sending	
						LEA	LEA	5 - 17	LEAs to Consoli-	Adjusted
LEA	ED-Determined	Number of	Number of	Total	Amount	LEA	LEA	5 - 17	dated LEA	Basic Grant
	Basic	Census	Other	Number of	Per Formula					Allocation
	Grant	Poverty	Formula	Formula	Child					
	Allocation	Children	Children	Children						
LEA 1 (on Census list)	\$70,000	140	0	140	\$500	140	1,000	NA	\$70,000	0
LEA 2 (on Census list)	168,000	300	20	320	525	320	2,000	NA	168,000	0
LEA 3 (on Census list)	113,300	220	0	220	515	220	1,500	NA	113,300	0
Consolidated LEA (not on the Census list) created out of LEAs 1, 2, & 3	0					680	4,500	15.11%	351,300	\$351,300
Total	351,300									351,300

Notes:

Column (5) Column (1) / Column (4)

Column (6) The number of formula children in the consolidated LEA is the sum of formula children transferring out of LEAs 1, 2, and 3. That number is used to determine the consolidated LEA's eligibility for Basic and Concentration Grants.

Column (7) The consolidated LEA's population 5 - 17 is the sum of children that transferred out of LEAs 1, 2, and 3.

Column (8) The percent of formula children in the consolidated LEA is based on the total determined in Column (6) divided by the total determined in Column (7). This percentage is used in determining eligibility for Basic and Concentration Grants.

Column (9) Column (5) x Column (6). The amount transferred from LEAs 1 - 3 to the consolidated LEA is the sum of Column (9).

Column (10) Adjusted allocation is Column (1) - Column (9) for LEAs 1 - 3, and is the sum of Column (9) for the consolidated LEA.

NOTE: The SEA repeats these calculations to determine adjusted Concentration Grant allocations for new LEAs not on Census list as a result of LEA consolidations.

EXAMPLE 8

Determining an allocation for a new LEA not on the Census list created as a result of LEA or partial LEA consolidations

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
LEA	ED-Determined Basic Grant Allocation	Total Number of Formula Children	Amount Per Formula Child	Population 5 - 17	Number of Formula Children Transferring to Consolidated LEA	Adjusted Number of Formula Children	Population 5 - 17 Transferring to Consolidated LEA	Adjusted Number of Children Ages 5 - 17	Number of Formula Children as a Percent of Population 5 - 17	Basic Grant Amount Transferring from Sending LEAs to Consolidated LEA	Adjusted ED-Determined Basic Grant Allocation
LEA 1 (on Census list)	\$70,000	140	\$500	1,000	140	0	1,000	0	NA	\$70,000	\$0
LEA 2 (on Census list (Part))	160,000	320	500	2,000	60	260	250	1,750	14.86%	30,000	130,000
LEA 3 (on Census list)	110,000	220	500	1,500	220	0	1,500	0	NA	110,000	0
Consolidated LEA (not on the Census list) created out of LEAs 1, 2 & 3	0				420		2,750		15.27%	210,000	210,000
Total	340,000										340,000

Notes:

Column (2) From Column (3) in Example 2.

Column (3) Column (1) / Column (2).

Column (5) The number of formula children in the consolidated LEA is the sum of formula children transferring out of LEAs 1, 2, and 3. That number is used to determine the consolidated LEA's eligibility for Basic and Concentration Grants.

Column (6) Column (2) - Column (5).

Column (7) The consolidated LEA's population 5 - 17 is the sum of children that transferred out of LEAs 1, 2, and 3.

Column (8) Column (4) - Column (7).

Column (9) Because part of LEA 2 does not consolidate, Title I eligibility for the part of LEA 2 that remains is based on its adjusted number of formula children (260) and adjusted 5 - 17 population (1,750).

Column (10) Column (3) x Column (5). The amount transferred from LEAs 1 - 3 to the consolidated LEA is the sum of Column (10).

Column (11) Adjusted allocation is Column (1) - Column (10) for LEAs 1 - 3, and is the sum of Column (10) for the consolidated LEA.

NOTE: The SEA repeats these calculations to determine adjusted Concentration Grant allocations for special LEAs. As a result of the creation of the consolidated LEA, the remaining part of LEA 2 is no longer eligible for a Concentration Grant.

EXAMPLE 9
Determining adjusted allocations for a special LEA not on the Census list and sending LEAs

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
LEA	ED-Determined Basic Grant Allocation	Number of Census Poverty Children	Number of Other Formula Children	Total Number of Formula Children	Amount Per Formula Child	Derived Number of Census Poverty Children Transferring to Special LEA	Basic Grant Amount Transferring from Sending LEAs to Special LEA	Adjusted ED-Determined Basic Grant Allocation
LEA 1 (on Census list)	\$70,000	140	0	140	\$500	17	\$8,400	\$61,600
LEA 2 (on Census list)	80,000	160	0	160	500	17	8,276	71,724
LEA 3 (on Census list)	155,000	300	10	310	500	26	12,931	142,069
LEA 4 (on Census list)	100,000	200	0	200	500	10	5,000	95,000
LEA 5 (on Census list)	125,000	250	0	250	500	15	7,500	117,500
LEA 6 (on Census list)	200,000	400	20	420	476	35	16,878	183,122
Special LEA (not on Census list)	0	0	0			120	58,985	58,985
Total	730,000	1,450						730,000

Notes: Numbers may not add due to rounding.

Column (2) From Column (1) in Example 5.

Column (3) From Column (8) in Example 5.

Column (4) Column (2) + Column (3).

Column (5) Column (1)/ Column (4).

Column (6) From Column (6) in Example 5.

Column (7) Column (5) x Column (6) for LEAs 1 - 6. Sum of Column (7) is the amount transferred from LEAs 1-6 to the special LEA.

Column (8) Adjusted allocation is Column (1) - Column (7) for LEAs 1 - 6, and is the sum of Column (7) for the special LEA.

SPECIAL PROCEDURES FOR SY 1999-2000 ONLY

If an SEA does not have information on the sending LEA for each child enrolled in a special LEA, the SEA may use a different method (discussed below) to determine Basic and Concentration Grant allocations. The special SY 1999-2000 procedure enables an SEA to make awards to eligible special LEAs for Basic and Concentration Grants and, in light of the Emergency Supplemental Appropriation, to make Concentration Grant awards to special LEAs ineligible for a SY 1999-2000 award that received a Concentration Grant in SY 1998-99.

NOTE: These procedures may be used only for SY 1999-2000 and only to determine the allocations for special LEAs for which the SEA lacks data with which to identify sending LEAs. In subsequent years, each special LEA will report to the SEA a poverty count and its total 5 – 17 population and identify the LEA from which the children came.

Under the one-year procedure, the SEA first determines the number of formula children in each special LEA and the special LEA's eligibility for Basic and Concentration Grants. Then, the SEA determines an allocation for each special LEA.

A. Example 10 illustrates how the SEA determines the number of formula children and eligibility for each special LEA.

- The SEA identifies an alternative poverty factor (e.g., Free and Reduced Price Lunch) available in total for the State and for each special LEA.
- The SEA develops an equating factor for the State that represents the following proportion:

$$\frac{\text{Total number of Census poor children in the State}}{\text{Total number of poor children in the State using the alternative poverty factor}}$$

- The SEA multiplies the equating factor times the number of poor children based on the alternative poverty factor reported by the special LEA to obtain an estimate of Census poor children in the special LEA.
- The SEA determines the total number of formula children in each special LEA by adding together the estimated Census poor children and all other formula children enrolled in the special LEA.
- The SEA uses the total number of formula children and the reported enrollment ages 5 through 17 in each special LEA to calculate the percentage of formula children in the special LEA. NOTE: in this method, the number and percentage of Census formula children in the other LEAs in the State are unchanged.
- The SEA determines Basic and Concentration Grant eligibility for each special LEA

EXAMPLE 10
Equating alternative poverty data to census poverty data to derive a formula count for special LEAs
FOR SY 1999-2000 ONLY

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
LEA	Number of Free & Reduced Price Lunch (FRPL) Children in Special LEAs	Number of Census Poverty Children	FRPL Data Equated to Census Poverty Estimate	Poverty Estimate for Each LEA	Other Formula Children	Total Number of Formula Children in All LEAs	Number of Children Ages 5 - 17	Formula Children as Percent of the Population Ages 5 - 17	Eligible for Basic Grants?	Eligible for Conc. Grants?
LEA 1 (on Census list)		1,004		1,004	0	1,004	6,900	14.55%	YES	NO
LEA 2 (on Census list)		1,320		1,320	0	1,320	8,500	15.53%	YES	YES
LEA 3 (on Census list)		1,541		1,541	28	1,569	9,500	16.52%	YES	YES
LEA 4 (on Census list)		1,973		1,973	11	1,984	11,900	16.67%	YES	YES
LEA 5 (on Census list)		2,033		2,033	32	2,065	12,670	16.30%	YES	YES
LEA 6 (on Census list)		1,055		1,055	0	1,055	6,500	16.23%	YES	YES
Special LEA 1 (not on Census list)	175	0	101	101	0	101	500	20.12%	YES	YES
Special LEA 2 (not on Census list)	205	0	118	118	0	118	550	21.42%	YES	YES
State Total	380	8,926	218	9,144	71	9,215	57,020			

If the SEA is unable to identify the sending LEA for each child enrolled in a special LEA, the SEA may use alternative poverty data for the special LEA and compute an equating factor. The SEA uses the equating factor to estimate the number of poor children for each special LEA.

$$\begin{array}{l}
 \text{Total Census poverty number for State} \\
 \text{Total alternative (FRPL) poverty data for State}
 \end{array}
 \begin{array}{l}
 8,926 \\
 15,530
 \end{array}
 =
 \begin{array}{l}
 0.574758532 \\
 \text{(State equating Factor)}
 \end{array}$$

Notes: Numbers in example may not add due to rounding.

- Column (1) Number of free and reduced price lunch (FRPL) children in special LEAs.
- Column (2) Census poverty estimates for each LEA on the Census list.
- Column (3) FRPL count in Column (1) for each special LEA is multiplied by the State equating factor.
- Column (4) For LEAs 1 - 6, the number shown is the Census poverty estimate. For each special LEA, the number shown is derived in Column (3).
 Note: the total in Column (4) will exceed the total reported by the Census.
- Column (6) Total number of formula children used to determine LEA eligibility (Column (4) + Column (5)).
- Column (7) For LEAs 1 - 6, the number is the 5 - 17 population reported by the Census. For the special LEAs, the number is the enrollment of children ages 5 - 17 reported to the SEA.
- Column (8) The percent of formula children (Column (6)/Column (7)).

B. Example 11 illustrates how the SEA determines Basic Grant allocations for special LEAs.

- The SEA divides the number of formula children in all eligible special LEAs by the total number of formula children for the State to determine the percentage of the State’s total formula children enrolled in all special LEAs.

$$\frac{\text{Total formula children in all eligible special LEAs}}{\text{Total formula children in all eligible LEAs in the State}}$$

- The SEA reduces the allocation to all LEAs on the Census list by the percentage just determined. The total amount taken from the eligible LEAs on the Census list becomes the amount reserved to make initial Basic Grant allocations to the special LEAs.
- The SEA determines the allocation for each eligible special LEA by multiplying the total amount reserved by the proportion of formula children enrolled in all special LEAs in the State.

In Example 11, the SEA first divides the formula count in Special LEA 1 by the total count for all eligible special LEAs to determine Special LEA 1’s share of formula children. The SEA multiplies that share by the total amount reserved to determine Special LEA 1’s Basic Grant allocation. The SEA repeats this process for Special LEA 2.

EXAMPLE 11
Basic Grant Allocations for all LEAs, including special LEAs for which the SEA is unable to identify children from a sending LEA
FOR SY 1999-2000 ONLY

LEA	(1) Total Number of Formula Children in Basic Grant Eligible LEAs	(2) Total Number of Formula Children in Special LEAs	(3) Percent of Formula Children in Special LEA of State Total	(4) ED- Determined Basic Grant Allocations for LEAs on Census list	(5) Amount State Reserved from Allocations to LEAs on Census List for Special LEAs	(6) Distribution of Reserve to Special LEAs	(7) Amount Remaining for LEAs on Census List	(8) Revised Allocations to LEAs Eligible for Basic Grants
LEA 1 (on Census list)	1,004			\$717,473	\$17,004		\$700,469	\$700,469
LEA 2 (on Census list)	1,320			983,963	23,320		960,643	960,643
LEA 3 (on Census list)	1,569			1,220,656	28,930		1,191,726	1,191,726
LEA 4 (on Census list)	1,984			1,526,361	36,175		1,490,186	1,490,186
LEA 5 (on Census list)	2,065			1,500,045	35,552		1,464,493	1,464,493
LEA 6 (on Census list)	1,055			791,228	18,752		772,476	772,476
Special LEA 1 (not on Census list)	101	101	46.05%			\$73,562		73,562
Special LEA 2 (not on Census list)	118	118	53.95%			86,172		86,172
Total	9,215	218	100.00%	6,739,726	159,734	159,734	6,579,992	6,739,726
Total formula children in eligible special LEAs (Column (2))		218	=	2.37%	(Percent formula children in special LEAs are of the State total)			
Total formula children in all eligible LEAs (Column (1))		9,215						

Notes: Numbers in example may not add due to rounding.

Column (1) Numbers taken from Column (6) in Example 10.

Column (5) The amounts for LEAs 1 - 6 are determined by multiplying Column (4) by the percent shown at the bottom of Column (4).
The Column (5) total is the amount the SEA reserves for allocations to special LEAs.

Column (6) Column (3) percentage for each special LEA x Column (5) total. This is the amount allocated to each eligible special LEA in the State.

Column (7) The amounts for LEAs 1 - 6 are Column (4) - Column (5).

Column (8) Column (6) + Column (7).

C. Example 12 illustrates how the SEA determines Concentration Grant allocations for special LEAs taking into account the FY 1999 Emergency Supplemental Appropriation (P.L. 106-31).

- The SEA creates a list of all LEAs eligible to receive a Concentration Grant in SY 1999-2000 and all LEAs ineligible for a Concentration Grant in SY 1999-2000 that received a Concentration Grant in SY 1998-99. The list includes LEAs on the Census list, new LEAs, and special LEAs.
- The SEA divides the number of formula children in all special LEAs on the list just created by the total number of formula children in all LEAs on that list to determine the percentage of the State's total formula children enrolled in all special LEAs.

$$\frac{\text{Total formula children in all special LEAs on the list}}{\text{Total formula children in all LEAs on the list}}$$

- The SEA reduces the allocation to all LEAs on the Census list by the percentage just determined. The total amount taken from the LEAs on the Census list becomes the amount reserved to make initial Concentration Grant allocations to the special LEAs.

The SEA determines the Concentration Grant allocation for each special LEA by multiplying the total amount reserved by the proportion of the formula children enrolled in all special LEAs in the State.

EXAMPLE 12

Concentration Grant Allocations for all LEAs, including special LEAs for which the SEA is unable to identify children from a sending LEA FOR SY 1999-2000 ONLY

LEA	(1) Total No. of Formula Children in Conc. Grant Eli- gible LEAs & LEAs Receiving a Conc. Grant in SY 1998-99	(2) Total Number of Formula Children in Special LEAs	(3) Percent of Formula Children in Special LEA of State Total	(4) ED- Determined Conc. Grant Allocations for LEAs on Census list	(5) Amount State Reserved from Allocations to LEAs on Census List for Special LEAs	(6) Distribution of Reserve to Special LEAs	(7) Amount Remaining for LEAs on Census List	(8) Revised Allocations to Conc. Grant Eligible LEAs
LEA 1 (on Census list)	1,004			\$107,621	\$2,551		\$105,070	\$105,070
LEA 2 (on Census list)	1,320			147,594	3,498		144,096	144,096
LEA 3 (on Census list)	1,569			183,098	4,339		178,759	178,759
LEA 4 (on Census list)	1,984			228,954	5,426		223,528	223,528
LEA 5 (on Census list)	2,065			225,007	5,333		219,674	219,674
LEA 6 (on Census list)	1,055			118,684	2,813		115,871	115,871
Special LEA 1 (not on Census list)	101	101	46.05%			\$11,034		11,034
Special LEA 2 (not on Census list)	118	118	53.95%			12,926		12,926
Total	9,215	218	100.00%	1,010,958	23,960	23,960	986,998	1,010,958
Total formula children in eligible special LEAs (Column (2))		218	=	2.37%	(Percent formula children in special LEAs are of the State total)			
Total formula children in all eligible LEAs (Column (1))		9,215						

Notes: Numbers in example may not add due to rounding.

- Column (1) Numbers taken from Column (6) in Example 10. Although LEA 1 is not eligible for a Concentration Grant, it will receive a Concentration Grant in SY 1999-2000 under the FY 1999 Supplemental because it received a Concentration Grant in SY 1998-99. Therefore, its formula count is included in the calculations for this example.
- Column (4) Even though LEA 1 is ineligible and has no Concentration Grant formula children for SY 1999-2000, ED, under the FY 1999 Emergency Supplemental Act, provided LEA 1 with a Concentration Grant allocation because it received an allocation in SY 1998-99.
- Column (5) The amounts for LEAs 1 - 6 are determined by multiplying Column (4) by the percent shown at the bottom of Column (4). The Column (5) total is the amount the SEA reserves for allocations to special LEAs.
- Column (6) Column (3) percentage for each special LEA x Column (5) total. This is the amount allocated to each eligible special LEA.
- Column (7) The amounts for LEAs 1 - 6 are Column (4) - Column (5).
- Column (8) Column (6) + Column (7).

Step 3: The SEA determines the amounts to be reserved from the State's Basic and Concentration Grant allocations for State administration and school improvement.

Title I authorizes an SEA to reserve for State administration not more than 1 percent or \$400,000, whichever is greater, from funds allocated to the State under Title I, Part A (Grants to LEAs), Part C (Migrant Education), and Part D, Subpart 1 (State Agency Neglected or Delinquent Program). An SEA may also reserve not more than .5 percent from funds allocated to States under Title I, Parts A, C, and D, Subpart 1 to carry out the requirements of sections 1116 and 1117 of Title 1. An SEA, however, must reserve at least \$200,000 from its Title I, Parts A, C, and D, Subpart 1 allocations for this purpose. Note that the amount reserved from Title I, Part A funds for State administration and school improvement must be taken proportionately from Basic and Concentration Grants. (See pages 2 – 8 of guidance issued on June 22, 1998 concerning SY 1998-99 SEA allocation procedures for a more detailed discussion about how to reserve funds for State administration and school improvement.)

In reserving funds for State administration and school improvement, the SEA:

- A. Subtracts the amount reserved in equal proportion from the total State allocation for Basic and Concentration Grants.
- B. Ratably reduces each LEA's initial Basic and Concentration Grant allocation proportionately to the amount available after Step 3A. The SEA treats the Part D, Subpart 2 allocation shown at the end of the LEA allocation printout as an LEA.

The resulting allocation from Step 3B for each LEA is the adjusted LEA allocation that the SEA uses to compare with the LEA's SY 1998-99 allocation in the hold-harmless adjustment procedure described in Step 4.

Step 4: The SEA determines the hold-harmless base for every LEA and makes hold-harmless adjustments, if needed, for SY 1999-2000.

BASIC GRANTS:

- A. The SEA determines a hold-harmless base for Basic Grants for every LEA as follows:
 - For each eligible LEA on the Census list unaffected by LEAs not on the Census list, the hold-harmless base is the SY 1998-99 hold-harmless amount shown in the ED allocation.
 - For each eligible LEA on the Census list that sends all or some of its formula children to a new LEA, the hold-harmless base is appropriately reduced.
 - For each eligible LEA not on the Census list that received a Basic Grant for SY 1998-99, the hold-harmless base for the Basic Grant is the LEA's SY 1998-99 allocation from the State.
 - For each eligible LEA not on the Census list that is eligible to receive a Basic Grant for the first time in SY 1999-2000, the hold-harmless base is the appropriate share of each sending LEA's Basic Grant for SY 1998-2000.

- B. For each eligible LEA in the State, the SEA compares the initial Basic Grant allocation for SY 1999-2000 as adjusted in Step 3 to the LEA's hold-harmless base for Basic Grants determined in Step 4A.
- C. The SEA ensures that each eligible LEA in the State (whether on the Census list or not) receives an appropriate Basic Grant as follows:
- If the SY 1999-2000 Basic Grant allocation for an eligible LEA is below the hold-harmless base, the SEA first uses funds from one or more of the following sources to bring those LEAs up to their hold-harmless base:
 - Amounts remaining in LEAs on the Census list that lose eligibility for Basic Grants after the transfer of formula children to LEAs not on the Census list.
 - Amounts transferred to LEAs not on the Census list that are ineligible to receive Basic Grant funds from LEAs on the Census list. (This situation could occur, for example, when the number of formula children transferring to a special LEA from a sending LEA on the Census list is not enough to qualify the special LEA for a Basic Grant. In this case, the SEA would still be required to transfer Basic Grant funds associated with formula children transferring to the special LEA. Because the special LEA is ineligible, however, these transferred funds would be available to the SEA for use in bringing up LEAs below their hold-harmless base.)
 - Allocations made by ED to LEAs on the Census list not recognized by the SEA as LEAs (e.g., LEAs shown as "balance of county" and certain military installations identified as LEAs).
 - If the SY 1999-2000 Basic Grant allocation for any LEA is still below the 1998-99 hold-harmless base, the SEA reduces the SY 1999-2000 Basic Grant allocations for LEAs in the State above their hold-harmless base to bring up the allocations of LEAs below their hold-harmless levels. The SEA repeats this process until no LEA in the State falls below its hold-harmless base.
 - If the State's total allocation for Basic Grants is not sufficient to bring every eligible LEA up to its hold-harmless base, then the SEA ratably reduces every eligible LEA to the amount available.

CONCENTRATION GRANTS

D. The SEA determines the hold-harmless base for Concentration Grants as follow:

- For each LEA on the Census list that received a Concentration Grant for SY 1998-99 and is unaffected by LEAs not on the Census list, the hold-harmless base is the amount shown in the ED allocations (including the Concentration Grant Supplemental).
- For each eligible LEA on the Census list that sends all or some of its formula children to a new LEA, the hold-harmless base is appropriately reduced.
- For each LEA not on the Census list that received a Concentration Grant for SY 1998-99, the hold-harmless base is the LEA's SY 1998-99 allocation from the State.
- For each LEA not on the Census list that is eligible to receive a Concentration Grant for the first time in SY 1999-2000, the hold-harmless base is the appropriate share of each sending LEA's Concentration Grant for SY 1998-99.

E. For each LEA in the State, the SEA compares the initial Concentration Grant allocation for SY 1999-2000 as adjusted in Step 3 to the LEA's hold-harmless base for Concentration Grants determined in Step 4D.

F. The SEA ensures that each LEA in the State (whether on the Census list or not) receives an appropriate Concentration Grant hold-harmless allocation as follows:

- If the SY 1999-2000 Concentration Grant allocation for an LEA that received a Concentration Grant for SY 1998-99 is below the hold-harmless base, the SEA first uses Concentration Grant funds from one or more of the following sources to bring those LEAs up to their hold-harmless base:
 - Amounts remaining in LEAs on the Census list that did not receive a Concentration Grant in SY 1998-99 and that lose eligibility for Concentration Grants after the transfer of formula children to LEAs not on the Census list.
 - Amounts transferred to LEAs not on the Census list that did not receive a Concentration Grant in SY 1998-99 and remain ineligible to receive Concentration Grant funds in SY 1999-2000. [For example: The number of formula children transferring to a special LEA from a sending LEA on the Census list is not enough to qualify the special LEA for a Concentration Grant. The SEA would still be required to transfer Concentration Grant funds associated with the formula children transferring to the special LEA. Because the special LEA is ineligible, however, these transferred funds would be available to the SEA for use in bringing up LEAs below their hold-harmless base.]
 - Allocations made by ED to LEAs on the Census list not recognized by the SEA as LEAs (e.g., LEAs shown as "balance of county" and certain military installations identified as LEAs).

- If the SY 1999-2000 Concentration Grant allocation for any LEA is still below the SY 1998-99 hold-harmless base, the SEA reduces the SY 1999-2000 Concentration Grant allocations for LEAs in the State above their hold-harmless base to increase the allocations of LEAs below their hold-harmless levels. The SEA repeats this process until no LEA in the State falls below its hold-harmless amount.
- If the State’s total allocation for Concentration Grants is not sufficient to bring every LEA up to its hold-harmless base, then the SEA ratably reduces every LEA to the amount available.

ONLY STATES USING ALTERNATIVE DATA APPROVED BY ED TO REDISTRIBUTE ALLOCATIONS TO LEAs SERVING FEWER THAN 20,000 RESIDENTS (NOT ENROLLMENT) CONTINUE WITH STEPS 5 AND 6.

Step 5: The SEA identifies LEAs in the State serving a total population of fewer than 20,000 residents (hereinafter referred to as “small” LEAs) and the total allocation available for distribution to those small LEAs using alternative data approved by ED.

A. LEAs serving fewer than 20,000 residents are those meeting one of the following criteria:

- Every LEA on the Census list identified by ED as serving fewer than 20,000 residents **and** unaffected by LEAs not on the Census list.
- Special LEAs receiving Basic or Concentration Grants based on the determinations made in the preceding steps.
- Any LEA resulting from a consolidation and not on the Census list that the SEA determines serves fewer than 20,000 residents.

B. The SEA determines the amount of Basic and Concentration Grants available for allocations to small LEAs as follows:

- The total amount of Basic Grant funds available for redistribution to eligible small LEAs is the sum of Basic Grant allocations determined in Step 4 for LEAs serving fewer than 20,000 residents.
- The total amount of Concentration Grant funds available for redistribution to eligible small LEAs and ineligible small LEAs receiving a Concentration Grant in SY 1998-99 is the sum of the Concentration Grant allocations determined in Step 4 for LEAs serving fewer than 20,000 residents.

Step 6: The SEA uses the approved alternative poverty data to redistribute initial allocations for all eligible small LEAs using only the funds determined in Step 5B.

The SEA obtains an estimate of formula children (including poor children and neglected children) using the alternative poverty data approved by ED and an estimate of total 5-17 children for each small LEA. These alternative poverty data form the basis for determining an LEA's eligibility for Basic and Concentration Grants. NOTE: Population data and poverty data used to determine poverty percentages must be consistent with respect to the time period they cover.

A State may wish to consider the National Academy of Sciences recommendation that it maintain the county total amounts for such LEAs to the extent possible when using an alternative method for small LEAs.

A. Basic Grants

- (1) **Eligibility:** The SEA determines that a small LEA is eligible for a Basic Grant, if the small LEA has at least 10 formula children (using the approved alternative poverty data source) **AND** those children represent greater than 2 percent of the total 5-17 population.
- (2) **Allocation:** The SEA redistributes the total Basic Grant funds determined in Step 5B to eligible small LEAs using the following steps:
 - The SEA determines the total number of formula children in all eligible small LEAs based on the alternative data used.
 - The SEA divides the amount available for small LEAs determined in Step 5B by the total number of formula children in all small LEAs to determine a Basic Grant amount per formula child.
 - The SEA multiplies the amount per formula child by the number of formula children in each eligible small LEA to determine each LEA's Basic Grant allocation.
- (3) **Hold-harmless calculation:** The SEA ensures that each small LEA in the State (whether on the Census list or not) receives an appropriate hold-harmless allocation for Basic Grants.
 - If an eligible small LEA's Basic Grant allocation determined under the previous step is less than its 1999-98 hold-harmless base, the SEA reduces the Basic Grant allocations for small LEAs in the State above the hold-harmless base until no LEA in the State falls below its hold-harmless allocation.

- If the total allocation available for redistribution to small LEAs is not sufficient to bring every eligible small LEA up to its hold-harmless base, then the SEA ratably reduces every eligible small LEA to the amount available.

[NOTE: none of these adjustments can affect allocations to LEAs serving 20,000 or more residents.]

B. Concentration Grants

(1) **Eligibility:** A small LEA receives a Concentration Grant if the small LEA--

- Is eligible for a Basic Grant and has more than 6,500 formula children (using the approved alternative poverty data source) OR the number of those children exceeds 15 percent of the total 5-17 population; **OR**
- Received a Concentration Grant in SY 1998-99

(2) **Allocation:** The SEA redistributes the total Concentration Grant funds determined in Step 5B to small LEAs in Step 6B(1) as follows:

- The SEA determines the total number of formula children in all small LEAs in Step 6B(1) based on the alternative data used.
- The SEA divides the amount available for small LEAs determined in Step 5B by the total number of formula children in all small LEAs in Step 6B(1) to determine a Concentration Grant amount per formula child.
- The SEA multiplies the amount per formula child by the number of formula children in each small LEA in Step 6B(1) to determine each LEA's Concentration Grant allocation.

(3) **Hold-harmless calculation:** The SEA ensures that each small LEA in Step 6B(1) (whether on the Census list or not) receives an appropriate hold-harmless allocation for Concentration Grants.

- If a small LEA's Concentration Grant allocation determined under Step 6B(2) is less than its 1998-99 hold-harmless base, the SEA reduces the initial allocations for small LEAs in Step 6B(1) above the hold-harmless base until no LEA in the State falls below its hold-harmless allocation.
- If the total Concentration Grant allocation available for redistribution to small LEAs is not sufficient to bring every small LEA in Step 6B(1) up to its hold-harmless base, then the SEA ratably reduces the Concentration Grant for every small LEA to the amount available.

[NOTE: none of these adjustments can affect allocations to LEAs serving 20,000 or more residents.]

ALLOCATION OF FUNDS TO LEAS IN A STATE RECEIVING A CONCENTRATION GRANT MINIMUM ALLOCATION

In a State receiving a minimum Concentration Grant allocation, the SEA may allocate Concentration Grant funds:

- In accordance with the preceding steps; or
- To LEAs with concentrations or numbers of formula children that exceed the statewide average number or percent of those children, without regard to ED’s LEA allocations, as follows:

Determine Amount Available for Distribution to LEAs

- A. Determine amounts to be reserved from the State's Concentration Grant allocation (including the Supplemental) for State administration and school improvement. Subtract the amount reserved from the State allocation to determine the amount available to allocate to LEAs as shown in the following example.

Example

	Concentration Grant Allocations to LEAs and Part D, Subpart 2	Concentration Grant Allocation to Part D, Subpart 2	Concentration Grant Allocations to LEAs
Total State Concentration Grant (includes the Supplemental)	\$3,375,199	\$14,470	\$3,360,729
Deductions:			
State administration (2.04%) ¹	- 68,742	- 295	- 68,447
School improvement (1.02%) ²	- <u>34,372</u>	- <u>147</u>	- <u>34,225</u>
Subtotal	-103,114	- 442	- 102,672
Total available for LEAs and Part D, Subpart 2	3,272,085	14,028	3,258,057
Total available for LEAs only			3,258,057

¹ Because the initial amount reserved in this example, when added to the amount reserved from Parts A, C and D, totaled less than \$400,000, the SEA may reserve up to \$400,000. The percent reserved here reflects the percent and amount set aside from Concentration Grants needed to reach \$400,000.

² Because the initial amount reserved in this example, when added to the amount reserved from Title I, Parts A, C and D, totaled less than \$200,000, the SEA must reserve at least \$200,000. The percent reserved here reflects the amount set aside from Concentration Grants needed to reach \$200,000.

Identify Eligible LEAs

- B. Identify as eligible those LEAs in which either the number or percentage of formula children exceeds the average number or percentage of those children in the State. Include any LEAs that are ineligible but that receive an Concentration Grant in SY 1998-99

Note: If a State is using an alternative method approved by ED to distribute Basic Grants to small LEAs with less than 20,000 total residents, the SEA must determine LEA Concentration Grant eligibility and allocations based on the approved data.

Distribute the State Allocation Among Eligible LEAs

- C. Add the count of formula children for all LEAs identified in Step B.
- D. Divide the amount available to LEAs after amounts are reserved under Step A by the total number of formula children (under Step C) to arrive at an amount per child.
- E. Multiply the amount per formula child by the number of formula children in each eligible LEA to determine each LEA's Concentration Grant allocation.

Calculate Hold-Harmless

- F. If an LEA's allocation under the previous step is less than 100 percent of its 1998-99 allocation, proportionately reduce the SY 1999-2000 Concentration Grant allocations of the LEAs in the State (including the Part D, Subpart 2 record) above their hold-harmless base to bring up the allocations of LEAs below their hold-harmless base. Repeat this process as necessary until no LEA in the State falls below its hold-harmless base.

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