



State and Local Implementation of the
No Child Left Behind Act

Volume VI—Targeting and Uses of Federal Education Funds



State and Local Implementation of the *No Child Left Behind Act:* Volume VI—Targeting and Uses of Federal Education Funds

A report from the National Longitudinal Study of *No Child Left Behind* (NLS-NCLB) and the Study of State Implementation of Accountability and Teacher Quality Under *No Child Left Behind* (SSI-NCLB)

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PREFACE

This report presents findings about targeting and resource allocation from the National Longitudinal Study of *No Child Left Behind* (NLS-*NCLB*). The NLS-*NCLB* is being conducted with a companion study, the Study of State Implementation of Accountability and Teacher Quality Under *No Child Left Behind* (SSI-*NCLB*). The research teams for these two studies have collaborated to provide an integrated evaluation of the implementation of key *NCLB* provisions at the state level (SSI-*NCLB*) and at the district and school levels (NLS-*NCLB*). Together the two studies are the basis for a series of reports on the topics of accountability, teacher quality, Title I school choice and supplemental educational services, and targeting and resource allocation.

This is the sixth volume in this report series. The first five volumes were:

Volume I—Title I School Choice, Supplemental Educational Services, and Student Achievement

Volume II—Teacher Quality Under *NCLB*: Interim Report

Volume III—Accountability Under *NCLB*: Interim Report

Volume IV—Title I School Choice and Supplemental Educational Services: Interim Report

Volume V—Including Students With Disabilities in Adequate Yearly Progress: Implementation of the 1 Percent Rule and 2 Percent Interim Policy Options

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EXECUTIVE SUMMARY

Achieving the goals of federal education legislation depends critically on how federal funds are distributed and used. Since the enactment of the *Elementary and Secondary Education Act (ESEA)* in 1965, various federal programs have been created to support educational improvement and target additional resources to meet the educational needs of children who are economically and educationally disadvantaged. This report presents findings on the targeting and uses of funds for six federal education programs, based on 2004–05 data from the National Longitudinal Study of *No Child Left Behind (NLS-NCLB)*.¹ The programs studied are: Title I, Part A; Reading First; Comprehensive School Reform (CSR); Title II, Part A; Title III, Part A; and Perkins Vocational Education State Grants.² This report describes how well federal funds are targeted to high-need districts and schools, how districts have spent federal funds, and the comparability of the base of state and local resources to which federal funds are added.

KEY FINDINGS

- **Federal education funds were more strongly targeted to the highest-poverty districts than were state and local funds but did not close the funding gap between high- and low-poverty districts.** Districts in the highest-poverty quartile, which serve 25 percent of the nation’s school-age children and about half (49 percent) of the nation’s poor school-age children, received 38 percent of all federal funds and 21 percent of state and local funds. For the six federal programs included in this study, the highest-poverty districts received between 43 and 73 percent of the funds. However, total revenue per student from all sources in the highest-poverty districts (\$10,025) was 7 percent lower than for districts in the lowest-poverty quartile (\$10,836).
- **The overall share of Title I funds going to the highest-poverty districts changed only marginally between 1997–98 and 2004–05 (from 50 to 52 percent).** The highest-poverty districts received a substantial increase in their average Title I allocation per poor child, after adjusting for inflation (from \$1,044 to \$1,579, or 51 percent), but this largely reflects the overall growth in Title I appropriations during this period (a 51 percent increase in constant dollars).
- **At the school level, Title I funding per low-income student in the highest-poverty schools remained virtually unchanged from 1997–98 to 2004–05, when adjusted for inflation, and these schools continued to receive smaller Title I allocations per low-income student than did the lowest-poverty schools.** While the amount of Title I funds received by the highest-poverty schools increased, the growth in Title I funds basically kept pace with the growth in the number of low-income students served in these schools. In addition, there was an increase in the share of Title I funds retained for district-managed services (from 9 percent in 1997–98 to 21 percent in 2004–05) and a decline in the share allocated to individual schools (from 83 percent to 74 percent).

¹ The NLS-*NCLB* is being conducted in collaboration with a companion study, the Study of State Implementation of Accountability and Teacher Quality Under *No Child Left Behind (SSI-NCLB)*, in order to provide an integrated evaluation of the implementation of key *NCLB* provisions by states, districts, and schools. This report is part of a series of joint reports being issued by the two studies; these reports focus on four topics: accountability; teacher quality; Title I school choice and supplemental educational services; and targeting and resource allocation.

² The first five of these programs are part of *ESEA*; the sixth (Perkins) was authorized under a separate law focused on career and technical education at the secondary and postsecondary levels. The program was reauthorized in 2006 as the *Carl D. Perkins Career and Technical Education Act*.

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- **Federal program funds were used mainly for instruction.** For five of the six programs, the share of funds that districts and schools used for instructional purposes (e.g., on teacher salaries, instructional materials) ranged from 65 to 75 percent; CSR was somewhat lower (54 percent). Most of the remaining funds were used for instructional and student support (e.g., professional development, parent involvement), ranging from 18 percent (Title I) to 42 percent (Section 1003), while between 4 and 10 percent of the funds for each program were used for administration and other support.
 - **Among the six federal programs, Title I provided the most funds used for professional development** (\$1.0 billion, based on district fiscal records), followed by Title II (\$518 million). However, these figures may underestimate spending on professional development because district accounting systems may not always clearly identify such expenditures. An alternate approach based on a survey of Title II district coordinators found that districts spent \$959 million in Title II funds for professional development rather than the \$518 million estimated from fiscal records.
 - **Overall, school personnel expenditures from Title I amounted to \$408 per low-income student, a 9 percent increase over the base of state and local per-student expenditures on school personnel.** Title I added more dollars per low-income student to elementary schools than to middle or high schools. For elementary schools, Title I added a significantly higher amount of personnel resources per low-income student in the lowest-poverty schools than in the highest-poverty schools.

EVALUATION QUESTIONS AND DATA SOURCES

This report addresses three broad questions on how federal funds are targeted and used:

- **Where does the money go?** How are federal funds distributed among districts and schools? How are these funds distributed in relation to poverty levels, school grade levels, urbanicity, and school improvement status? Have Title I funding patterns changed since the 2001 reauthorization of *ESEA*?
- **What does the money buy?** How do school districts use federal education funds for various purposes and strategies (e.g., administration, instruction, instructional support, professional development, supplemental educational services, school choice-related transportation) to improve student learning? What do federal programs add to the school's total resources?
- **How do school districts and schools use flexibility options in the law to combine and use federal funds more flexibly?**

To address these questions, the NLS-*NCLB* collected data on federal program allocations from FY 2004 appropriations (which provided funds for use primarily during the 2004–05 school year) from all 50 states, the District of Columbia, and Puerto Rico. The study also collected data from a nationally representative sample of 300 school districts on federal program allocations and expenditure data for the 2004–05 school year. From district records, the study collected fiscal and payroll data for a sample of 1,483 schools within the sampled districts. In order to examine changes since the 2001 reauthorization of *ESEA*, this report makes comparisons to data for the 1997–98 school year from the Study of Education Resources and Federal Funding (Chambers et al., 2000), and with data from the NCES Common Core of Data for 2000–01 through 2004–05.

OVERVIEW OF THE SIX FEDERAL PROGRAMS

In 2004–05, the six federal programs in this study provided \$18.4 billion to support elementary and secondary education. This amount represented 50 percent of total funding appropriated for U.S. Department of Education elementary and secondary education programs and about 4 percent of total K–12 revenues from all sources (federal, state, and local combined).

- **Title I Grants to Local Education Agencies** (Title I, Part A). As the largest federal education program, Title I, Part A, provided over \$12.3 billion in the 2004–05 school year to states and districts to meet the educational needs of low-achieving students in high-poverty schools. Title I funds went to 93 percent of school districts and 56 percent of public schools in 2004–05.

This study also includes analyses of Section 1003(a) funds, which come from a state-level set-aside amounting to up to 4 percent of each state’s Title I funds. Section 1003(a) funds reached 11 percent of the nation’s school districts enrolling 38 percent of the nation’s public school students.

- **Reading First** (Title I, Part B, Subpart 1). The purpose of Reading First is to ensure that all children learn to read well by the end of third grade. Reading First provided over \$1.0 billion in 2004–05 in discretionary grants, reaching 8 percent of school districts and 4 percent of all elementary schools.
- **Comprehensive School Reform** (Title I, Part F). This program provides start-up financial support to implement comprehensive school reforms using scientifically based research and effective practices. In 2004–05, CSR provided \$234 million in discretionary grants that reached 8 percent of all school districts and 1 percent of all schools.
- **Title II: Improving Teacher Quality State Grants** (Title II, Part A). Title II provides support for training and recruiting high-quality teachers and principals who are capable of enabling children to achieve high standards. Title II distributed more than \$2.9 billion in 2004–05 and went to nearly all school districts (99 percent).
- **Title III: English Language Acquisition State Grants** (Title III, Part A). Title III provides assistance for improving the English proficiency and academic achievement of limited English proficient (LEP) students. Title III distributed \$681 million in 2004–05 to 41 percent of the districts enrolling 87 percent of the nation’s LEP students.
- **Perkins Vocational Education State Grants** (Title I of the *Carl D. Perkins Vocational and Technical Education Act*). Originally authorized in 1984, this program supports secondary and postsecondary career and technical education. Perkins grants amounted to \$1.195 billion in 2004–05, and an estimated \$741 million of that amount was allocated to school districts serving secondary students. Grantee districts accounted for 60 percent of all districts serving secondary students and 76 percent of all secondary students.

Throughout this report, we refer to these six programs by names that are shorter than their full official names: Title I, Part A (or Title I), Reading First, CSR, Title II, Title III, and Perkins Title I (or Perkins). It should be noted that some of these Titles include other programs that are not covered by this study.

For five of the six programs studied, the U.S. Department of Education allocates funds to states on the basis of statutory formulas; states then suballocate the funds to school districts and other subgrantees, either by formula or grant competitions, after reserving a small percentage of the funds for state-level activities and other set-asides. For Title I, Part A, the Department of Education allocates funds directly to the school district level using four statutory funding formulas, but states are permitted to adjust these

allocations under certain circumstances and to reserve funds for Section 1003(a) school improvement activities and state administration. The Reading First and Comprehensive School Reform programs are discretionary grant programs, while Title I, Title II, Title III, and Perkins provide formula grants.

TARGETING OF FEDERAL EDUCATION FUNDS

Most federal programs target resources to school districts and schools based on some indicator of need, often poverty. Similarly, most states use funding formulas that incorporate poverty measures and other need indicators in the distribution of state aid to local school districts.

Federal education funds were more targeted to high-poverty districts than were state or local funds.

In 2003–04, districts in the highest poverty quartile, which served 25 percent of all school-age children and 49 percent of the nation’s poor school-age children, received 38 percent of all federal funds, 26 percent of state revenues, and 15 percent of local revenues. In contrast, districts in the lowest poverty quartile, which served 7 percent of the nation’s poor school-age children and 25 percent of all school-age children, received 12 percent of all federal funds, 22 percent of state funds, and 37 percent of local funds.

Although federal programs, and to a lesser degree state school funding programs, provided more funds to the highest-poverty districts, these districts still had less overall funding per child than the lowest-poverty districts.

While the highest-poverty districts received higher federal and state revenues per student, they received substantially lower revenues per student from local sources (see Exhibit S.1). The highest-poverty districts received over three times as much federal funding per student enrolled (\$1,449 vs. \$388) and 38 percent more state funding per student (\$5,478 vs. \$3,973) than the lowest-poverty districts. However, local revenue per student for districts in the lowest poverty quartile (\$6,475) was more than twice that of districts in the highest poverty quartile (\$3,098). Overall, total revenue per student from all sources in the highest-poverty districts (\$10,025) was 7 percent lower than for districts in the lowest poverty quartile (\$10,836).

**Exhibit S.1
Federal, State, and Local Revenues per Student,
by District Poverty Quartile, 2004–05**

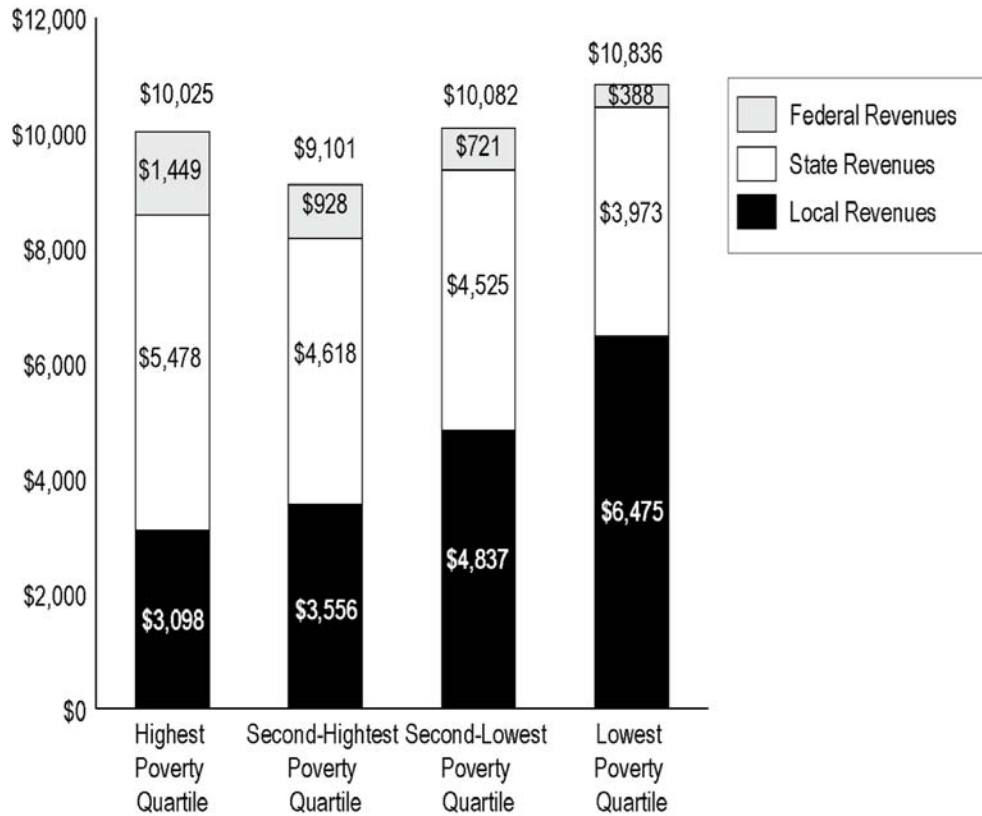


Exhibit reads: Although federal revenues provided an additional \$1,449 per student in the highest-poverty districts, compared with \$388 per student in the lowest-poverty districts, the highest-poverty districts still received less in total revenues per student (\$10,025) than did the lowest-poverty districts (\$10,836).

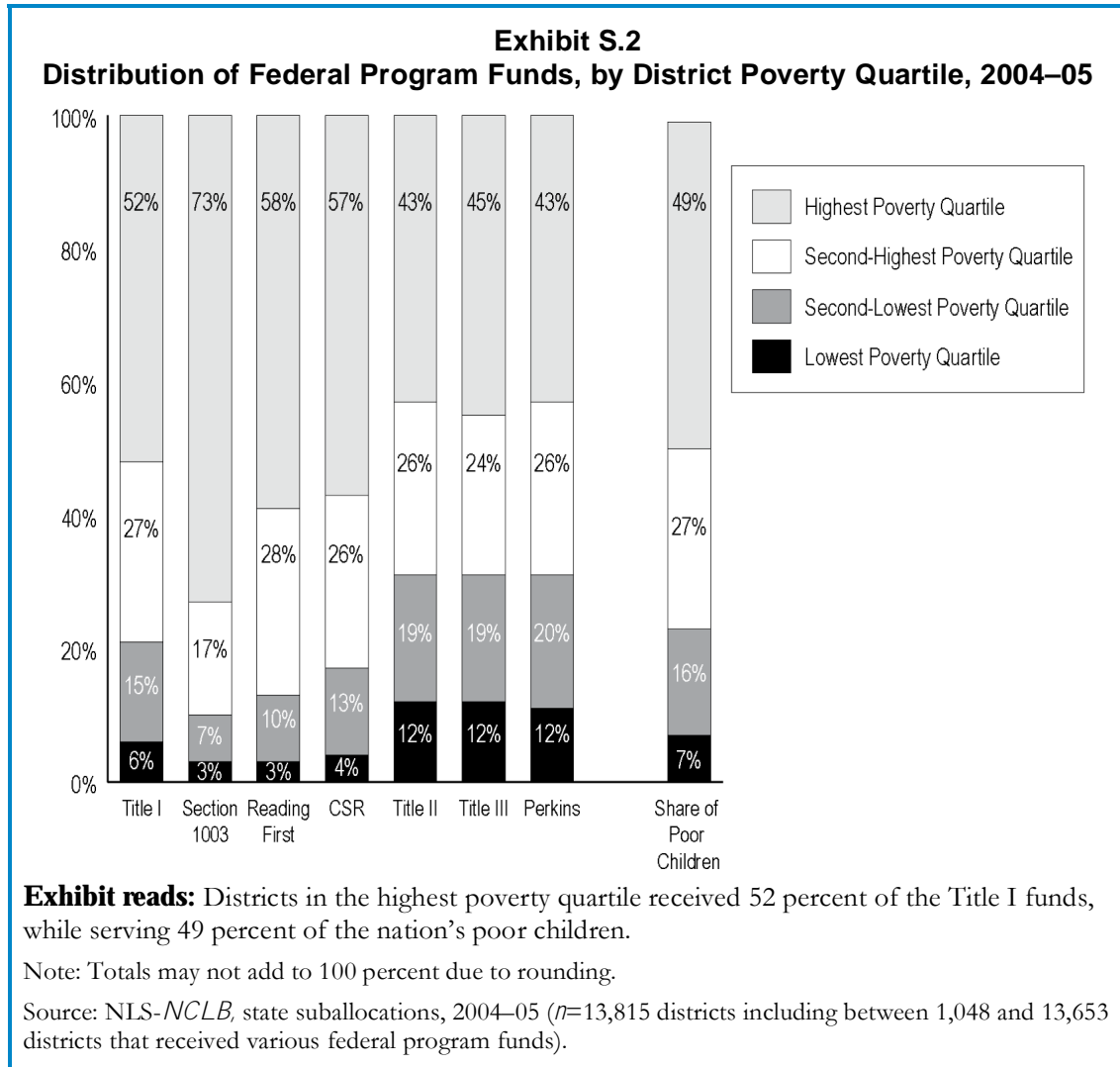
Note: “Federal Revenues” include funds that school districts received from any federal source, including federal programs outside the U.S. Department of Education, such as the National School Lunch Program.

Source: National Center for Education Statistics, Common Core of Data, School District Finance Survey (F-33), 2004–05 (*n*=13,754 districts).

TARGETING FOR THE SIX FEDERAL PROGRAMS IN THIS STUDY

Of the federal programs studied, Section 1003, Reading First, and CSR provided the largest shares of program funds to the highest-poverty districts.

In 2004–05, the districts in the highest poverty quartile received nearly three-fourths (73 percent) of the funds that states reserved for school improvement activities under Section 1003 of Title I (see Exhibit S.2). Reading First and CSR, both discretionary grant programs, also provided relatively large shares of their funding to the highest poverty quartile of districts (58 percent and 57 percent, respectively).



For Title I, the highest-poverty districts received 52 percent of the funds, slightly more than their share of poor children (49 percent). For Title II, Title III, and Perkins Vocational Education, the share of funds allocated to the highest poverty quartile (43 to 45 percent) was less than their share of poor children but greater than their share of all school-age children (25 percent).

Conversely, districts in the lowest poverty quartile received a small share of the funds under Title I, Section 1003, Reading First, and CSR (3 to 6 percent) and a larger share of the funds under Title II, Title III, and Perkins (12 percent).

While Title I allocations per poor child in the highest-poverty districts were 26 percent higher than in the lowest-poverty districts, allocations per poor child for the other federal programs were 44 to 74 percent lower for the highest-poverty districts. For example, the lowest-poverty districts received \$571 per poor child in Title II funds, compared with \$321 for the highest-poverty districts. While only a small percentage of the lowest-poverty districts received funds from discretionary grant programs like Reading First and CSR, the low proportion of poor children in these districts, especially in the lowest-poverty districts, resulted in a relatively higher average allocation per poor child.

The following school-level analysis focuses on three of the six programs in this study—Title I, CSR, and Reading First—because school allocations data were frequently available for these three programs and were less readily available for the other three programs.

It is important to note that when examining the targeting of federal program funds at the school level, average school allocations per low-income student appear much smaller than district allocations per poor student because a different poverty measure is used. The district-level analysis uses Census Bureau estimates of the number of poor school-age children, while the school-level analysis uses counts of students eligible for the free or reduced-price lunch program, which has a higher income threshold and thus includes roughly twice as many children. For Title I, for example, the average district allocation in 2004–05 was \$1,499 per census poverty child but \$796 per student eligible for free or reduced-price lunches.

At the school level, the highest-poverty schools (those with 75 percent or more low-income students) received 57 percent of Reading First funds, 50 percent of CSR funds, and 38 percent of Title I funds; their share of all low-income students was 30 percent.

Looking at a broader definition of “high-poverty schools”—those with 50 percent or more low-income students—shows similar patterns. These high-poverty schools received 96 percent of Reading First funds, 83 percent of CSR funds, and 76 percent of Title I funds, more than their share of all low-income students (63 percent). Although high-poverty schools received a majority of Title I funds, about 6 percent of Title I funds were allocated to low-poverty schools.

The highest-poverty schools received smaller allocations per low-income student than did lower-poverty schools for Title I, Reading First, and CSR.

For example, the highest-poverty Title I schools received \$558 per low-income student vs. \$763 in low-poverty schools. Within-district analyses indicated that low-poverty districts concentrated their Title I funds on schools that had high poverty rates for their district but were low-poverty when compared with schools in other districts. Low-poverty schools accounted for a small percentage of all Title I schools (6 percent). However, medium-poverty Title I schools also received larger allocations than the highest-poverty schools.

CHANGES IN THE TARGETING OF TITLE I FUNDS

Between 1997–98 and 2004–05, the share of Title I funds received by the highest-poverty districts has shown little change.

The share of funds allocated to the highest-poverty districts increased by 2 percentage points, from 50 percent in 1997–98 to 52 percent in 2004–05, while the share of funds allocated to the lowest-poverty districts declined from 8 to 6 percent. Beginning in FY 2002, Congress has designated an increasing share of total Title I funds to be allocated through the newer Targeted Grants and Incentive Grants formulas. However, most funds continue to flow through the Basic Grants, which are the least targeted to the highest-poverty districts. Less than half (47 percent) of the Basic Grants went to districts in the highest poverty quartile, while the Targeted, Incentive, and Concentration formulas allocated between 56 and 58 percent of these grant funds to the highest-poverty districts.

Title I funding per poor child increased substantially between 1997–98 and 2004–05, especially in the highest-poverty districts.

Across all districts that received Title I funds, the average funding per poor child (adjusted for inflation) increased from \$1,059 to \$1,499 (a 42 percent increase) between 1997–98 and 2004–05. For the highest-poverty districts, Title I funds per poor child increased by 51 percent, from \$1,044 to \$1,579, compared with a 5 percent increase for the lowest-poverty districts, from \$1,194 to \$1,256.

Title I funding per low-income student in the highest-poverty schools remained unchanged, after adjusting for inflation, from 1997–98 to 2004–05.

The average allocation per low-income student in the highest-poverty schools was \$558 in 2004–05 and \$563 in 1997–98 (when the last study of this kind was conducted). In both cases, these per pupil allocations were significantly smaller than the allocations to the lowest-poverty schools, which were \$763 and \$914, respectively. While the per pupil allocations to the lowest-poverty schools declined between 1997–98 and 2004–05, the schools in the middle two poverty categories show a 29 to 39 percent increase in Title I allocations per low-income student.

Exhibit S.3
Title I Funding per Low-Income Student,
by School Poverty Level, 1997–98 and 2004–05,
in Constant 2004–05 Dollars

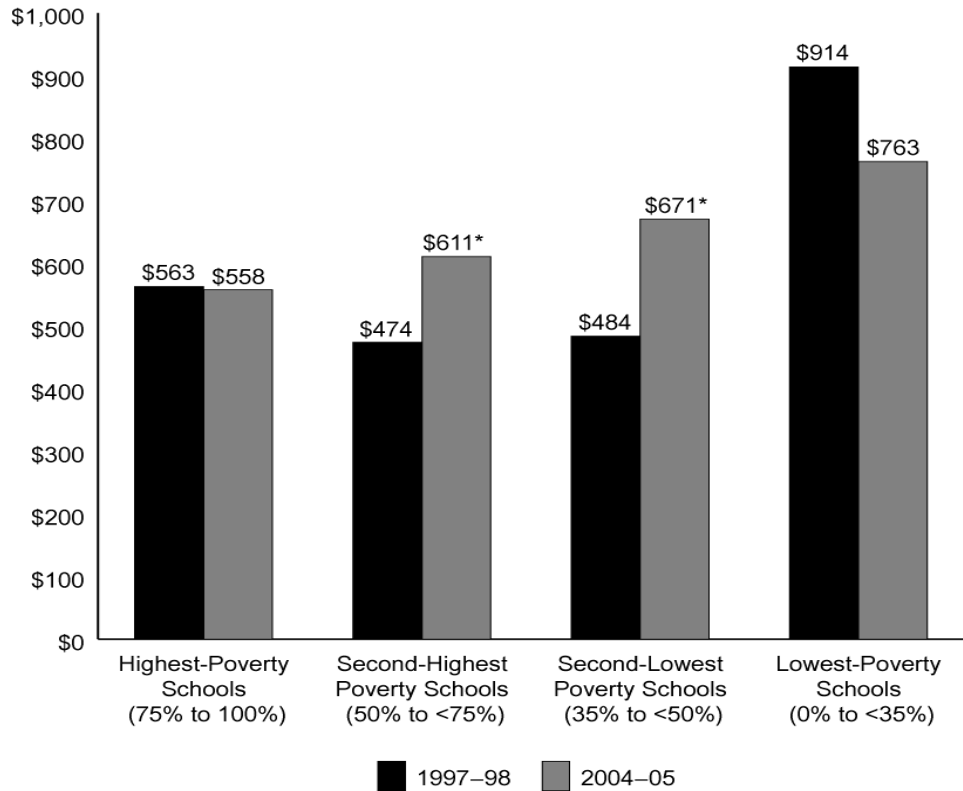


Exhibit reads: The highest-poverty schools received \$558 per low-income student in 2004–05, compared with \$563 in 1997–98 (in constant 2004–05 dollars).

* Indicates that the 2004–05 amount is significantly different from 1997–98 amount ($p < .05$).

Source: Study of Education Resources and Federal Funding, 1997–98 ($n=4,563$ Title I schools); NLS-*NCLB*, school allocations, 2004–05 ($n=8,564$ Title I schools).

A within-district analysis of suballocations of Title I dollars to schools shows that the lowest-poverty districts concentrated their Title I funds on a relatively smaller proportion of schools, which were also generally low-poverty schools.

This finding helps explain the higher average allocations per low-income student received by the lowest-poverty schools. The highest-poverty districts, on the other hand, spread their funds over a larger proportion of their schools, which were frequently in the highest-poverty category of schools nationally, thereby resulting in a smaller allocation per low-income student received by these schools.

DISTRIBUTION OF FUNDS BY SCHOOL GRADE LEVEL AND OTHER SCHOOL CHARACTERISTICS

Elementary schools received all Reading First funds and three-fourths of Title I funds, while CSR funds were more likely to reach secondary schools.

As a K–3 program, Reading First provides funds exclusively to schools serving those grades, so it is not surprising to find that all Reading First funds went to elementary schools. For Title I, elementary schools received 76 percent of the school allocations, considerably more than their share of the nation’s low-income students (57 percent). Middle schools received 14 percent of Title I funds and enrolled 20 percent of all low-income students, while high schools received 10 percent of Title I funds and enrolled 22 percent of all low-income students.

For CSR, the distribution of funds was closer to the distribution of low-income students by school grade level: 48 percent went to elementary schools, 34 percent to middle schools, and 19 percent to high schools.

Schools that were identified for improvement were more likely to receive Title I funds than non-identified schools, but they received a smaller amount per low-income student than did non-identified schools.

Under *NCLB*, every state must establish adequate yearly progress (AYP) targets for schools and districts. Schools that do not meet AYP for two or more consecutive years are “identified for improvement.” In 2004–05, 84 percent of the schools identified for improvement received Title I funds, compared with 54 percent of the schools not identified for improvement. Although identified schools were more likely to receive Title I funds, they received a lower amount of funding per low-income student (\$556) compared with non-identified Title I schools (\$624).

Schoolwide programs accounted for over two-thirds of school-level Title I funding in 2004–05.

NCLB allows schools with 40 percent or more students from low-income families to use Title I funds for schoolwide programs, which are intended to improve instructional programs throughout the school, while other schools must use Title I funds to provide targeted services to specifically identified low-achieving students.

The number of Title I schools operating schoolwide programs rose from 25,184 in 2000–01 to 31,445 in 2004–05, after *NCLB* lowered the schoolwide eligibility threshold from 50 percent poverty to 40 percent. In 2004–05, schoolwide programs accounted for 56 percent of all Title I schools and 70 percent of Title I funds, up from 60 percent of Title I funds in 1997–98. Targeted assistance programs, the original Title I service delivery model, accounted for the remaining 44 percent of all Title I schools and 30 percent of Title I funds allocated to schools in 2004–05.

Few districts (6 percent) that operated schoolwide programs actually consolidated Title I funds with other sources of funding to support schoolwide activities.

Schoolwide programs may consolidate Title I funds with other federal, state, and local funds in order to support a comprehensive, integrated approach to improving instruction. However, most districts reported that they had not consolidated Title I funds with other funding sources, but had simply

coordinated spending strategies. Districts reported that state or district accounting rules and fear of potential audit exceptions were major barriers to consolidation of funding.

USES OF FEDERAL PROGRAM FUNDS

Districts allocated between 74 and 83 percent of Title I, Reading First, and CSR funds to individual schools. They used between 14 and 21 percent of these funds for district-managed services and between 3 and 5 percent of the funds for district-level administration.

Districts may set aside a portion of the federal funds for program administration as well as for programs and services that are administered or accounted for at the district level, before allocating the rest of the funds to individual schools. In 2004–05, districts allocated an estimated 83 percent of Reading First funds, 79 percent of CSR funds, and 74 percent of Title I funds to individual public schools. For Title I, 21 percent of the funds were used for district-managed services such as professional development, preschool, student transportation for school choice, before- and after-school and summer programs, and other districtwide instructional support services. These percentages were lower for CSR (18 percent) and Reading First (14 percent). The remaining funds (3 to 5 percent) were used for district-level administrative costs.

Between 1997–98 and 2004–05, the share of Title I funds allocated to individual schools declined from 83 percent to 74 percent, while the share used for district-managed services rose from 8 percent to 21 percent.

Federal program funds were mainly used for instruction, and for most programs examined, the share of federal funds spent on instruction was greater than the overall percentage of all elementary-secondary education funds spent on instruction.

For the programs in this study, districts and schools spent between 51 and 75 percent of their federal program funds for instruction, which includes instructional staff and other instructional expenditures (see Exhibit S.4). Most of the remaining funds were used for instructional support (18 to 42 percent), which includes professional development for teachers and other staff, reading coaches, school libraries and media centers, counselors and health services, and parent involvement. Administrative costs (which also include facilities and transportation costs) accounted for 4 to 10 percent of district expenditures under the federal programs in this study.

The programs with the largest share of funds used for instructional purposes were Title III (75 percent), Title I (73 percent), and Perkins (72 percent). For two programs, about two-thirds of the funds were used for instruction (Title II at 67 percent and Reading First at 65 percent). For CSR and Section 1003, slightly over half of the funds were used for instruction (54 percent and 51 percent, respectively).³ For comparison, instructional expenditures accounted for 61 percent of total school district expenditures from all revenue sources combined (federal, state, and local).

³ The reader is reminded that Section 1003 funds are included within the totals for Title I as well as being separated here for the purpose of examining how these school improvement funds were spent.

Exhibit S.4
Uses of Federal Program Funds:
Share of Expenditures Used for Instruction, Instructional and Student
Support, and Program Administration, 2004–05

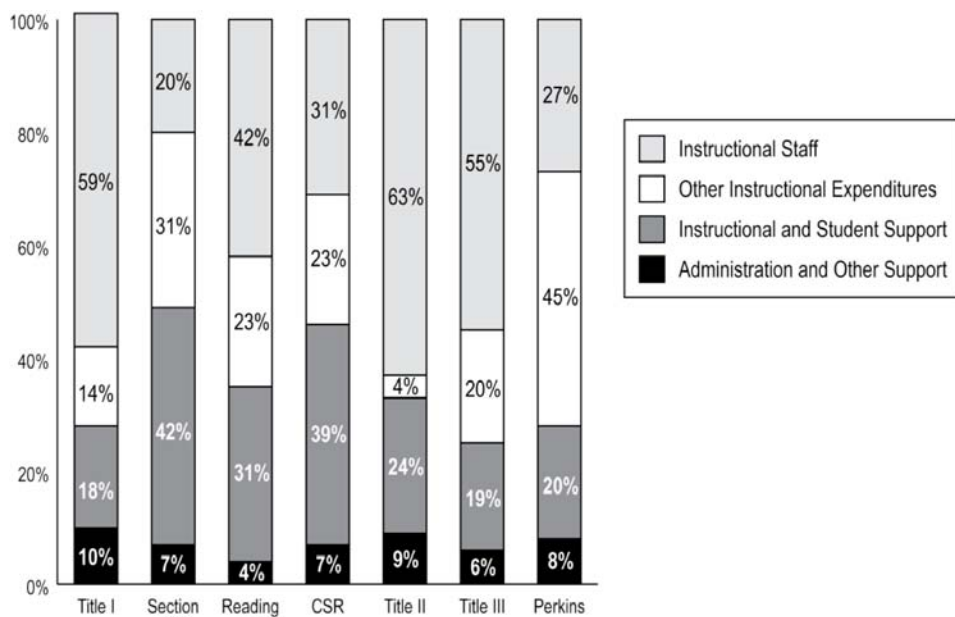


Exhibit reads: In 2004–05, 59 percent of Title I funds were spent on salaries and benefits for instructional staff.

Note: Totals may not add to 100 percent due to rounding.

Source: NLS-*NCLB*, district fiscal records, 2004–05 ($n=79$ to 267 districts).

In particular, instructional staff (teachers and aides) accounted for more than half of district expenditures from Title I, Title II, and Title III (59 percent, 63 percent, and 55 percent, respectively). Districts also spent a considerable portion of Reading First (42 percent) and CSR (31 percent) funds on instructional staff. Other instructional expenditures (which mainly included instructional materials and equipment) also accounted for a substantial percentage of federal program expenditures, particularly for the Perkins vocational education program (45 percent).

Instructional and student support accounted for 42 percent of Section 1003 funds and 39 percent of CSR funds; these expenditures included professional development, student support staff (e.g., counselors, social workers, school nurses), instructional support staff (e.g., librarians), and parent involvement activities. For the other programs studied, the share used for instructional and student support accounted for between 18 and 31 percent of the expenditures.

The amount of funds used for administration and other support (including school- and district-level administration, facilities, and student transportation) varied from 4 percent (Reading First) to 10 percent (Title I).

Based on district fiscal records, the six federal programs studied provided \$1.8 billion to support professional development in 2004–05, with Title I providing more than half of these funds.

Title I and Title II were the main sources of federal funding for professional development. Title I provided the largest amount of federal support for professional development (\$1.0 billion, or 57 percent of professional development support provided through the six programs in this study), while Title II contributed \$518 million (29 percent), followed by Reading First (\$106 million) and CSR (\$61 million). As a percentage of districts' total spending under each program, Section 1003 had the largest share of funds used for professional development (40 percent of Section 1003 spending), followed by CSR (30 percent) and Title II (19 percent).

Of the Title II funds spent on professional development, district Title II coordinators reported that over half was spent on reading and language arts (29 percent) and mathematics (25 percent), the two subjects that are the focus of current *NCLB* accountability requirements.

District fiscal data may underestimate total district spending on professional development.

A survey of Title II district coordinators produced a substantially higher estimate of districts' Title II expenditures for professional development—\$959 million, which is 81 percent more than the estimate of \$529 million based on district fiscal records. It is possible that some professional development expenditures were not clearly identified as such in district financial accounting systems; this would result in underestimates of professional development spending across all funding sources.

Districts used more of their Title II funds for class size reduction than for professional development activities.

Based on the survey of Title II coordinators, spending on teacher salaries to reduce class size accounted for 50 percent (\$1.4 billion) of district Title II expenditures, followed by professional development (31 percent). The survey data produced a similar estimate of spending on class-size reduction as the financial records analysis (50 percent vs. 56 percent) but a higher estimate of spending on professional development (31 percent vs. 19 percent). However, these findings are generally similar to those from a previous district survey conducted in 2002–03 that found that 58 percent of Title II funds were used for class size reduction and 25 percent were used for professional development.⁴

About 88 percent of Title I funds spent on personnel resources at the school level were used for salaries and benefits for teachers and aides.

Of the Title I funds spent on personnel at the school level, 71 percent were used to employ teachers, and 17 percent were used for teacher aides. The highest-poverty schools spent a significantly lower proportion of their Title I personnel funds on instructional staff (83 percent) than did the lowest-poverty schools (96 percent) but a higher proportion on instructional support staff (10 percent vs. 2 percent).

⁴ U.S. Department of Education, Policy and Program Studies Service, *Improving Teacher Quality in U.S. Districts: Districts' Use of Title II, Part A, Funds, 2002–03*. Washington, D.C. (2004), available at www.ed.gov/programs/teacherqual/uof.pdf, retrieved June 25, 2007.

Between 1997–98 and 2004–05, Title I schools decreased their reliance on Title I teacher aides and increased their reliance on Title I teachers to provide services.

Prior to *NCLB*, Title I funds were used to employ a larger number of teacher aides than teachers (68,724 and 66,002, respectively, in 1997–98). Due to concerns about the quality of the instructional support provided by teacher aides, *NCLB* required that Title I instructional aides must have passed a state-endorsed or state-required paraprofessional assessment or must have either two years of college or an associate’s degree. Since then, the total number of full-time equivalent (FTE) teacher aides paid through Title I funds decreased by 10 percent (to 61,952 in 2004–05), while the FTE number of Title I teachers increased by 49 percent (to 98,206). The percentage increase in the number of teachers was similar to the inflation-adjusted increase in Title I appropriations during this period (46 percent).

A NATIONAL COMPARISON OF STATE AND LOCAL RESOURCES IN TITLE I AND NON-TITLE I SCHOOLS

Title I funding is intended to “supplement, not supplant” the base of state and local resources that would be provided in each school within a district in the absence of the Title I program. Moreover, Title I requires that the base of state and local resources is to be comparable in Title I and non–Title I schools within a district. This report *does not* examine district compliance with the comparability and supplement-not-supplant requirements because the nationally representative sample of schools does not include all schools within each sample district. It does, however, provide a national picture of how resources compare in Title I and non–Title I schools, as well as in high- and low-poverty schools and across other types of schools.

Title I and non–Title I schools across the nation appeared to have a similar base level of state and local school personnel expenditures (i.e., excluding Title I and other federal funds).

On average, the base state and local expenditures per student on both instructional and noninstructional school personnel were similar in Title I and non–Title I schools. Elementary schools and high schools also showed no statistically significant differences between Title I and non–Title I schools. At the middle school level, however, non–Title I schools had base state and local personnel expenditures per student (\$4,902) that were 19 percent higher than Title I schools (\$4,136). The highest- and lowest-poverty schools also had similar levels of personnel expenditures from state and local funds.

Teachers in the highest-poverty schools tended to have less experience, were less likely to have an advanced degree (master’s degree or higher), and had lower salaries than teachers in the lowest-poverty schools.

On average, the highest-poverty schools employed teachers with less teaching experience (12.4 years) than the lowest-poverty schools (14.7 years). Similarly, the proportion of teachers with fewer than three years of teaching experience was twice as high in the highest-poverty schools (14 percent) as in the lowest-poverty schools (7 percent). The highest-poverty schools also contained a significantly lower proportion of teachers with a master’s degree or higher (44 percent) than the lowest-poverty schools (58 percent). The average teacher in the highest-poverty schools received a salary that was 10 percent lower than the average for teachers in the lowest-poverty schools.

However, the highest-poverty and lowest-poverty schools were similar with respect to their student-to-teacher ratios, the percentage of secondary English and mathematics teachers with a degree in the field they

taught, and total spending on school personnel. The highest-poverty schools had more teacher aides than in the lowest-poverty schools.

WHAT TITLE I ADDS TO SCHOOL PERSONNEL RESOURCES

This analysis examines what Title I adds to school-level resources by examining Title I personnel expenditures *per low-income student* in relation to the base amount of state and local personnel expenditures *per student*.⁵

Title I added \$408 per low-income student to personnel expenditures, representing a 9 percent increase over base state and local per student spending on school personnel.

The amount that Title I added to personnel expenditures was highest in elementary schools and lowest in high schools, but this amount did not vary significantly by school poverty level, type of Title I program (schoolwide or targeted assistance program), or school identification status (i.e., whether or not the school was identified for program improvement).

Across all grade levels in the highest-poverty schools, Title I personnel expenditures per low-income student were not significantly different from those in low-poverty schools. However, looking just at elementary schools, Title I added a significantly higher amount of personnel resources to the lowest-poverty schools than to the highest-poverty schools.

In an average-size Title I school, Title I added approximately two teachers and one teacher aide.

Overall, in an average-size Title I school with 500 students, Title I added a total of 3.5 additional FTE staff, including 1.9 FTE teachers, 1.2 FTE teacher aides, and 0.4 FTE noninstructional staff. The addition of Title I staff resulted in a 7 percent increase in the average number of teachers, a 24 percent increase in the number of teacher aides, and a 3 percent increase in the number of noninstructional staff. Title I also supported a larger number of staff in elementary schools (4.3 FTEs) than in middle schools (2.4 FTEs) or high schools (1.1 FTEs). Similarly, Title I funds added more staff (4.5) to the highest-poverty schools than to the lowest-poverty schools (1.7 FTEs). Well over 80 percent of the FTE staff added through Title I funds were teachers and aides.

⁵ The analysis implicitly assumed that each school distributes its state and local school-level personnel resources equally across all students; thus, the amount spent on the average student is identical to the amount spent on each low-income student. While this assumption may not be true, it permitted an examination of what Title I added to school-level resources (to provide additional support for at-risk students) in different types of schools and as a percentage of the average per-student resources available before the addition of Title I funds. Title I expenditures per low-income student were examined because Title I funds are allocated to schools on the basis of the numbers of low-income students in order to target more of the funds to schools with the greatest needs.

CONCLUSION

NCLB, the latest reauthorization of *ESEA*, provides a blend of requirements, incentives, and resources to help schools and districts improve achievement for all students, particularly the lowest-performing students. Effectively targeting resources to the students with the greatest needs is a central focus under this law.

Overall, federal education funds were more strongly targeted to high-poverty districts than were state or local funds but did not close the funding gap. The highest-poverty districts received more than three times as much federal funding as the lowest-poverty districts but received 8 percent less in total funding. Title I and other federal programs are often viewed as providing additional resources to meet the greater needs of districts and schools with high concentrations of poor students, but in fact the federal resources do not even fully compensate for the lower levels of state and local funding that these districts receive.

A variety of changes to Title I provisions have been made in an effort to increase targeting of funds to the highest-poverty districts and schools, including the addition of two new funding formulas. At the district level, the share of funds going to the highest-poverty districts has increased slightly, but at the school level, Title I targeting has not changed. In the highest-poverty schools, Title I funding per low-income student had not increased since 1997–98, despite substantial increases in appropriations, and the highest-poverty Title I schools continued to receive less Title I funding per low-income student in 2004–05 than both medium- and low-poverty Title I schools.

The six federal programs included in the study provided a total of \$18.4 billion to support elementary and secondary education. Most of the federal funds from these programs were used for instruction (e.g., teachers, aides, and instructional materials) or for instructional support (e.g., professional development), with relatively small amounts allocated for administrative activities.

Across the six federal programs, about 10 percent of the funds (\$1.8 billion) were used for professional development, with Title I providing more than half of these funds (\$1.009 billion), followed by Title II (\$518 million). Surveys of Title II district coordinators suggest that these figures, based on financial accounting data, may underestimate the total investment in professional development from these programs. Both the fiscal and survey data indicate that spending on class size reduction accounts for a larger share of Title II expenditures than professional development.

Looking at the impact of Title I on school-level resources, Title I expenditures on staff represented a 9 percent increase over the base level of staffing in these schools, and this did not vary by school poverty level or school improvement status. In an average-size Title I school, this translates to the addition of two teachers and one teacher aide. The marked increase in the number of Title I teachers (a 50 percent increase from 1997–98 to 2004–05), accompanied by a decrease in the number of Title I teacher aides, suggests some improvement in the qualifications of the Title I instructional workforce over this period.

In general, federal funds have been an important source of support to the highest-poverty districts and schools, and the majority of funds from the six federal programs studied have been used for instruction. Yet neither these programs nor all federal programs combined have provided sufficient funding to make up for the greater access to local revenues available in the lowest-poverty districts compared with the highest-poverty districts in the United States.

I. INTRODUCTION

Achieving the goals of federal education legislation depends critically on how federal funds are distributed and used. Since the enactment of the *Elementary and Secondary Education Act (ESEA)* in 1965, various federal programs have been created to support educational improvement and target additional resources to meet the educational needs of school-age children who are economically and educationally disadvantaged. This report presents findings on the targeting and uses of federal education funds for six federal programs:

- Title I Grants to Local Education Agencies (Title I, Part A) (including a separate analysis of funds reserved for school improvement activities under Section 1003(a))
- Reading First (Title I, Part B, Subpart 1)
- Comprehensive School Reform (Title I, Part F)
- Title II: Improving Teacher Quality State Grants (Title II, Part A)
- Title III: English Language Acquisition State Grants (Title III, Part A)
- Perkins Vocational Education State Grants (Title I of the *Carl D. Perkins Vocational and Technical Education Act*)⁶

This report is part of a series being produced under the National Longitudinal Study of the *No Child Left Behind Act (NLS-NCLB)*, which tracks the implementation of key *NCLB* provisions in a nationally representative sample of districts and schools, and a companion state-level study, the Study of State Implementation of Accountability and Teacher Quality Under *NCLB (SSI-NCLB)*. Other reports in this series examine the implementation of *NCLB* provisions related to accountability, teacher quality, and Title I school choice and supplemental educational services. Data for this combination of studies included interviews with state education officials, surveys at the district and school levels, and the collection of district fiscal and payroll records. Whereas the other components of the *NLS-NCLB* and *SSI-NCLB* collected data in two school years, 2004–05 and 2006–07, data on the targeting and uses of federal funds were collected for only one year, 2004–05, because of the greater burden of this type of intensive data collection.

OVERVIEW OF THE FEDERAL PROGRAMS IN THIS REPORT

In 2004–05, the six federal programs in this study provided \$18.4 billion to support elementary and secondary education (see Exhibit 1). This amount represented 50 percent of total funding appropriated for U.S. Department of Education elementary and secondary education programs and about 4 percent of total K–12 revenues from all sources (federal, state, and local combined). The largest program, Title I, Part A, provided 2.6 percent of total revenues from all sources but about a third (33 percent) of total funds appropriated for U.S. Department of Education elementary and secondary education programs.

⁶ The first five of these programs are part of *ESEA*; the sixth (Perkins) was authorized under a separate law focused on career and technical education at the secondary and postsecondary levels. The Perkins program was reauthorized in 2006 as the *Carl D. Perkins Career and Technical Education Act*.

Exhibit 1
Percentage of Federal and Total Elementary-Secondary Revenues
Provided Through the Six Federal Programs in This Study, 2004–05

	Funding ^a (\$ in Millions)	Share of U.S. Dept. of Education Funding for Elementary- Secondary Education	Share of Total Revenues for Elementary- Secondary Education
Title I Grants to Local Education Agencies (Title I, Part A) ^b	\$12,342	33%	2.6%
Reading First (Title I, Part B, Subpart 1) ^c	\$1,024	3%	0.2%
Comprehensive School Reform (Title I, Part F) ^d	\$234	1%	0.0%
Title II: Improving Teacher Quality State Grants (Title II, Part A)	\$2,930	8%	0.6%
Title III: English Language Acquisition State Grants (Title III, Part A)	\$681	2%	0.1%
Perkins Vocational Education State Grants (Title I of the <i>Carl D. Perkins Vocational and Technical Education Act</i>) ^e	\$1,195	3%	0.3%
Total of the six programs	\$18,406	50%	3.9%
Total U.S. Department of Education funding for elementary-secondary education^f	\$36,942		7.8%
Total revenues for elementary-secondary education (all sources)^g	\$487,761		

Exhibit reads: Title I Grants to Local Education Agencies accounted for 33 percent of total funds appropriated for U.S. Department of Education elementary and secondary education programs for FY 2004, which are primarily intended for use during the 2004–05 school year.

^a Funding amounts represent total appropriations for each listed federal program. Not all of these funds are allocated to school districts; states may reserve a portion of the funds for state administration and state-level activities, and some of funds are allocated to other types of agencies in accordance with statutory provisions. For example, some funds appropriated for Title II and Perkins grants are allocated to postsecondary institutions.

^b Title I, Part A, includes the amount of funds reserved for school improvement activities under Section 1003(a).

^c Reading First appropriations were reduced to \$393 million in FY 2008.

^d CSR appropriations were reduced substantially in FY 2006 (to \$7.9 million). These funds currently are used to fund the Comprehensive School Reform Clearinghouse, and do not support grants to individual school districts.

^e For Perkins, a substantial share of the funds were allocated to postsecondary institutions and to state-level activities. The National Assessment of Vocational Education estimated that, in 2001, states allocated 38 percent of the funds to postsecondary institutions. After subtracting the estimated postsecondary share as well as federal and state set-asides, we estimate that approximately \$617 million of the funding for 2004–05 was allocated to school districts.

^f The largest U.S. Department of Education program supporting elementary-secondary education that is not included in this study is the *Individuals with Disabilities Education Act*, Part B (Grants to States), which had appropriations of \$10.068 billion in FY 2004.

^g The elementary and secondary revenues for 2004–05 from all sources were \$487.8 billion reported in NCES (2007), *Digest of Education Statistics*, Table 162 (primary data source: Common Core of Data).

Sources: U.S. Department of Education, Budget Service; National Center for Education Statistics, Common Core of Data (CCD), “School District Finance Survey (F-33).”

Throughout this report, we refer to these six programs by names that are shorter than their full official names: Title I, Part A (or Title I), Reading First, CSR, Title II, Title III, and Perkins Title I (or Perkins). It should be noted that some of these titles include other programs that are not covered by this study.⁷

The following discussion provides an overview of the six federal programs in this study, including their goals and some of the specific program requirements on the uses of funds.⁸ The allocation provisions for each of the six programs are described in the next section of this chapter.

- **Title I Grants to Local Education Agencies (Title I, Part A)**

Title I, Part A, provides flexible funding to meet the educational needs of low-achieving students in high-poverty schools. Title I funds may be used to pay for additional instructional staff, professional development, school choice-related transportation, supplemental educational services, and other strategies for raising student achievement. Title I has mechanisms for holding states, districts, and schools accountable for results, and it provides potential additional support to low-performing schools while offering alternatives to students in these schools to give them access to a quality education.

Under Section 1003(a) of Title I, states must set aside 4 percent of Title I, Part A, funds to provide technical assistance and support to local school districts with schools that have been identified for improvement, corrective action, or restructuring under Section 1116 (schools that have not made adequate yearly progress for two consecutive years or longer, toward the goal of all students achieving proficiency on state reading and mathematics assessments by 2013–14.

- **Reading First (Title I, Part B, Subpart 1)**

The purpose of Reading First is to ensure that all children learn to read well by the end of third grade.⁹ The program provides funds to states and school districts to support scientifically based reading programs, including professional development to help teachers develop the skills they need to implement instructional programs and strategies that have been proven to prevent or remedy reading failure.

- **Comprehensive School Reform (Title I, Part F)**

The CSR program is intended to improve student achievement, especially among children in low-performing, high-poverty schools, by providing start-up financial support to implement comprehensive school reforms that are founded on scientifically based research and effective practices. The CSR statute identifies 11 components of comprehensive school reform, including the use of research-based methods; a comprehensive design; focus on student achievement; support from teachers and principals; high-quality and continuous professional development; parent involvement; high-quality external technical support; and a plan to evaluate the program's effectiveness in improving student achievement. (Beginning in FY 2006, CSR funds have been

⁷ For example, Title II also includes Part B (Mathematics and Science Partnerships), Part C (Innovation for Teacher Quality), and Part D (Enhancing Education Through Technology), which are not covered in the current study.

⁸ For a more detailed description of the purpose and key requirements of each program, see *No Child Left Behind: A Desktop Reference* (U.S. Department of Education, 2002).

⁹ Prekindergarten programs are excluded from Reading First. A separate program called Early Reading First (Title I, Part B, Subpart 2) is targeted to preschool children.

used to support the Comprehensive School Reform Clearinghouse and the program's remaining Quality Initiatives grants do not support grants to individual school districts.)

- **Title II: Improving Teacher Quality State Grants (Title II, Part A)**

NCLB set the goal that all teachers of core academic subjects would be highly qualified, as defined by their state, by the end of the 2005–06 school year. Under *NCLB*, Title II, Part A, provides teacher quality grants to be used to prepare, train, and recruit high-quality teachers and principals who are capable of ensuring that all children achieve to high standards. Districts may use Title II, Part A, funds to provide professional development, hire additional teachers to reduce class sizes, reward quality teaching, and recruit and retain highly qualified teachers and principals.

- **Title III: English Language Acquisition State Grants (Title III, Part A)**

The purpose of Title III, Part A, is to ensure that students with limited English proficiency (LEP students) perform well in English and meet the same challenging state academic content standards as other children. Like Title I, Title III holds states and districts accountable for improving the English proficiency and academic achievement of LEP students. School districts must use Title III funds to provide high-quality language instruction programs that have been proven effective in increasing English proficiency and student achievement. They must also provide high-quality professional development to school personnel to improve the instruction and assessment of LEP students.

- **Perkins Vocational Education State Grants**

This program supports career and technical education to prepare secondary and postsecondary students for careers with qualifications other than a baccalaureate or advanced degree. The program was reauthorized in 2006 as the *Carl D. Perkins Career and Technical Education Act of 2006*, but during the time period covered by this study (2004–05), the provisions of the *Perkins Vocational and Technical Education Act of 1998* were still in effect. Basic State Grants under Title I, Part A, of the *Perkins Act* provide states with matching funds to develop, implement, and expand access to vocational and technical education by supporting activities such as curriculum improvement, professional development, equipment purchase, and career counseling.

TARGETING AND RESOURCE ALLOCATION PROVISIONS FOR FEDERAL PROGRAMS

For five of the six programs in this report, the U.S. Department of Education allocates funds to states on the basis of statutory formulas; the states then suballocate the funds to school districts and other subgrantees after reserving funds for state-level activities and other set-asides authorized under each program. For Title I, Part A, the Department of Education allocates funds directly to the school district level using four statutory funding formulas, but states are permitted to adjust these allocations under certain circumstances (as discussed below) and to reserve funds for Section 1003(a) school improvement activities and state administration. For some programs, districts suballocate some or all of the funds to individual schools. The following section provides a brief overview of the provisions for allocating these federal funds to states, districts, and schools, followed by a more detailed description in Exhibit 2.

Allocations to states and school districts

Each of the six programs allocates funds in part based on numbers of children, either directly or indirectly, who are targeted by the program. Title I and Reading First use Census estimates of the number of poor children, and CSR allocations are based on states' shares of Title I funds and therefore are indirectly based on child poverty data. Title II allocates a portion of the funds (funds over the 2001 allocations level) to states on the basis of state shares of poor school-age children and all school-age children. Title III distributes funds to states based on each state's share of all LEP and immigrant children, and Perkins Title I state grants are allocated based on the state population for three major age groups: ages 15 to 19, ages 20 to 24, and ages 25 to 65.

Other state-level formula factors include state average per-pupil expenditures (Title I), state fiscal effort and fiscal equity factors (Title I), average per capita income (Perkins), state minimum provisions that provide larger allocations to small states (Title I, Title II, Title III, and Perkins), and hold-harmless provisions that limit the amount of funds a state or a district can lose because of reductions in the number of formula children or other changes (Title I and Perkins). For Title II, each state receives the amount it was allocated in FY 2001 under the Eisenhower Professional Development and Class Size Reduction programs, and only "new" funds over the FY 2001 funding level are allocated by formula, which has an effect similar to that of a hold-harmless provision.

All six programs allow states to reserve some of the funds for state-level activities, including state administration of the program, but most of the funds are allocated to the districts or other subgrantees through either statutory formulas (Title I, Title II, Title III, and Perkins Title I) or a discretionary grant process (Title I Section 1003, Reading First, and CSR).

Title I, as the largest federal education program, has developed the most complex allocation provisions, with funds allocated to school districts based on four statutory funding formulas: Basic Grants, Concentration Grants, Targeted Grants, and Education Finance Incentive Grants.¹⁰ States are permitted to adjust these allocations to reflect changes in school district boundaries or the creation of new school districts, and may use alternative poverty data to make their own allocations to school districts if approved by the secretary. States may also reserve up to 1 percent of total allocations for state-level administrative activities, and must reserve 4 percent of allocations for Section 1003(a) school improvement grants.

For three of the four programs suballocated by formula, the criteria used for state allocations to school districts are similar to the criteria that the federal government uses for allocations to states. For Title I, states may reallocate funds to school districts by using alternative data on the number of poor school-age children but using the same four statutory formulas (Basic, Concentration, Targeted, and Incentive grants). For Title II, states suballocate funds to districts on the basis of a combination of each district's 2001 allocations under the Eisenhower Professional Development and Class Size Reduction programs and the share of poor school-age children and all school-age children. Title III funds are suballocated on the basis of numbers of LEP students enrolled in each district, with a small percentage (up to 15 percent) made available for eligible entities that have experienced a significant increase in their population of immigrant students. For Perkins Title I grants, states have the choice of using either the need-based formula in the law or an alternative formula that targets the most disadvantaged students.

¹⁰ Prior to 1999, the Department of Education allocated Title I funds to the county-level and states suballocated the funds to school districts within each county.

Discretionary or competitive grants differ from funds suballocated by formula because states must select districts and other grantees on the basis of their grant applications. For Reading First, grantee districts are selected competitively, but the grant amounts are based on a formula (the number or percentage of K–3 students who are reading below grade level and the share of Title I funds received during the preceding school year). For CSR, priority is given to districts that plan to use funds in schools that are identified for improvement or are in corrective action.

For Title I, Section 1003(a), states must give preference to school districts that serve the lowest-achieving schools and those that demonstrate the greatest need for assistance and the strongest commitment to ensuring that their schools meet their improvement goals. Alternatively, instead of directly allocating Section 1003 funds to individual districts, states may, with the agreement of school districts, use the funds directly to provide technical assistance and support through school support teams, educational service agencies, or similar entities. This study asked states how they distributed Section 1003 funds in 2004–05. Eight states established a competitive grant process in which districts needed to submit an application for the funds. Thirteen states, the District of Columbia, and Puerto Rico allocated school improvement funds solely on the basis of the number of schools that did not make adequate yearly progress for at least two years and were therefore designated as in need of improvement. Sixteen states established criteria that combined a school’s improvement status with additional factors, such as the highest populations of students eligible for free or reduced-price lunches.

Within-district suballocations

Within districts, federal funds may be used to provide districtwide services or may be allocated directly to specific schools as specified under the law. For some programs, the statute contains specific guidelines on the allocation of funds to schools (Title I, Reading First, CSR); for others, funds are usually allocated and accounted for at the district level (Title II, Title III, and Perkins Title I).

Title I requires school districts to distribute funds to schools with high concentrations of low-income students. School districts allocate most of their Title I funds to eligible schools based on their number of low-income students, typically using data from the free or reduced-price lunch program.¹¹ A school is eligible if its attendance area has a poverty rate that is at least equal to the district average poverty rate or 35 percent (whichever is less). However, districts may choose to concentrate their Title I funds on their highest-poverty schools and limit school eligibility to a poverty level that is higher than the districtwide average.¹² Districts may give schools different amounts per low-income student as long as schools with higher poverty rates receive higher allocations per low-income student than schools with lower poverty rates. If the district serves schools with poverty rates below 35 percent, it must ensure that each school’s Title I allocation is at least 125 percent of the districtwide allocation per low-income student.¹³

¹¹ In 2004–05, 87 percent of Title I districts used free or reduced-price lunch as an indicator of school poverty levels for allocating Title I funds to schools, about the same as in 1997–98 (90 percent). Other less common measures reported by the districts were the number of children eligible for free lunch only (5 percent), school-age children eligible to receive Medicaid (4 percent), and children in families receiving assistance under the Temporary Assistance to Needy Families, or TANF (3 percent). The use of the TANF measure appears to have declined from 1997–98, when 29 percent of districts reported using this measure for allocating Title I funds. Similarly, the use of Medicaid has also declined, with 9 percent reported in 1997–98 (see Appendix Exhibit C.4).

¹² A school district must rank its eligible schools on the basis of each school’s percentage of disadvantaged children and must first fund all the schools with 75 percent or more disadvantaged students before funding schools with lower poverty rates, which the district may rank separately by grade span. However, the rank-ordering rule does not apply to small school districts that either have fewer than 1,000 students or have only one school in each grade span. In 2004–05, 40 percent of Title I districts said they did not apply the rank-order requirement because they met the small-size criteria. Thirty percent of Title I districts ranked schools by their poverty rates within grade span (see Appendix Exhibit C.5).

¹³ In 2004–05, about 12 percent of the districts applied the 125 percent minimum per child allocation.

For Reading First, school districts must distribute funds to schools that have the highest percentages or numbers of students in kindergarten through grade 3 who are reading below grade level *and* are identified for school improvement under Title I (Section 1116(b)) *or* have the highest percentages or numbers of poor children counted under Title I (Section 1124(c)). For CSR, states competitively award grants to school districts on behalf of specific schools and must give priority to schools that have been identified for improvement.

Exhibit 2		
Statutory Provisions Governing the Allocation of Funds to States and Within States in FY 2004		
	Formulas for Determining State Allocations	Within-State Allocations
Title I, Part A	<p>The U.S. Department of Education allocates Title I, Part A, funds to the district level by using four separate funding formulas:</p> <ul style="list-style-type: none"> • Basic Grants: Funds are allocated to eligible districts in proportion to each district's share of formula-eligible children, which primarily include children from families living below the federal poverty line, based on annual estimates produced by the Census Bureau. Districts are eligible if they have at least 10 formula children and the number is more than 2 percent of the district's school-age population. • Concentration Grants: This formula is similar to that for basic grants but provides funds only to districts with more than 6,500 formula children or 15 percent formula children. • Targeted Grants: This weighted-child formula allocates larger amounts per pupil to districts with higher numbers or percentages of formula children. Districts are eligible if they have at least 10 formula children and the number is at least 5 percent of the district's school-age population. • Education Finance Incentive Grants: This formula applies state-level factors that provide larger allocations per pupil to states with higher fiscal effort and fiscal equity—that is, to states with higher state and local expenditures per pupil relative to their per capita income and to states with less variation in per-pupil expenditures among districts within the state.^a District eligibility is the same as for targeted grants. <p>All four formulas also incorporate a state per-pupil expenditure factor that serves as a proxy to adjust for cost-of-education differences across states,^b as well as state minimum allocations that provide larger allocations to small states and hold-harmless provisions that limit the amount of funds a district can lose because of reductions in its number of formula children or other changes.</p>	<p>States adjust the district allocations made by the Department to:</p> <ul style="list-style-type: none"> a) account for newly created school districts (e.g., charter schools) and district boundary changes; b) reserve funds for school improvement, state administration, and the state academic achievement awards programs; and c) allow, in the case of several states, the use of alternative data to redistribute funds among districts with fewer than 20,000 total residents. <p>Under Section 1003 of Title I, states must set aside 4 percent of the funds for school improvement and must allocate at least 95 percent of these funds to school districts with schools identified for improvement, corrective action, or restructuring. States may allocate these funds to districts through either a formula or a competitive process.</p> <p>State education agencies must give preference to school districts that serve the lowest-achieving schools. In addition, these districts must demonstrate the greatest need for assistance and the strongest commitment to ensuring that their schools are meeting their improvement goals. Instead of directly allocating Section 1003 funds to districts themselves, states may, with approval from school districts, directly provide technical assistance and support through such entities as school support teams or educational service agencies.</p>

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Exhibit 2 (Continued)
Statutory Provisions Governing the Allocation of Funds
to States and Within States in FY 2004

	Formulas for Determining State Allocations	Within-State Allocations
Reading First (Title I, Part B)	Reading First is a formula grant awarded to a state for up to 6 years. Allocations to states are based on the proportion of the number of children aged 5 to 17 who reside within the state and are from families with income below the poverty line.	<p>States use at least 80 percent of the funds for awards to school districts through competitive grants, with the grant amounts based on the number (or percentage) of K–3 students who are reading below grade level and the district's share of Title I, Part A, funds received during the preceding fiscal year.</p> <p>States may reserve up to 20 percent of the funds for professional development, technical assistance, and administration and reporting. Of this, not more than 10 percent can be used for planning, administration, and reporting.</p>
CSR (Title I, Part F)	As a formula grant, state allocations for CSR funds are based on the ratio of Title I, Part A, funds for each state applied to the total allocation available to the states in the previous year.	<p>States award competitive grants to school districts. Grants are renewable for up to 3 years. Priority is given to districts that plan to use funds in schools identified for improvement or in corrective action. The minimum award to each school or consortium of small schools (not more than 500 students) is \$50,000.</p> <p>States may reserve not more than 5 percent of the funds for administration, evaluation, and technical assistance.</p>
Title II, Part A	The Department of Education first allocates to each state the amount the state received for FY 2001 under the Eisenhower Professional Development State Grants and Class Size Reduction programs. Remaining funds are then allocated to states by formula, with 35 percent of the funds allocated on the basis of states' relative share of the population aged 5 to 17 and 65 percent on the basis of states' relative share of poor children aged 5 to 17. A state minimum provision guarantees that each state receives at least one-half of 1 percent of these remaining funds.	<p>Each state uses 95 percent of its funds for subgrants to school districts; 2.5 percent or the state's share of \$125 million, whichever is less, for subgrants to eligible partnerships (to institutions of higher education); and the remainder for state-level activities.</p> <p>Subgrants to school districts are allocated using a formula similar to the one that the U.S. Department of Education uses for state allocations, except that after school districts receive the amount equivalent to their 2001 allocations from the Eisenhower Professional Development and Class Size Reduction programs, the remaining funds are then allocated on the following basis: 80 percent on districts' relative share of poor children aged 5 to 17 and 20 percent on the relative share of the total population aged 5 to 17.</p> <p>Subgrants to eligible partnerships are awarded competitively by the state agency for higher education working in conjunction with the state education agency.</p>

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Exhibit 2 (Continued)
Statutory Provisions Governing the Allocation of Funds
to States and Within States in FY 2004

	Formulas for Determining State Allocations	Within-State Allocations
Title III, Part A	The Department of Education allocates Title III funds to states by using a formula based on each state's share of the nation's limited English proficient (LEP) children and share of the nation's immigrant children.	<p>States must distribute at least 95 percent of the funds as subgrants to school districts and other eligible entities. There are two kinds of subgrants that states may award:</p> <p>a) Formula subgrants for LEP students based on the number of LEP students enrolled in schools served by the entity; and</p> <p>b) Subgrants from a state set-aside (not to exceed 15 percent of the state allocation) for eligible entities that have experienced a significant increase in their population of immigrant students.</p> <p>States may retain up to 5 percent of the funds for professional development, planning, evaluation, administration, interagency coordination, technical assistance, and recognition activities.</p>
Perkins (Title I)	<p>Allocations are based on the average per capita income and distribution of the state's population for the three major age groups (high school-age children, aged 15 to 19; young adults, aged 20 to 24; and the rest of the population before retirement, aged 25 to 65).</p> <p>The formula provides for a minimum state allocation of at least 0.5 percent of the total, and a "hold harmless" provision in the formula ensures that no state's share of the appropriation is less than its share of the fiscal year 1998 appropriation.</p>	<p>States must distribute at least 85 percent of the funds to school districts and postsecondary institutions using either the need-based formula in the law or an alternative formula that targets the most disadvantaged schools. States have discretion about the share they allocate to secondary vs. postsecondary education.</p> <p>States may retain up to 10 percent of the funds for leadership activities and no more than 5 percent or \$250,000, whichever is less, of the funds for administrative purposes. States must match on a dollar-for-dollar basis the funds they reserve for state administration. States must set aside a portion of the retained funds to serve individuals in state institutions (such as correctional institutions and institutions that serve individuals with disabilities) and individuals pursuing employment in fields that are traditionally dominated by one gender.</p>

Notes:

^a The Title I fiscal effort factor assigns a higher multiplier to states that spend more relative to their per capita income. It is calculated by multiplying the three-year state average per-pupil expenditures by the three-year national average per capita income, then dividing by the product of state per capita income and national per-pupil expenditures. The resulting multiplier is restricted to no more than 1.05 and no less than 0.95. The Title I fiscal equity factor is based on a coefficient of variation for district per-pupil expenditures in each state; in computing these per-pupil expenditures, each formula child is weighted as 1.4 children, so a district with many formula children must actually spend more to be considered as having expenditures equal to those of a district with fewer formula children. The rationale is that formula children are, on average, more expensive to educate.

^b To adjust Title I, Part A, allocations for cost-of-education differences across states, the Department multiplies each eligible school district's number of formula children by the state per-pupil expenditure factor, yielding each district's "entitlement." Then, all entitlements are reduced proportionately so that the national total equals the amount that Congress appropriated for each formula.

EVALUATION QUESTIONS AND DATA SOURCES FOR THIS REPORT

This report addresses three broad questions on how federal funds are targeted and used.

- **Where does the money go?** How are federal funds distributed among districts and schools? How are these funds distributed in relation to poverty levels, school grade levels, urbanicity, and schools identified for improvement? Have Title I funding patterns changed since the 2001 reauthorization of *ESEA*? (See Chapter II.)
- **What does the money buy?** How do school districts use federal education funds for various purposes and strategies (e.g., administration, instruction, instructional support, professional development, supplemental educational services, choice-related transportation) to improve student learning? To what extent do federal programs add to the school's total resources? (See Chapters III, IV.)
- **How do school districts and schools use flexibility options in the law to combine and use federal funds more flexibly?** (See Chapter III.)

To address these questions, this report presents findings from the National Longitudinal Study of *No Child Left Behind* (NLS-*NCLB*). The study collected data on federal program allocations from FY 2004 appropriations (which provided funds for use primarily during the 2004–05 school year) from all 50 states, the District of Columbia, and Puerto Rico. The study also collected data from a nationally representative sample of 300 school districts, selected for the overall NLS-*NCLB* project, on federal program allocations and expenditure data for the 2004–05 school year. At the school level, the study collected fiscal and payroll data for a sample of 1,483 schools within the sampled districts. Although the sample of 300 districts accounted for only 2 percent of the nation's school districts, the sample districts accounted for more than 35 percent of all Title I funds because large districts and high-poverty districts were oversampled.

The NLS-*NCLB* conducted surveys of district and school staff during 2004–05 on a range of topics related to the accountability and teacher quality provisions of *NCLB*. Survey data used in this report include district responses about the consolidation of funds in schoolwide programs and teacher responses about their years of experience and academic degrees.

Response rates for resource allocation data at the district level were 96 percent for budget and expenditure data, 91 percent for federal program allocations to schools, and 72 percent for more detailed information requested on the uses of Title II, Part A, funds. School-level payroll data files were provided for 81 percent of the sample schools. Survey response rates ranged from 84 to 96 percent for the surveys of district and school staff. State allocations to districts were received from all 50 states, the District of Columbia, and Puerto Rico.

The study also analyzed extant data from other data sources, including district-level estimates of school-age children and poor children from the Census Bureau and data from the National Center for Education Statistics (NCES) Common Core of Data (CCD) and School District Finance Survey (F-33). To examine changes since the 2001 reauthorization of *ESEA*, this report incorporates comparisons to data for the 1997–98 school year that were collected by the Study of Education Resources and Federal Funding (SERFF), which was conducted for the U.S. Department of Education (Chambers et al., 2000). The SERFF data have been converted to constant 2004–05 dollars, using the Consumer Price Index, to provide comparable data.

See Appendix A for more detail on the sample, data collection instruments, and data sources.

TECHNICAL NOTES

Federal fiscal year versus school year

All data collected from local schools and districts for the present study correspond to the 2004–05 school year. However, federal funds available to be spent in 2004–05 by state and local education agencies reflect funds allocated by the federal government during the federal fiscal year 2004 (subsequently referred to simply as FY 2004).

Measurement of poverty

This study used two different poverty measures in the analysis of district- and school-level data:

- **District poverty levels: Percentage of school-age children living below the federal poverty threshold.** The Census Bureau produces annual estimates for each school district of the number of school-age children (aged 5 to 17) living in households with incomes below the federal poverty threshold. The poverty threshold varies by family size and is adjusted annually for inflation but is not adjusted for geographic differences in the cost of living.¹⁴ The 2003 school district estimates were used in the district-level analyses in this report.¹⁵
- **School poverty levels: Percentage of students eligible for free or reduced-price lunches.** The National Center for Education Statistics collects annual data on the number of children who are eligible for free or reduced-price lunches, which includes those students who live in households with income levels up to 185 percent of the federal poverty threshold.¹⁶

This report uses the term *poor child* in analyses using the Census estimate of poor school-age children and the term *low-income student* (or *pupil*) in analyses using counts of students eligible for free or reduced-price lunches. Because the school-level poverty measure (free or reduced-price lunch) includes roughly twice as many children as the Census poverty measure used for district-level analyses, the average allocation per low-income student is considerably smaller in the school-level analyses than the average allocation per poor child in the district-level analyses.¹⁷

Title I, Part A, and Section 1003(a) funds

The Title I analyses presented in the following chapters include Title I, Section 1003(a), school improvement funds. States and districts were asked to report separately on the allocation and uses of Section 1003(a) funds, but not all were able to do so. Five states were unable to provide district allocations data, and four states did not provide information on the criteria they used to allocate these

¹⁴ The federal poverty threshold is applied to all local jurisdictions without making any adjustment for variations in the cost of living. Areas with a relatively high cost of living will tend to appear less poor than they really are.

¹⁵ The school district estimates were based on poverty tabulations from Census 2000, using school district boundaries corresponding to school year 2003–04 (see <http://www.census.gov/hhes/www/saife/school/sd03over.html>, retrieved Dec. 18, 2007).

¹⁶ U.S. Department of Agriculture (March 2004). Child nutrition programs: Income eligibility guidelines. *Federal Register*, 69(60), 16226-16229. Retrieved April 12, 2006, from www.fns.usda.gov/cnd/Governance/notices/iegs/IEGs04-05.pdf.

¹⁷ The census poverty data provide a more precise measure of childhood poverty than the counts of children eligible for free or reduced-price lunches; however, census poverty estimates are not available at the school level.

funds. Of the 127 districts in our sample that received Section 1003 funds in 2004–05, 48 districts did not provide fiscal data on the uses of such funds. When appropriate, a separate analysis of Section 1003(a) funds is presented alongside the analysis of Title I funds to examine how the targeting and uses of Section 1003(a) funds differed from those of Title I funds as a whole.

Statistical significance

References in the text that are based on sample data to report differences between groups or over time only discuss statistically significant differences (i.e., differences whose probability of occurring by chance are five percent or lower). In a number of places, the exhibits display differences that may be relatively large in magnitude but are not statistically significant. In some cases, this results from small samples of schools or school districts in one of the comparison categories. Small samples generally result in higher standard errors for the estimates, which reduces the ability to detect statistically significant differences between categories of schools or districts. Therefore, the sample sizes are generally reported in the notes associated with each exhibit, and the interested reader may consult Appendix C, where the standard errors for the estimates are displayed for all exhibits and tables presented in the body of the report.

II. TARGETING OF FEDERAL EDUCATION FUNDS

The *NCLB* programs covered in this study include some of the largest federal programs supporting elementary and secondary education. While the provisions for distributing these various program funds differ from one another, most of these programs are intended to target greater resources to high-poverty districts and schools. This chapter begins by examining the distribution of all federal revenues among high- and low-poverty districts in comparison to the distribution of state and local funding for school districts. This overview is followed by a more specific examination of the distribution of funds for the six federal programs included in this study in relation to district poverty levels and urbanicity. For three of the programs (Title I, Reading First, and CSR), we were able to obtain school-level allocations and to examine the distribution of these funds by school poverty, urbanicity, grade level, and, for Title I, school improvement status and type of Title I program. For Title I, we also examined how targeting has changed since 1997–98, based on comparisons with data collected by the Study of Educational Resources and Federal Funding (SERFF).

Key Findings

- **Federal education funds were more strongly targeted to high-poverty districts than were local and state funds.** While the highest-poverty districts received higher levels of federal and state revenues, this was outweighed by the much lower levels of revenue districts received from local sources, resulting in lower total per-pupil revenues.
- **In 2004–05, more than half of Section 1003(a) (73 percent), Title I (52 percent), Reading First (58 percent), and CSR (57 percent) funds went to the highest-poverty districts, which served 49 percent of the nation’s poor children and 25 percent of the nation’s children.** Between 43 and 45 percent of Title II, Title III, and Perkins funds went to the highest-poverty districts.
- **The overall share of Title I funds going to the highest-poverty districts changed only marginally between 1997–98 and 2004–05 (from 50 to 52 percent).** The highest-poverty districts received a substantial increase in their average Title I allocation per poor child, after adjusting for inflation (57 percent), but this largely reflects the overall growth in Title I appropriations during this period (51 percent).
- **At the school level, Title I funds reached 56 percent of the nation’s public schools in 2004–05.** Title I funds flowed to nearly all of the highest-poverty schools (93 percent), and also went to about one-quarter of the lowest-poverty schools (23 percent). Elementary schools were more than twice as likely to receive Title I funds (71 percent) than were secondary schools (32 percent).
- **Between 1997–98 and 2004–05, Title I funding per low-income student in the highest-poverty schools remained virtually unchanged.** The highest-poverty schools continued to receive smaller Title I allocations per low-income student than did the lowest-poverty schools. While Title I funds received by the highest-poverty schools increased during this period, the growth in Title I funds basically kept pace with the growth in the number of low-income students served in these schools.

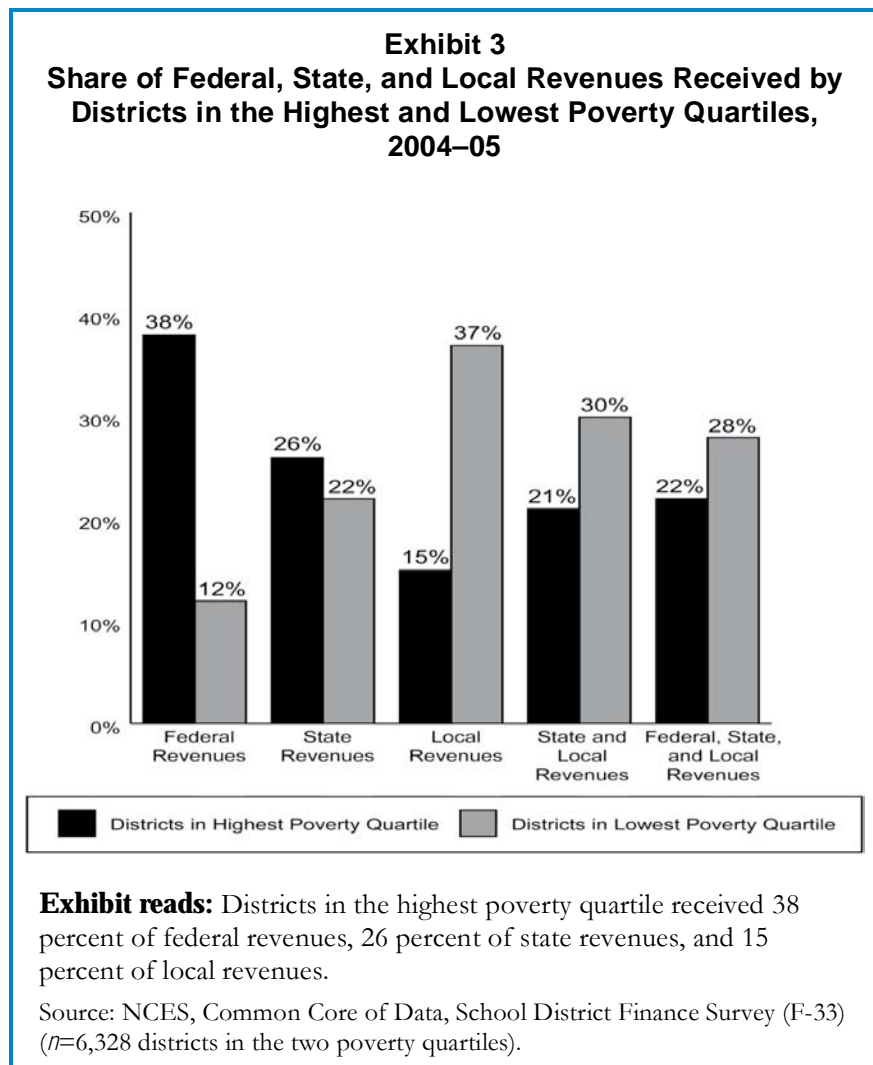
TARGETING OF FEDERAL, STATE, AND LOCAL REVENUES TO SCHOOL DISTRICTS

Most federal programs target resources to school districts and schools based on some indicator of need, often poverty. Similarly, most states use funding formulas that incorporate poverty measures and other need indicators in the distribution of state aid to local school districts.

A comparison of the distribution of all federal, state, and local revenues indicated that federal education funds were more targeted to high-poverty districts than were local and state funds.¹⁸

In 2004–05, districts in the highest poverty quartile, which served 49 percent of the nation’s poor school-age children and 25 percent of all school-age children, received 38 percent of all federal funds, 26 percent of state revenues, and 15 percent of local revenues (see Exhibit 3). In contrast, districts in the lowest poverty quartile, which served 7 percent of the nation’s poor school-age children and 25 percent of all school-age children, received just 12 percent of all federal funds, 22 percent of state funds, and 37 percent of local funds.

Local revenues for education, drawn largely from property taxes, were the most strongly tilted in favor of the lowest-poverty districts, while state revenues were slightly more likely to go to highest-poverty districts. The state revenues compensated partially but not fully for funding disparities related to differences in local



¹⁸ Using Census estimates of the number and percentage of poor school-age children, this study ranked, from the highest to lowest, all school districts in the nation according to their percentage of poor children. The analysis then divided the districts into four quartiles based on the percentage of all children (in total enrollment) they served (i.e., such that each quartile included districts serving 25 percent of the school-age children in the United States attending public schools).

property tax bases, and when state and local revenues are combined, the share going to the highest-poverty districts (21 percent) was less than their share of all school-age children (25 percent).

Similarly, the addition of federal revenues, which were more targeted to high-poverty districts, did not fully counteract the state and local funding advantage enjoyed by the lowest-poverty districts; when all three funding sources are combined, the share of total education funding that went to the highest-poverty districts (22 percent) was less than their share of school-age children, while districts in the lowest poverty quartile received 28 percent of total education funding for school districts.

Although federal programs, and to a lesser degree state school funding programs, provided more funds in the highest-poverty districts, these districts still had less funding per child than the lowest-poverty districts.

While the highest-poverty districts received more federal and state revenues per student, they received substantially lower revenues per student from local sources (see Exhibit 4). The highest-poverty districts received over three times more federal funding per student than the lowest-poverty districts (\$1,449 vs. \$388), and 38 percent more state funding per student (\$5,478 vs. \$3,973). However, the highest-poverty districts received less than half as much local revenue per student (\$3,098 vs. \$6,475). Thus, despite a higher level of federal and state support, the total revenue per student from all sources in the highest-poverty districts was 7 percent lower than for districts in the lowest poverty quartile (\$10,025 vs. \$10,836).

Within individual states, districts that were in the highest poverty quartile usually had higher total revenues per student than districts in the lowest poverty quartile (in 42 out of 49 states, see Exhibit B.1). This suggests that the lower average total revenues

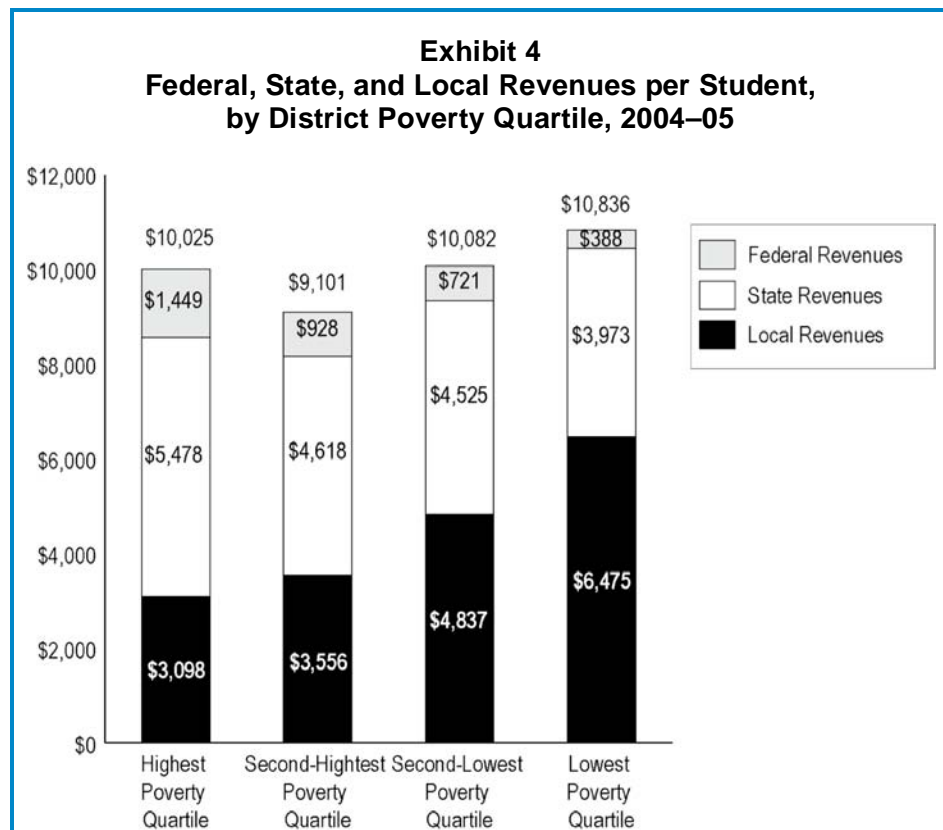


Exhibit reads: Although federal revenues provided an additional \$1,449 per student in the highest-poverty districts, compared with \$388 per student in the lowest-poverty districts, the highest-poverty districts still received less in total revenues per student (\$10,025) than the lowest-poverty districts (\$10,836).

Note: “Federal Revenues” include funds that school districts received from any federal source, including federal programs outside the U.S. Department of Education, such as the National School Lunch Program.

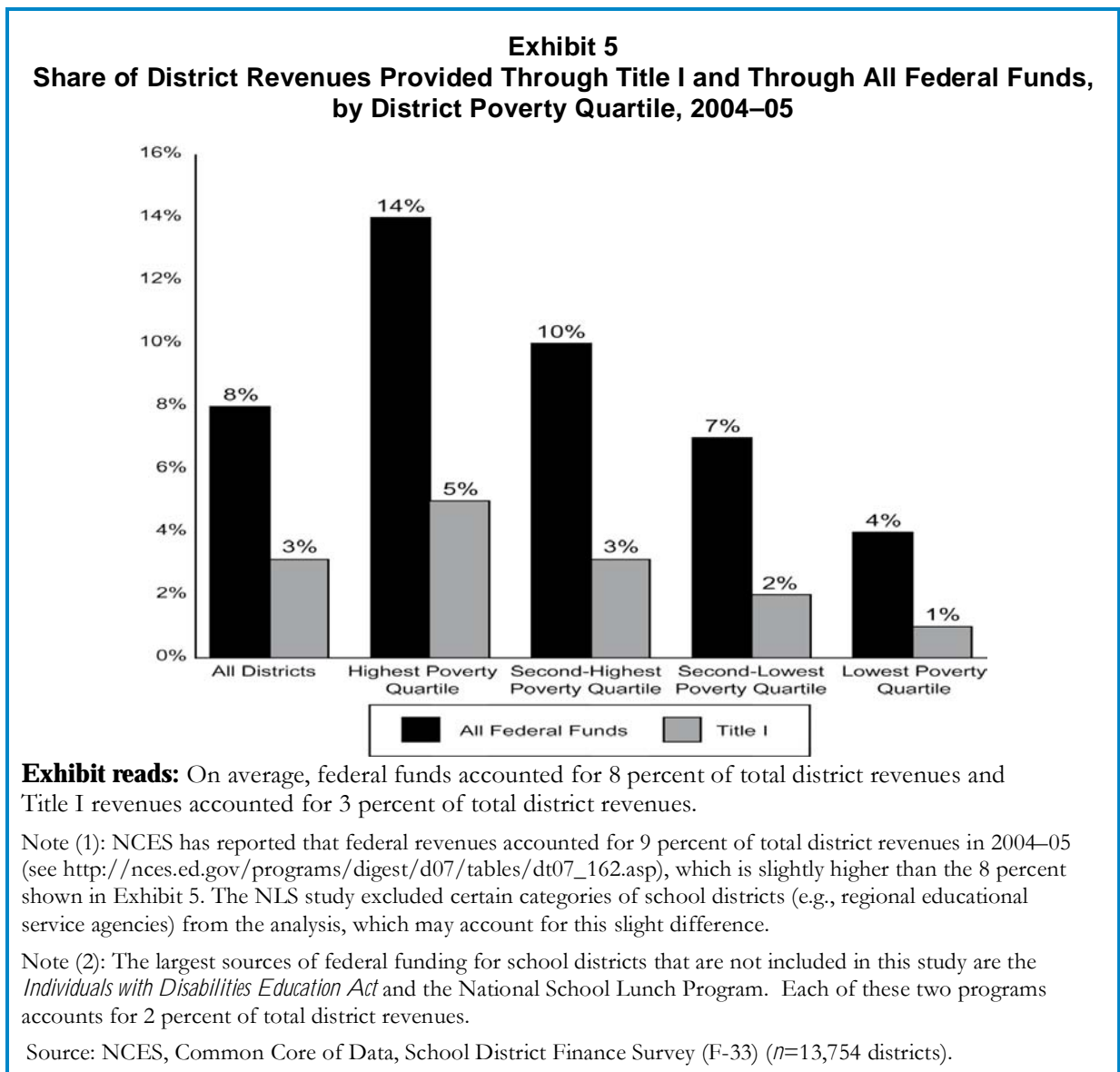
Source: NCES, Common Core of Data, School District Finance Survey (F-33), (n=13,754 districts).

for districts in the highest poverty quartile is driven by differences across states rather than differences within states.

The average amount of federal revenues per student across all districts was \$849. Exhibit B.2 shows the average federal, state, and local revenues per student in each state.

The share of total revenues provided through federal programs was over three times higher in the highest-poverty districts than in the lowest-poverty districts.

In the highest poverty quartile, federal revenues accounted for about 14 percent of total district revenues, which is almost double the 8 percent national average for all districts. On the other hand, federal revenues accounted for only 4 percent of total revenues for districts in the lowest poverty quartile (see Exhibit 5). Title I, the largest federal elementary and secondary program serving elementary and secondary education, accounted for 30 percent of total federal revenues received by school districts. The share of total district revenues provided through Title I was also five times higher in the highest poverty quartile (5 percent) than in the lowest poverty quartile (1 percent).



TARGETING OF FEDERAL PROGRAM FUNDS TO DISTRICTS AND SCHOOLS

Many of the federal programs included in this study contain provisions that are intended to target funds to higher-poverty school districts, and to higher-poverty schools within districts. However, some of the programs are more targeted than others, and the patterns of targeting vary. As Chapter I shows, the federal programs vary in size, and provide funds to districts for different purposes. As is shown in the analysis below, the three formula grants under *NCLB* (Title I, Title II, and Title III) generally reach a higher proportion of districts than the competitive grants (e.g., Reading First, CSR), which are smaller in size and provide funds to a very small percentage of districts. This section provides further detail on the targeting of funds, and discusses findings at the district and school levels.

Percentage of school districts receiving federal program funds

Before looking at the distribution of funds across high- and low-poverty districts and schools, it is useful to know the total number of districts that actually received funds from each of these six federal programs and the number of students who were potentially served.

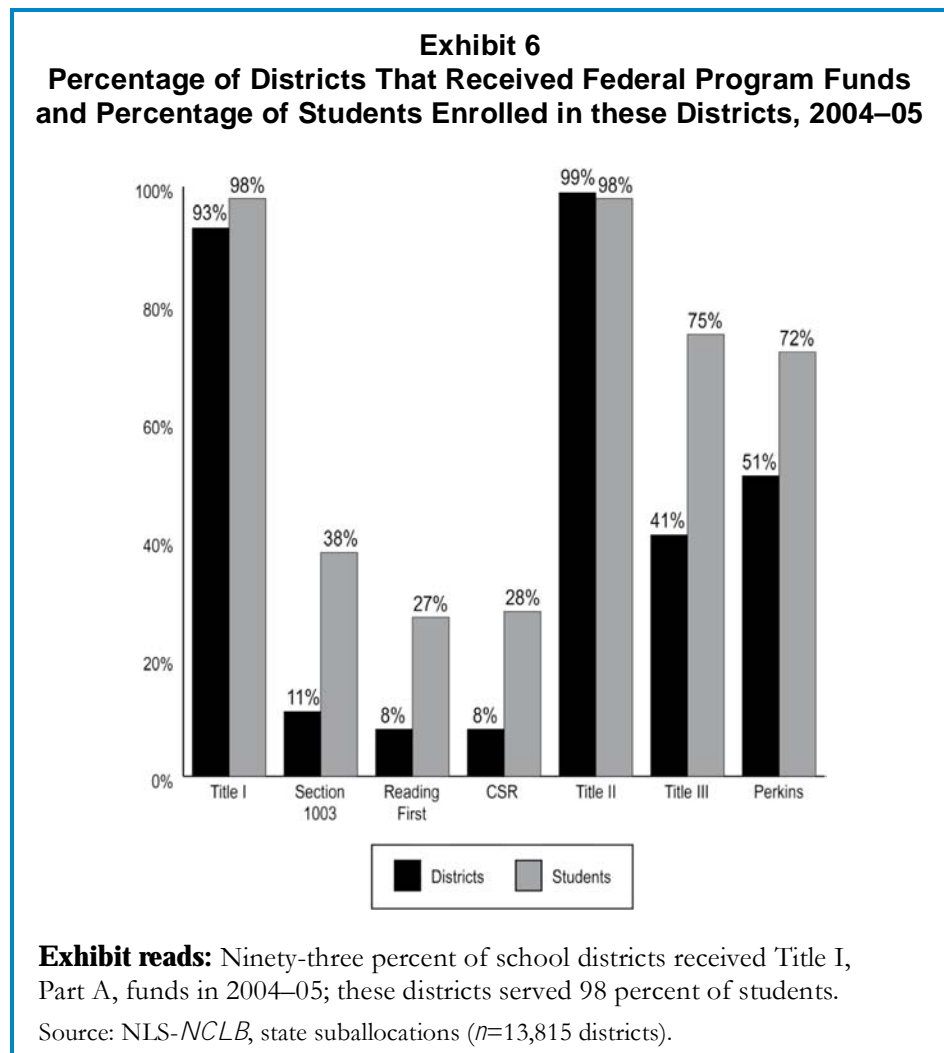
Nearly all school districts in the nation received funding from the Title I and Title II programs, while relatively few received funding from the competitive grant programs (Reading First and CSR) or from Section 1003 school improvement funds.

In 2004–05, Title II funds went to 99 percent of all school districts (see Exhibit 6), up from 94 percent in 1997–98. Title I funds went to 93 percent of all school districts, about the same as in 1997–98 (92 percent). Title I Section 1003(a) school improvement funds were allocated to 11 percent of all districts; these funds are intended to be targeted to districts with schools that have been identified for improvement, corrective action, or restructuring.

Perkins Vocational Education funds went to about half of the nation’s school districts (51 percent). However, 16 percent of the nation’s school districts are elementary-only districts, which are not eligible to receive these funds. Limiting the analysis to only include districts with secondary students, the data show that Perkins funds went to 60 percent of the districts that had secondary students; the funded districts enrolled 76 percent of the nation’s secondary students.

Title III funds were allocated to 41 percent of all school districts but 69 percent of school districts that had one or more LEP students. Districts receiving Title III funds enrolled 87 percent of all LEP students. Overall, 55 percent of school districts had one or more LEP students,¹⁹ but many of these districts enrolled only a small number of LEP students. Of the school districts that enrolled LEP students, 55 percent had 10 or more LEP students, and 46 percent enrolled between one and nine LEP students.

The two competitive grant programs in this study, Reading First and CSR, each provided grants to 8 percent of all school districts.



Districts receiving federal program funds tended to be larger than non-recipient districts, and thus enrolled a larger share of the nation’s students.

For example, districts receiving Section 1003 funds accounted for 38 percent of the nation’s students, and only 11 percent of the nation’s school districts. Similarly, Reading First and CSR each went to districts enrolling over one-fourth of all students.²⁰ Perkins and Title III funds each went to districts enrolling about three-fourths of all students.

¹⁹ This figure is likely to be an underestimate of the percentage of districts that have one or more LEP students. The analysis using CCD 2003–04 data indicated that 33 percent of school districts had no LEP students. However, 11 percent of school districts did not provide information on their number of LEP students, which suggests that the percentage of school districts that had LEP students may be higher than the current estimate.

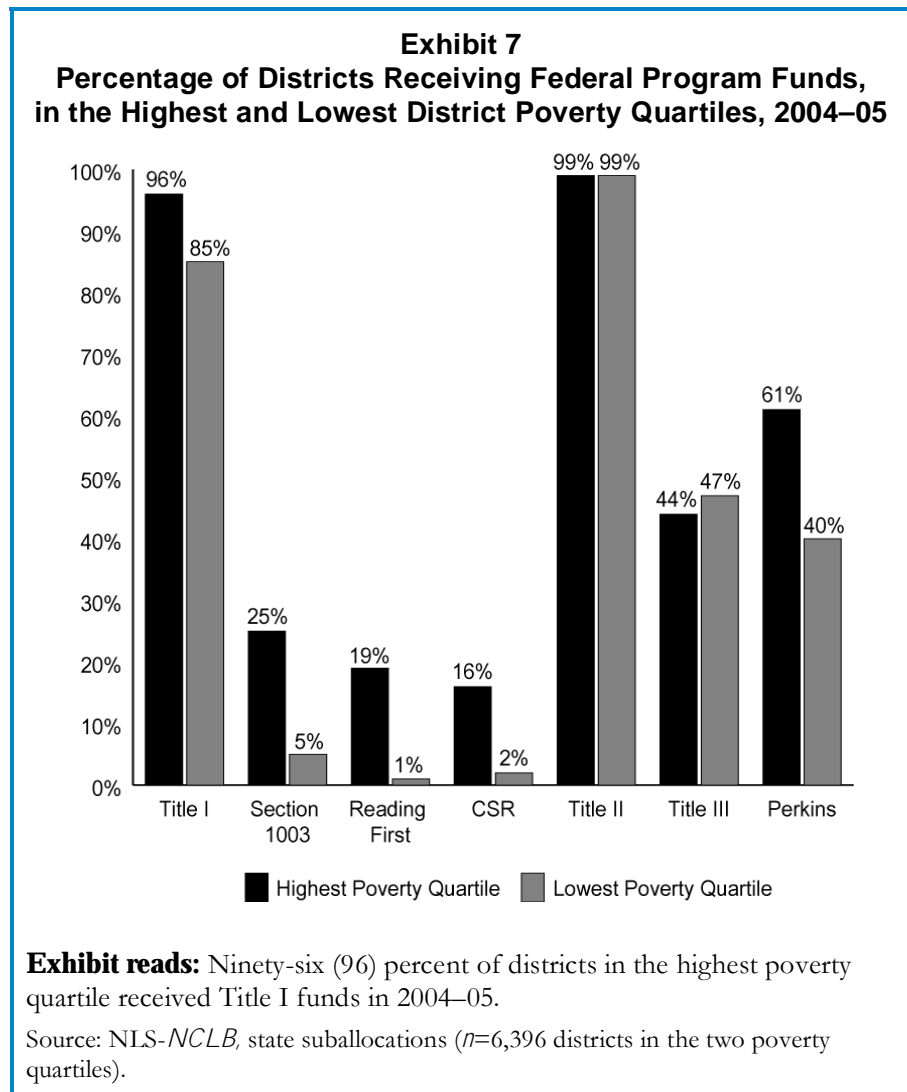
²⁰ Using the alternative approach limiting the analysis to school districts that enrolled K–3 students for Reading First yielded similar results.

Percentage of school districts receiving federal program funds by district poverty

As discussed above, nearly all school districts in the nation received funds from Title I and Title II. However, for programs that go to a smaller proportion of the nation's districts, there is more opportunity for variation by district poverty rate in the percentage of districts that receives these funds.

Section 1003, Reading First, and CSR were much more likely to serve high-poverty districts than low-poverty districts.

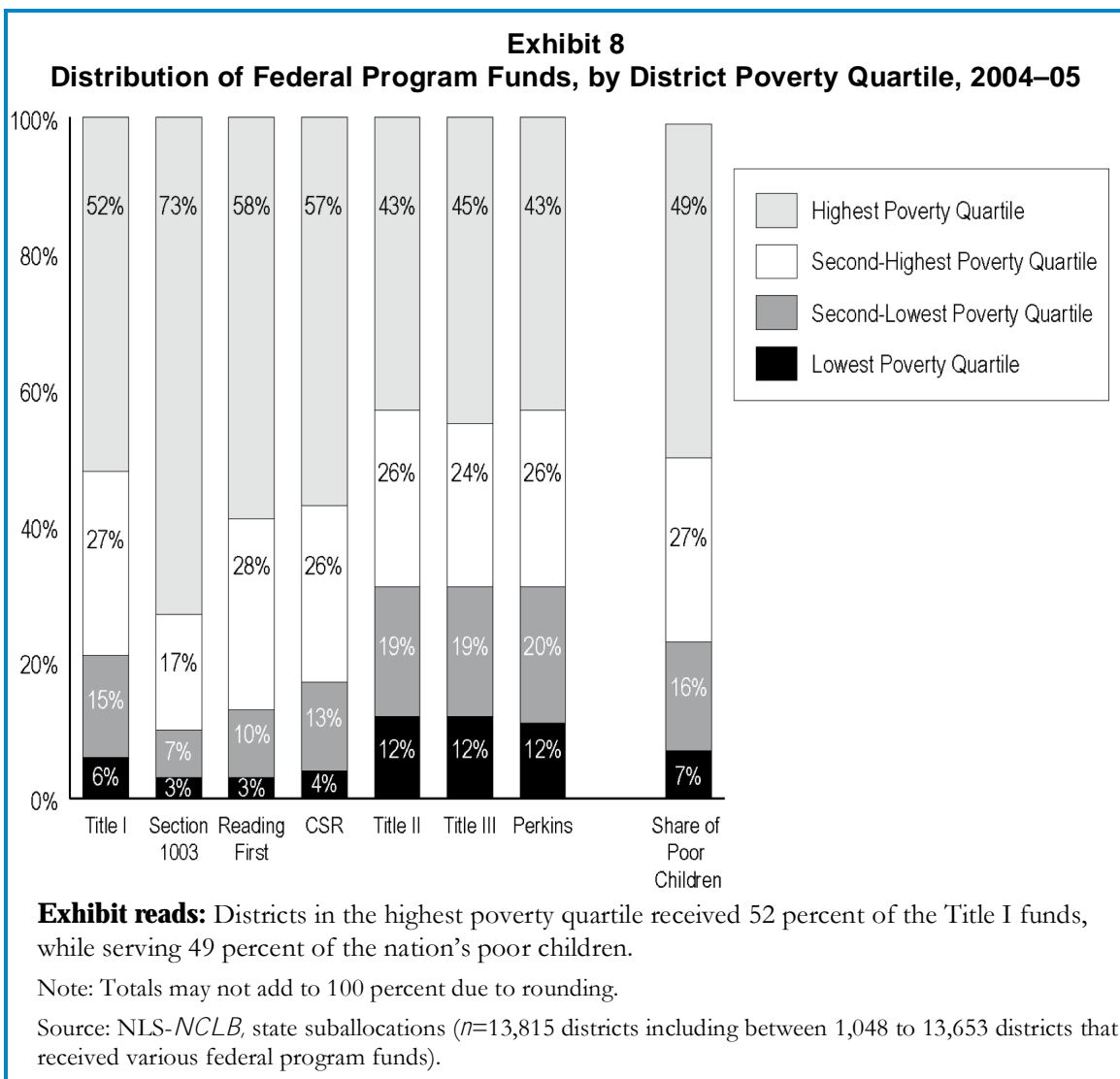
Section 1003 funds went to 25 percent of districts in the highest poverty quartile and 5 percent of districts in the lowest poverty quartile (see Exhibit 7). Similarly, Reading First and CSR went to 16 to 19 percent of all districts in the highest poverty quartile but only 1 to 2 percent of districts in the lowest poverty quartile. Title I and Perkins Vocational Education also were more likely to serve high-poverty districts than low-poverty districts, but the difference was less pronounced because these two programs flowed to a higher proportion of districts at all poverty levels. For Title II, which served 99 percent of all districts, it is not surprising that the percentage served did not vary by district poverty quartile. Title III funds were slightly more likely to go to districts in the lowest poverty quartile (47 percent) than to those in the highest poverty quartile (44 percent).



TARGETING OF FEDERAL PROGRAM FUNDS BY DISTRICT POVERTY QUARTILE

Of the federal programs studied, Section 1003, Reading First, and CSR provided the largest shares of program funds to the highest-poverty districts.

The districts in the highest poverty quartile, which enrolled 49 percent of the nation’s poor school-age children and 25 percent of all school-age children, received nearly three-fourths (73 percent) of the funds that states reserved for school improvement activities under Section 1003 of Title I (see Exhibit 8). Reading First and CSR, both competitive programs, also provided relatively large shares of their funding to the highest poverty quartile of districts (58 percent and 57 percent, respectively).



For Title I, 52 percent of the funds went to the highest-poverty districts, slightly more than their share of poor children (49 percent). For Title II, Title III, and Perkins Vocational Education, the share of funds allocated to the highest poverty quartile (43 to 45 percent) was less than their share of poor children but greater than their share of all school-age children (25 percent).

Conversely, the districts in the lowest poverty quartile received a very small share of the funds under Title I, Section 1003, Reading First, and CSR (3 to 6 percent) and a larger share of the funds under Title II, Title III, and Perkins (12 percent).²¹

Federal funding per poor child in the highest- and lowest-poverty districts

In the districts that received funding, Title I provided a higher level of funding per poor child in the highest-poverty districts than in the lowest-poverty districts, while the other federal programs provided a higher level of funding per poor child in the lowest-poverty districts.

In 2004–05, the highest-poverty districts received an average of \$1,579 in Title I funds per poor child, which was 26 percent higher than in the lowest-poverty districts (\$1,256) (see Exhibit 9). Conversely, the other federal programs provided less funding per poor child to the highest-poverty districts than to the lowest-poverty districts. For example, the highest-poverty districts received \$321 per poor child in Title II funds, 44 percent less than the lowest-poverty districts (\$571). While several formula grants (e.g., Title I and Title II) allocated funds to a majority of low-poverty districts, the two competitive programs (Reading First and CSR) allocated funds to only a small percentage of low-poverty districts, but the low proportion of poor children in these districts resulted in a higher average allocation per poor child.

It should be noted that when we examine Title I funding at the school level, a little later in this report (Exhibit 12), we find the opposite pattern as in the district level analysis: that is, the highest-poverty Title I schools receive a lower level of Title I funding per low-income student than do the lowest-poverty Title I schools.

²¹ The district poverty quartiles were defined using Census population and poverty estimates for all school-age children (aged 5 to 17). Two of the programs in this study are focused on certain age groups; specifically, Perkins Vocational Education funding for school districts is intended to serve high school students, while the Reading First program is focused on grades K–3. We used the same poverty quartiles for all programs in this study in order to enable consistent comparisons across programs. Alternatively, poverty quartiles can be calculated using estimates for a particular set of grades, but this has only a small impact on the distribution of funds by poverty quartile. For example, we calculated alternative poverty quartiles using estimates of the numbers of children and poor children in grades 9–12; the distribution of Perkins funds among these alternative poverty quartiles appears slightly more targeted to higher-poverty districts compared with the distribution shown in the main analysis in Exhibit 8. Specifically, the share of Perkins funds going to each poverty quartile under the alternative analysis was (from highest poverty to lowest poverty) 46 percent, 27 percent, 18 percent, and 9 percent, respectively, compared with 43 percent, 26 percent, 20 percent, and 12 percent, respectively, under the main analysis. The distribution of poor children in grades 9–12 under the alternative poverty quartiles was the same as for the main poverty quartile analysis (49 percent, 27 percent, 16 percent, and 7 percent, respectively).

Exhibit 9
Federal Program Funding per Poor Child,
for Districts in the Highest and Lowest Poverty Quartiles, 2004–05

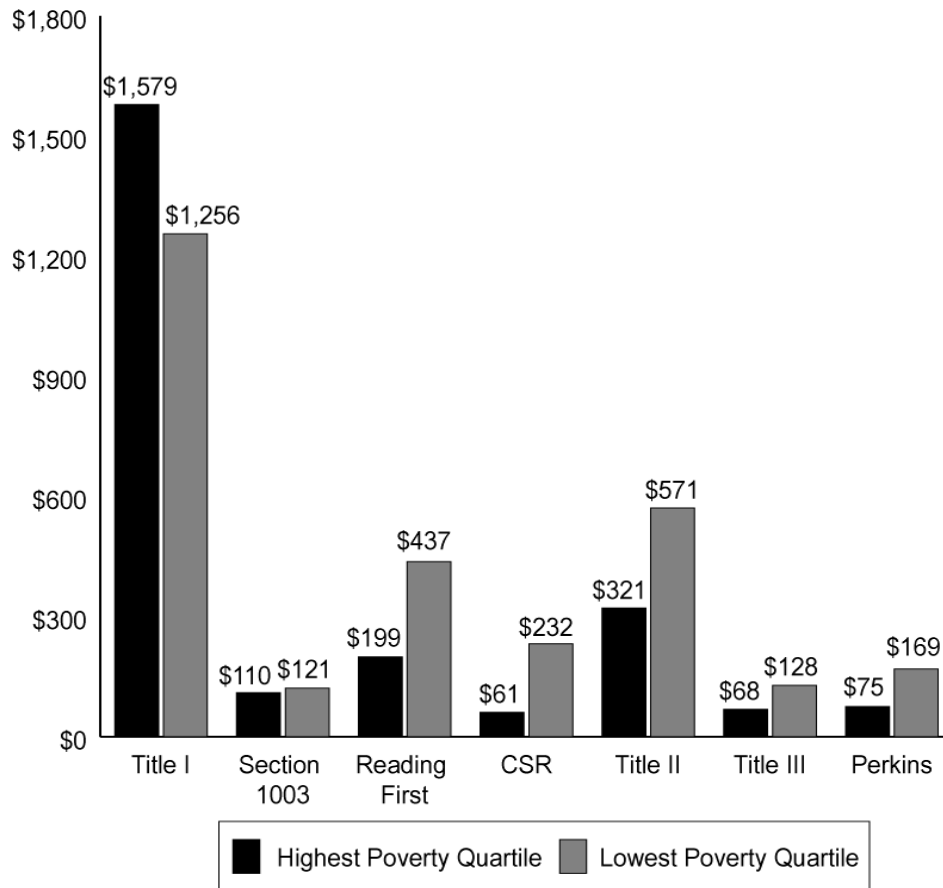


Exhibit reads: Of the districts that received funds, those in the highest poverty quartile received an average of \$1,579 in Title I funding per poor child, compared with \$1,256 in the lowest poverty quartile.

Source: NLS-*NCLB*, state suballocations ($n=480$ to 6,327 districts receiving federal funds in the two poverty quartiles).

Some of the programs in this study are focused on a subset of the school population—Reading First is focused on grades K–3, Perkins Vocational Education is focused on secondary school students, and Title III is focused on LEP students—and using all poor children as the denominator for calculating per-pupil funding may understate the level of funding that is actually being provided for the target population. Although the figures shown in Exhibit 9 present funding per poor child in order to use a consistent metric across programs, we can also calculate this measure using the subset of children that is relevant to these individual programs (see Exhibit B.6).

For Reading First, if we calculate funding per poor child based only on children in grades K–3, the amount of Reading First funding per poor child appears more substantial (\$651 in the highest-poverty

districts and \$1,543 in the lowest-poverty districts) than when we calculate per-pupil funding based on all poor children in the funded districts (\$199 and \$437 in the highest- and lowest-poverty districts, respectively).

For Perkins Vocational Education, calculating funding per poor child based only on children in grades 9 through 12 produces estimates of \$275 and \$503 in the highest- and lowest-poverty districts, respectively.

For Title III, an alternative way to examine per-pupil funding is to calculate funding per LEP student rather than funding per poor child. Title III funding per LEP student was \$108 and \$106 in the highest- and lowest-poverty districts, respectively.

TARGETING OF FEDERAL PROGRAM FUNDS BY SCHOOL POVERTY LEVEL

For three of the programs in this study—Title I, Part A, Reading First, and CSR—a large proportion of the funds are allocated to individual schools, and so the study was able to examine the distribution of funds at the school level. All three programs have a goal of targeting funds to high-need schools. For Title I, school districts are required to distribute funds to schools in rank order of poverty consistent with Section 1113 of *ESEA* and §200.78 of the Title I regulations. The Title I within-district allocation provisions require that higher-poverty schools must be served before lower-poverty schools may be served, that higher-poverty schools receive at least as much Title I funding per low-income student as lower-poverty schools receive, and that districts that provide Title I funds to relatively low-poverty schools (those with fewer than 35 percent poor children) must ensure that each school receives a certain minimum level of funding (equivalent to 125 percent of the district’s total allocation per low-income student) in order to avoid dilution of the funding across too many schools.

As competitive grant programs, Reading First and CSR include provisions designed to direct funding to schools with higher educational needs. For Reading First, school districts must distribute funds to schools that have the highest percentages or numbers of students in kindergarten through grade 3 who are reading below grade level *and* either are identified for school improvement under Title I *or* have high percentages or numbers of low-income students. For CSR, states competitively award grants to school districts on behalf of specific schools and must give priority to schools that have been identified for improvement. Even when these funds are not explicitly allocated to schools on the basis of poverty, a general correlation between school poverty and low achievement may result in these funds tending to flow to higher-poverty schools.

It is important to note that when examining the targeting of federal program funds at the school level, average school allocations per low-income student appear much smaller than district allocations per poor student because a different poverty measure is used. The district-level analysis uses Census Bureau estimates of poor school-age children, while the school-level analysis uses counts of students eligible for the free or reduced-price lunch program, which has a higher income threshold and thus includes roughly twice as many children.²² For Title I, for example, the average

²² The threshold income level for eligibility for the free or reduced-price lunch program is 185 percent of the threshold income level for the determination of whether a child lives in poverty. The term “low-income” refers to children eligible for the free or reduced-price lunch program, while “poor children” refers to children living in families whose income is below the federal poverty threshold. The analyses in this report use the percentage of low-income students to measure the school poverty level, while using the percentage of children living below the federal poverty threshold to measure district poverty levels. Because the school-level poverty measure (free and reduced-price lunch) includes roughly twice as many children as the Census poverty measure, the average allocation per ‘low-income student’ is considerably smaller in the school-level analyses than the average allocation per ‘poor child’ in the district-level analyses. The calculation of the

district allocation in 2004–05 was \$1,499 per Census poverty child but \$796 per student eligible for free or reduced-price lunches. The average district allocation per free and reduced-price lunch student is higher than the average school allocation per free and reduced-price lunch student (see Exhibit 10) because districts retain some of the Title I funds for certain services and functions (potentially including supplemental educational services, districtwide preschool or after-school programs, and other activities that may be funded and managed at the district level) as well as for program administration.

School-level funding for Title I, Reading First, and CSR

Title I provided funds to over half of the nation’s schools, while the two competitive grant programs, Reading First and CSR, had smaller appropriations and funded programs in a small percentage of schools.

Unlike formula grants that generally reach a high proportion of districts and schools, competitive program funds are typically distributed to a smaller number of grantees. The two competitive grant programs included in this study, Reading First and CSR, provided grants to a very small percentage of the nation’s schools (2 percent and 1 percent, respectively), in contrast to the Title I, Part A, program which provided funds to over half of the nation’s schools (56 percent) (see Exhibit 10). In part, this difference reflects the much lower appropriation levels for the two competitive grant programs; FY 2004 appropriations were \$1.024 billion for Reading First and \$324 million for CSR, which amounts to 8 percent and 2 percent, respectively, of the amount appropriated for Title I, Part A, during that same year (\$12.342 billion).

However, because the Reading First and CSR funds were allocated to an even smaller percentage of the schools (2 percent and 1 percent, respectively), they resulted in relatively large allocations per low-income student, considering the overall size of the programs, in schools that did receive these grant funds (\$366 for Reading First and \$280 for CSR).

Exhibit 10			
School-Level Funding for Title I, Reading First, and CSR, 2004–05			
	FY 2004 Appropriations	Percentage of All Schools Receiving Funds	Average Allocation per Low-Income Student
Title I, Part A	\$12.342 billion	56%	\$606
Reading First	\$1.024 billion	2%	\$343
CSR	\$324 million	1%	\$280

Exhibit reads: Fifty-six percent of all schools received Title I funds in 2004–05, and Title I schools received an average allocation of \$606 per low-income student.

Note: Reading First is intended to serve only students in grades K–3. Although Reading First schools comprised 2 percent of all schools, they accounted for 4 percent of elementary schools. In Reading First schools, the average allocation per low-income student in grades K–3 was \$664. The \$343 per low income student reported in the table includes students across all grade levels within a recipient school.

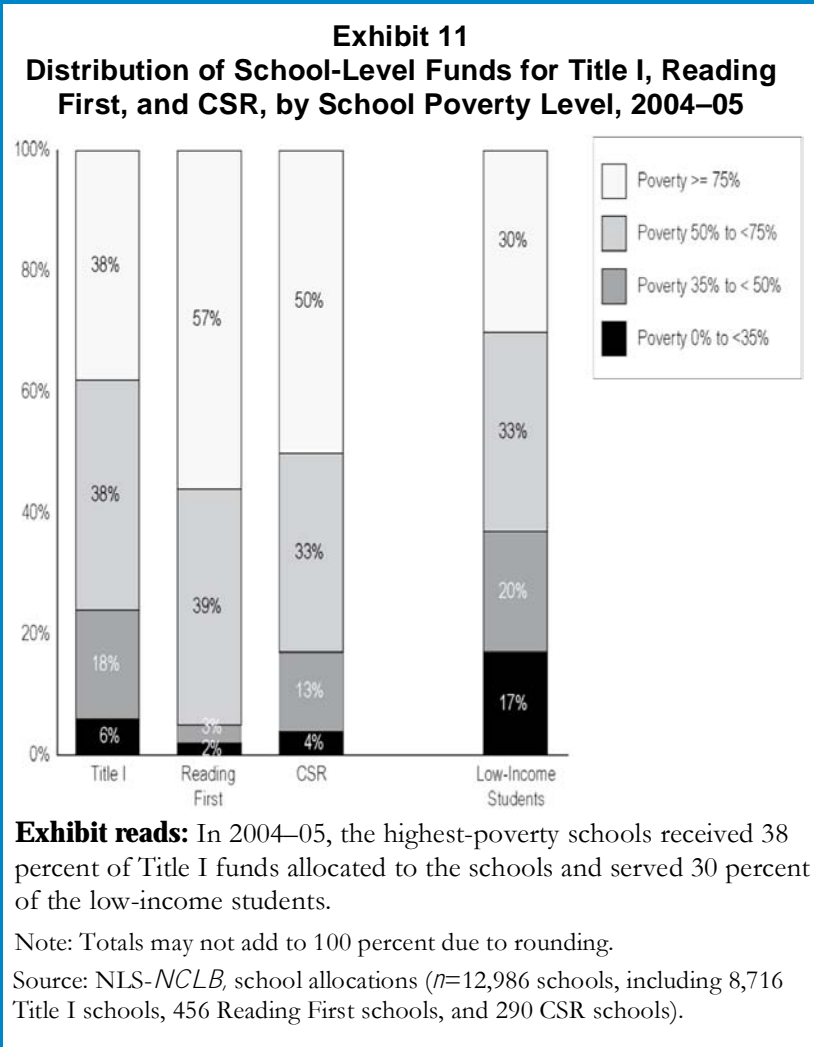
Source: NLS-*NCLB*, school allocations (*n*=8,564 Title I schools, 413 Reading First schools, and 260 CSR schools).

district allocation per poor child is based on the districts that actually received funding. Similarly, the calculation of allocation per low-income student is based on the sample of schools that received funding.

The two competitive grant programs, Reading First and CSR, targeted a larger share of funds to high-poverty schools than did Title I.

High-poverty schools (i.e., schools with 50 percent or more low-income students) received a substantial majority of Reading First (96 percent) and CSR (83 percent) funds and about three-quarters (76 percent)

of Title I funds, while serving about 63 percent of the nation’s low-income students (see Exhibit 11). The highest-poverty schools (i.e., those with 75 percent or more low-income students), which served 30 percent of low-income students, received 57 percent of Reading First school allocations, 50 percent of CSR school allocations, and 38 percent of Title I school allocations. The lowest-poverty schools, which served 17 percent of low-income students, received a much smaller share of Title I, Reading First, and CSR funds (2 to 6 percent).²³



An analysis comparing the distribution of funded schools to the distribution of all schools shows that the majority of Reading First (95 percent), CSR (75 percent), and Title I (63 percent) programs were found in high-poverty schools. However, a relatively larger share of Title I programs (14 percent) appeared in the lowest-poverty schools, compared with Reading First (2 percent) and CSR (4 percent)(see Appendix Exhibit B.8).

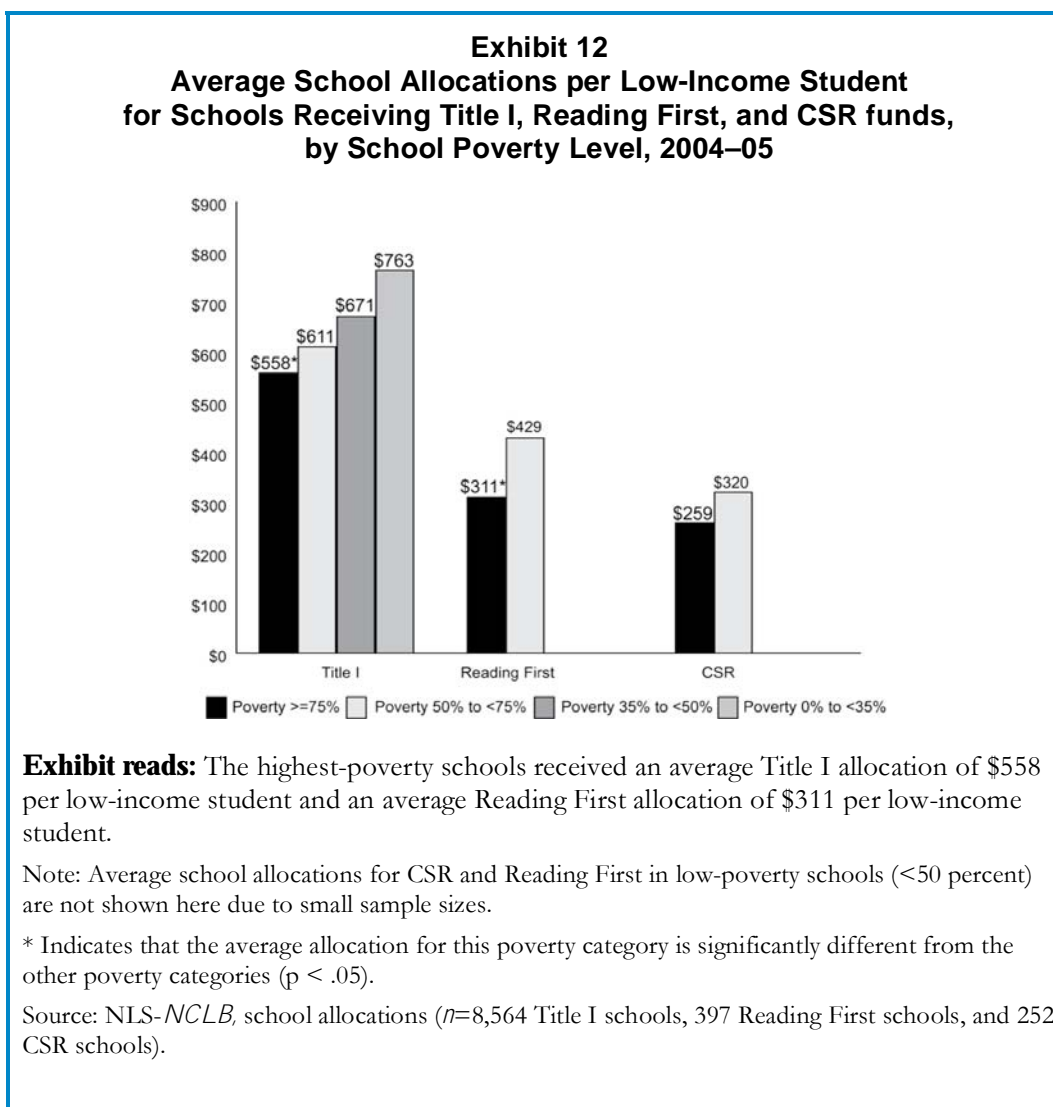
²³ It is important to note that comparing shares of funds to shares of low-income students served hides the complexities of the actual distribution of funds and low-income students among schools that are actually designated as Title I schools and therefore actually receive the funds. That is, there are schools at all poverty levels that serve low-income students, but that for a variety of reasons are not designated to receive Title I funds.

Average school allocation per low-income student

The district-level analysis in the preceding section showed that the highest-poverty districts received more Title I funds per poor child than the lowest-poverty districts. At the school level, the allocations per low-income student show a different picture.

While district-level analyses showed larger Title I allocations per poor child in the highest-poverty districts, at the school level, Title I allocations per low-income student were lower in higher-poverty schools than in lower-poverty schools.

Title I average allocation per low-income student in the highest-poverty schools (\$558) was 27 percent lower than in low-poverty schools (\$763) and also well below the amounts received by the two medium-poverty groups of schools (\$611 and \$671) (see Exhibit 12). Similarly, Reading First allocations per low-income student were lower in the highest-poverty schools (\$311) than in the second highest-poverty schools (\$429). For CSR, the average allocation received by the highest-poverty schools (\$320) was not significantly different from that received by the second lowest-poverty schools (\$259).



Within-district targeting for Title I, Reading First, and CSR

The preceding analysis examined school allocations patterns for Title I, Reading First, and CSR across all high- and low-poverty schools in a nationally representative sample. That analysis found that higher-poverty schools tended to receive smaller allocations per low-income student, on average, than lower-poverty schools. But to what extent does this pattern of weak targeting result from individual districts providing smaller allocations to their higher-poverty schools or from the distribution of funds across districts?

In order to take a closer look at how individual districts were allocating these federal program funds, the following analysis examines the targeting of Title I, Reading First, and CSR within district boundaries, using data on school allocations reported by 242 Title I districts, 33 Reading First districts, and 33 CSR districts that had two or more schools receiving these grants.

Within-district analyses revealed that most districts provided either higher or similar Title I allocations per low-income student to their higher-poverty Title I schools relative to their lower-poverty Title I schools.

Based on allocations data for 8,536 Title I schools in the sample of 242 districts, Title I schools with above-average poverty rates (compared with other Title I schools in their district) received an average Title I allocation of \$634 per low-income student, 14 percent higher than the average allocation for Title I schools with below-average poverty rates for their district (\$558). Slightly less than half of the districts (47 percent) provided larger allocations per low-income student to their higher-poverty Title I schools, 36 percent provided similar allocations in higher- and lower-poverty schools, and 18 percent provided smaller allocations per low-income student to their higher-poverty Title I schools.²⁴

Districts that provided larger allocations to their high-poverty Title I schools typically provided substantially more Title I funds to higher-poverty schools (32 percent more per low-income student, on average, compared with their lower-poverty schools). In districts that provided smaller allocations to their higher-poverty Title I schools, the differential was smaller (20 percent less per low-income student, on average). In other words, although it appears that some Title I districts may be violating the within-district targeting requirements by providing larger per-pupil allocations to lower-poverty schools, this problem appears to be small in scope and outweighed by the more prevalent district practice of allocating larger per-pupil amounts to higher-poverty schools within the district.

Similarly, an examination of the correlations between school poverty rates and Title I allocations, in 109 districts that had 10 or more Title I schools, found that 49 percent of the districts showed a positive relationship between Title I funds per low-income pupil and school poverty, and most of the remaining districts showed no statistically significant relationship (48 percent).

This within-district analysis suggests that the earlier finding of a negative relationship between school poverty rates and Title I allocations per low-income pupil does not appear to reflect widespread district policies or practices that favor lower-poverty schools. To further explore the inconsistency between the national analysis and the within-district targeting analysis, the next section examines the distribution of funds to high- and low-poverty Title I schools across districts in different poverty quartiles.

²⁴ Title I schools with poverty rates above their district median for funded schools had an average poverty rate of 69 percent, compared with 52 percent for schools below their district median.

Districts in the lowest poverty quartile concentrated their Title I funds on a relatively small proportion of their schools that while, being among the highest-poverty schools in these low-poverty districts, were actually relatively low-poverty schools when compared with the larger distribution of schools.

Although districts in the lowest poverty quartile allocated their Title I funds to their highest-poverty schools, these schools had relatively low poverty rates compared with Title I schools in higher-poverty districts. For example, the average poverty rate for Title I schools was 21 percent in the lowest-poverty districts, compared with 72 percent in the highest-poverty districts (see Exhibit 13). Moreover, the lowest-poverty districts concentrated their funds on a smaller proportion of their schools, resulting in above-average allocations per low-income student in these schools. In the highest-poverty districts, 82 percent of all schools received Title I funds, with an average school allocation of \$547, but in the lowest-poverty districts, 37 percent of all schools received funds and the average school allocation was \$910 (see Appendix C.10 for details on the average Title I school allocation per low-income student by school poverty level and district poverty quartile).

Exhibit 13			
Allocations for Title I Schools, by District Poverty Quartile, 2004–05			
	Average Poverty Rate of Title I Schools	Percentage of Schools Receiving Title I, Part A, Funds	Average Allocation per Low-Income Student
Highest poverty quartile	72%	82%	\$547
Second-highest poverty quartile	63%	59%	\$649
Second-lowest poverty quartile	46%	42%	\$653
Lowest poverty quartile	21%	37%	\$910

Exhibit reads: In the highest-poverty districts, Title I schools had an average poverty rate of 72 percent, 82 percent of all schools received Title I, Part A, funds in 2004–05, and Title I schools received an average Title I allocation of \$547 per low-income student.

Source: NLS-*NCLB* school allocations ($n=8,564$ Title I schools).

One explanation for the finding that low-poverty districts tended to concentrate their Title I funds on a relatively small proportion of their schools may be the “125 percent rule,” which is intended to discourage districts from spreading their Title I funds thinly across a large number of schools; this rule only applies to districts that provide Title I funds to schools with relatively low poverty rates. Specifically, the 125 percent rule requires that districts that allocate Title I funds to schools with poverty rates below 35 percent must ensure that each school’s Title I allocation is equivalent to at least 125 percent of the district’s total allocation per low-income student. Districts with lower average poverty rates are more likely to serve low-poverty schools and thus are more likely to be subject to the 125 percent rule, which may tend to result in higher funding levels in a smaller number of schools.

In short, low-poverty Title I districts tended to fund schools with relatively lower poverty rates, to fund a smaller percentage of their schools, and to provide these schools with relatively large allocations per low-income pupil. In contrast, the highest-poverty Title I districts typically provided these funds to a large majority of their schools but provided each of these schools with smaller allocations per low-income student in comparison to the school funding levels provided in lower-poverty districts.

In contrast to Title I, districts receiving Reading First and CSR funds were more likely to give larger allocations per low-income student to their lower-poverty grantee schools than to higher-poverty schools. However, most of these “lower-poverty” Reading First and CSR schools had relatively high poverty rates when compared with national averages.

Unlike Title I, the Reading First and CSR programs do not have specific requirements about the relative size of school allocations within a district. Based on the subsample of 33 Reading First districts in the study, almost two-thirds (64 percent) provided smaller allocations per low-income student in higher-poverty schools than in their lower-poverty Reading First schools (see Exhibit 14). Schools above their district’s median poverty rate for Reading First schools received an average allocation of \$314 per low-income student, 13 percent lower than for schools below the district median (\$362).

For CSR, 41 percent provided smaller allocations to higher-poverty CSR schools than to lower-poverty CSR schools, while 55 percent provided larger allocations to their higher-poverty CSR schools (based on a sample of 33 CSR districts). CSR schools above their district’s median poverty rate for CSR schools received an average allocation of \$277 per low-income student, similar to the average allocation size for schools below the district median for CSR schools (\$287).

Beneath these averages lies considerable variation across districts. In districts that provided smaller allocations to their higher-poverty Reading First and CSR schools, the funding differential was 20 percent for Reading First (\$305 vs. \$379) and 20 percent for CSR (\$243 vs. \$307) (see Appendix Exhibit B.9). In some individual districts, the differential was much larger; for example, one district that provided Reading First funds to seven elementary schools allocated \$557 per low-income student to a school with a 90 percent poverty rate and \$1,147 per low-income student to a school with a 55 percent poverty rate.

However, it is important to note that school poverty rates were relatively high for most of the Reading First and CSR schools, including schools that were below their district’s median poverty rate for funded schools. Across the 33 Reading First districts in the sample, the higher-poverty Reading First schools had an average poverty rate of 86 percent, compared with 75 percent for schools below their district median. Across the 33 CSR districts, the higher-poverty CSR schools had an average poverty rate of 86 percent, compared with 74 percent for the lower-poverty CSR schools in these districts.

Exhibit 14
Within-District Targeting for Title I, Reading First, and CSR, 2004–05

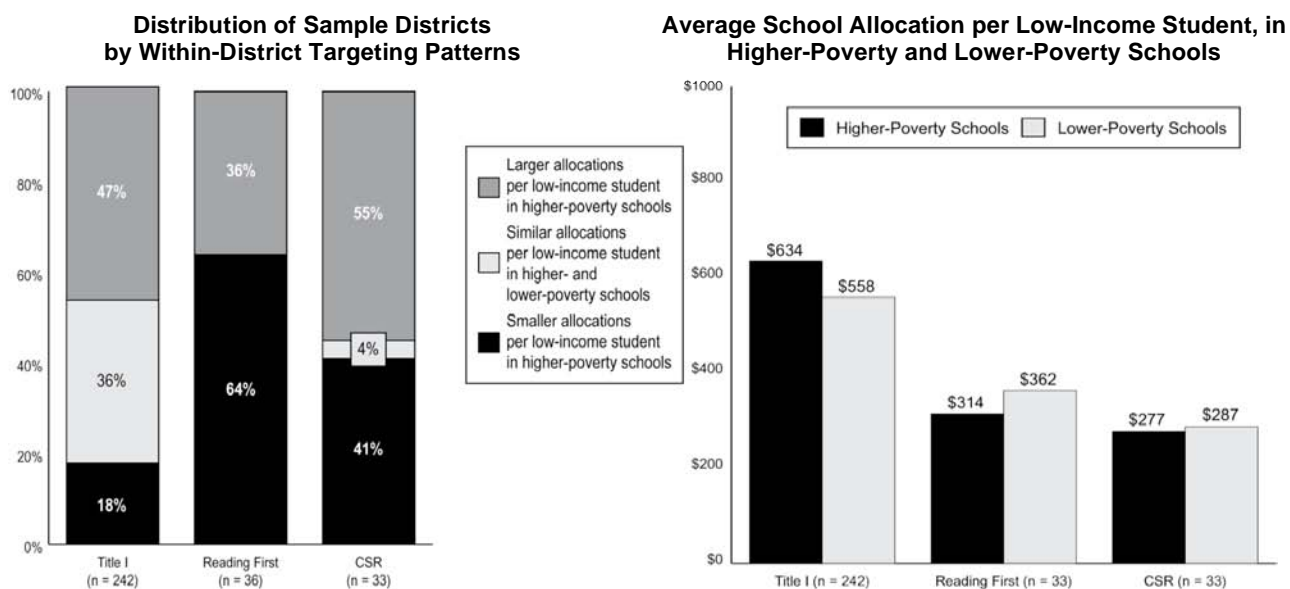


Exhibit reads: Forty-seven percent of the Title I districts that provided school allocations data reported larger allocations per low-income student in schools that were above the district’s median poverty rate for Title I schools; on average, these higher-poverty schools received \$634 per low-income student.

Note (1): “Higher-poverty schools” are those that are above their district’s median poverty rate for schools funded under each grant program, and “lower-poverty schools” are those that are below their district’s median poverty rate for funded schools.

Note (2): Totals may not add to 100 percent due to rounding.

Source: NLS-*NCLB* school allocations.

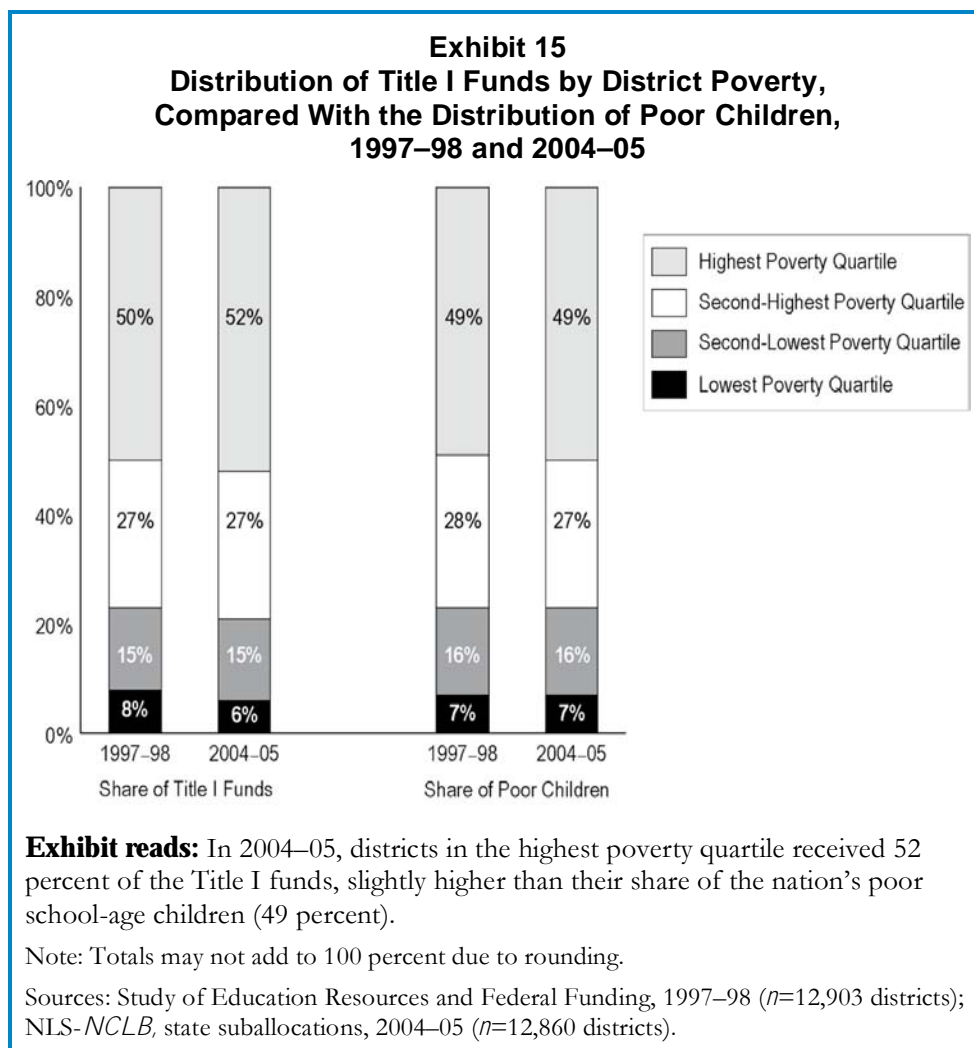
CHANGES IN TITLE I TARGETING TO DISTRICTS AND SCHOOLS, BETWEEN 1997–98 AND 2004–05

The reauthorizations of *ESEA* over the years have been designed in part to improve the way resources are targeted to poor children, especially through Title I, the largest of these federal programs. Since the passage of *NCLB* in 2001, Congress began funding two new formulas (Targeted Grant and Education Finance Incentive Grants) that were intended to increase the targeting of Title I funds to higher-poverty districts. The Targeted Grant formula uses a weighted formula to provide more funding per poor child in districts with larger percentages or numbers of poor children. The Education Finance Incentive Grant formula rewards states for additional “fiscal effort” in supporting education funding and for greater “fiscal equity” in the distribution of state and local education funds, and it also uses a weighted formula for suballocating the funds to districts within each state. In addition, substantial increases in overall funding have affected the amount of funding that districts and schools receive. This section explores how targeting has changed at the district and school level between 1997–98 and 2004–05.

Changes in district targeting

Between 1997–98 and 2004–05, the share of Title I funds received by the highest-poverty districts has shown little change.

The highest-poverty districts, which served 25 percent of the nation’s school-age children and 49 percent of the nation’s poor school-age children, received about half of the Title I funds in both 2004–05 (52 percent) and 1997–98 (50 percent). The proportion of children in the highest poverty quartile did not change (49 percent in both years). The percentage of funds received by districts in the lowest poverty quartile declined slightly, from 8 percent in 1997–98 to 6 percent in 2004–05 (see Exhibit 15).



In recent years, Congress has designated an increasing share of total Title I funds to be allocated through the newer Targeted Grant and Education Finance Incentive Grant formulas.

The share of Title I funds appropriated for the Targeted Grant and Incentive Grant formulas grew from 18 percent of total Title I, Part A, funds in FY 2002 to 32 percent in FY 2004 and 36 percent in FY 2007. Meanwhile, the Basic formula declined from 85 percent of the funds in FY 1997 to 57 percent in FY 2004 and 53 percent in FY 2007. The share of funds allocated through the Concentration formula also declined slightly, from 15 percent in FY 1997 to 11 percent in FY 2004 and FY 2007.

The Concentration Grant, Targeted Grant, and Education Finance Incentive Grant formulas are all more targeted to the highest-poverty districts than are Basic Grants, but most funds continue to flow through the Basic Grants.

Exhibit 16
Share of Title I Funds Allocated to Highest- and Lowest-Poverty Districts Under Each Title I Formula in FY 2007

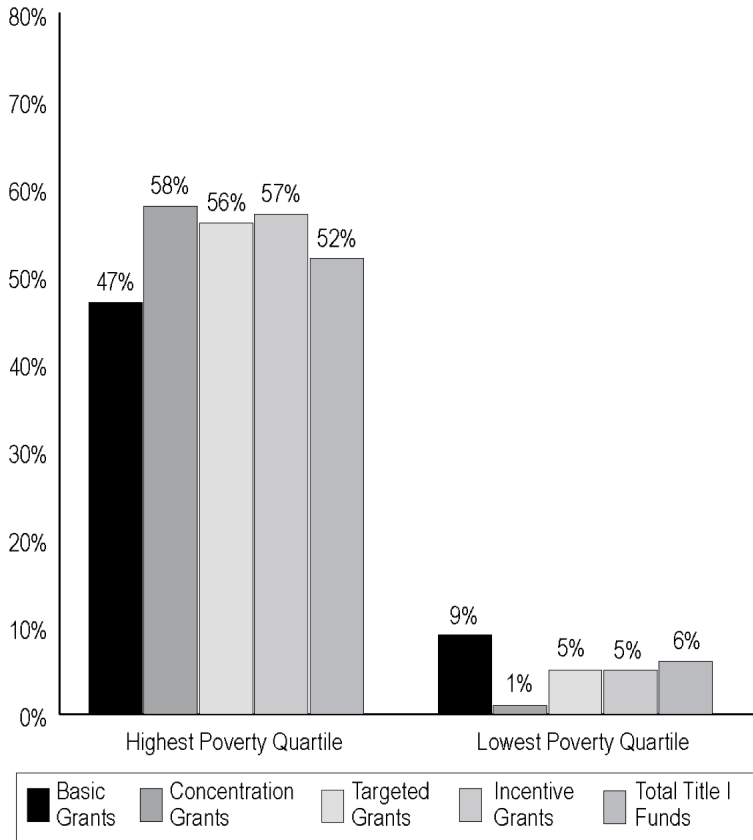


Exhibit reads: Based on the Department’s allocations to school districts for FY 2007, the share of funds flowing to the highest poverty quartile of districts under the Basic Grant formula was 47 percent.

Sources: U.S. Department of Education, Budget Service ($n=14,027$ districts).

Looking at the Department’s allocations to school districts for FY 2007, the share of funds going to the highest-poverty districts was 58 percent under the Concentration formula, 57 percent under the Incentive formula, 56 percent under the Targeted formula, and 47 percent under the Basic formula (see Exhibit 16). Because the majority of Title I funds still flowed through the Basic formula, the overall distribution of funds was roughly divided in half between the Basic formula and the other three formulas combined.

Hold harmless provisions reduced the share of Concentration Grant funds allocated to the highest-poverty districts in FY 2007 but had a limited effect on targeting under the other three formulas.

All four Title I formulas include a hold harmless provision that limits the amount of funds a district can lose in a single year due to a decline in its number of formula-eligible children or other changes in the data used to allocate these funds. The hold harmless percentage varies depending on the percentage of formula-eligible children in the district. For districts where the number of formula-eligible children is at least 30 percent of the district’s total enrollment, the district will receive at least 95 percent of its prior-year allocation. For districts with between 15 and 30 percent formula-eligible children, the hold harmless percentage is 90 percent, and for districts with less than 15 percent formula-eligible children, the hold

harmless percentage is 85 percent. In addition, the Concentration Grant formula includes a provision that continues to allocate funds to districts that no longer meet the Concentration Grant eligibility criteria, for four years after the district loses eligibility [Section 1122(c)(2)]. This provision was added to the Concentration formula to address concerns about the “cliff effect” inherent in this formula (because that formula has much higher eligibility thresholds than the other three formulas,²⁵ and districts close to the thresholds could experience large fluctuations in their allocations as they move in and out of eligibility).

Looking at allocations calculated with and without the hold harmless provisions, the share of Concentration Grant funds actually allocated to the highest-poverty districts, with the hold harmless provision, was 58.5 percent in FY 2007, compared with 60.0 percent without the hold harmless provision. For Basic Grants, the share of funds allocated to the highest-poverty districts was slightly higher when calculated with the hold harmless (46.7 percent, vs. 46.4 percent without the hold harmless). Similar patterns were found for Targeted Grants (56.1 percent vs. 56.0 percent) and Education Finance Incentive Grants (57.3 percent vs. 57.1 percent).

To take a closer look at the relative allocations produced by each formula, the Department’s Budget Service ran simulations of school district allocations using the same funding level for each formula and without using the hold-harmless provisions. The simulations used formula data for FY 2004 (i.e., numbers of eligible students, state per-student expenditures), and enabled examination of the “pure” effects of each formula on per-student funding.

These formula simulations show that although the Education Finance Incentive Grant and Targeted Grant formulas each allocated a similar share of the funds to the highest poverty quartile of districts (as shown in Exhibit 16), the Incentive Grant formula provided much larger per-pupil grants to some moderate-poverty districts than to other districts with higher poverty rates. For example, East St. Louis, Ill. (40 percent poverty), an extremely impoverished suburb of St. Louis, Mo. (26 percent poverty), would receive 41 percent less per low-income student than St. Louis under the Incentive formula even though it would receive larger allocations under the Targeted, Concentration, and Basic formulas (see Exhibit 17).

High-poverty school districts in states such as Illinois, New York, and California tend to fare poorly under the Incentive formula, relative to the Targeted formula, while Iowa and Kansas benefit the most from the Incentive formula. For example, based on the simulations shown in Exhibit 17, New York City (27 percent poverty) would receive 20 percent less under the Incentive formula than under the Targeted formula, and Oakland, Calif. (22 percent poverty) would receive 13 percent less. In contrast, Wichita, Kan. (13 percent poverty) would receive 66 percent more under the Incentive formula than under the Targeted formula, and Des Moines, Iowa (11 percent poverty) would receive 63 percent more. As a result, Wichita, whose poverty rate was half as high as New York’s, would receive 28 percent more in Incentive Grants per low-income student than New York even though it would receive less than New York under the other three formulas.

²⁵ The eligibility thresholds for each formula are shown in Exhibit 2. The percentage of districts receiving funding under each of the four formulas in FY 2007 was 91 percent for Basic Grants, 83 percent for Targeted Grants, 83 percent for Incentive Grants, and 47 percent for Concentration Grants.

Exhibit 17
Allocation per Low-Income Student Under Each Title I Formula
in Selected School Districts, Based on Simulations Using the Same Funding Level
for Each Formula (\$1.97 Billion) and No Hold Harmless Provisions

	Poverty Rate	Number of Poor Children	Basic Grant	Concentration Grant	Targeted Grant	Incentive Grant	Difference Between Incentive Grant and Targeted Grant
St. Louis, Mo.	26%	16,483	\$244	\$317	\$302	\$416	+38%
East St. Louis, Ill.	40%	4,500	\$286	\$372	\$331	\$246	-26%
Wichita, Kan.	13%	7,673	\$290	\$377	\$307	\$510	+66%
New York, N.Y.	27%	373,901	\$321	\$417	\$497	\$398	-20%
Des Moines, Iowa	11%	3,910	\$260	\$0	\$244	\$397	+63%
Oakland, Calif.	22%	16,289	\$246	\$320	\$305	\$265	-13%

Exhibit reads: If the same amount of Title I funds were allocated through each of the four Title I formulas and no hold harmless provisions were applied, St. Louis, Mo., which has a poverty rate of 26 percent, would receive a Basic Grant of \$244 per low-income student, a Concentration Grant of \$317, a Targeted Grant of \$302, and an Incentive Grant of \$416.

Note: Formula data used in these simulations are the same as those used for FY 2004 allocations, and the funding level used (\$1,969,843,000) is the same as the actual FY 2004 funding for Incentive Grants and Targeted Grants.

Source: U.S. Department of Education, Budget Service.

State minimum allocation provisions provide some low-poverty states with very large allocations per low-income student, but this provision has a relatively small effect on allocations for other states and districts.

Based on actual Budget Service allocations for FY 2007, states that gain under the state minimum provisions received an average allocation \$1,858 per formula child, compared with \$1,371 in states that lose under the state minimum provisions. The state minimum provisions moved a total of \$52 million in FY 2007 to 11 small states from the other 41 states. This amounted to 0.4 percent of the total Title I allocations for that year. Seven states gained between 21–30 percent from application of the state minimum provision. Four other states had smaller gains (from 2 percent to 8 percent). The other 41 states each lost 0.4 percent of their funds when the state minimum provision was applied.

The state per-pupil expenditure (SPPE) factor, a proxy for adjusting for differences among states in the cost of education, moves a larger amount of funds between the states.

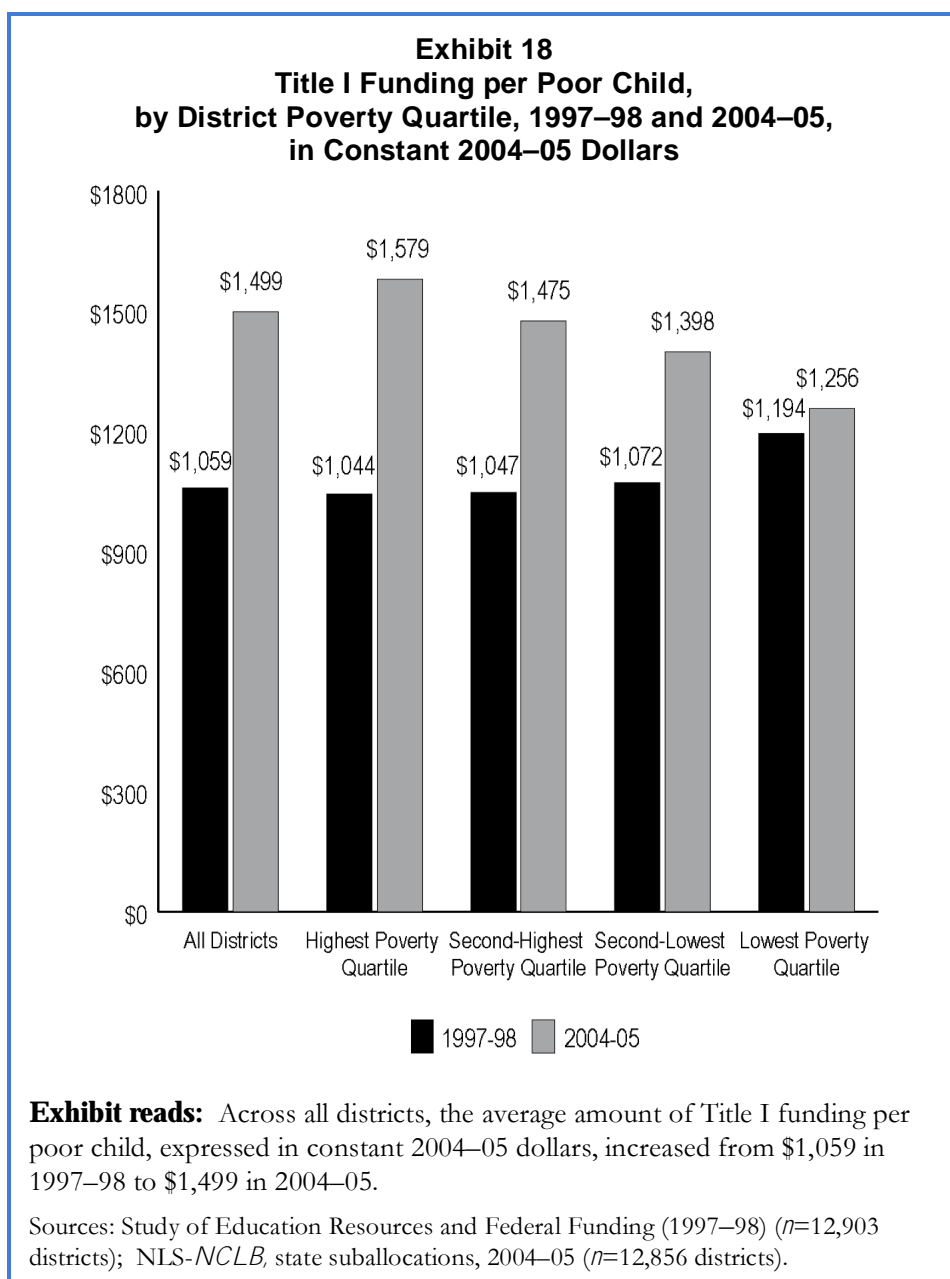
States that gain under the SPPE factor received an average allocation of \$1,616 per formula child, compared with \$1,246 in states that lose under the SPPE factor. The SPPE factor moved a total of \$874 million in FY 2007 to 27 states from the other 25 states. This amounted to 7 percent of the total Title I allocations for that year. Thirteen states gained between 20–30 percent from application of the SPPE factor. Thirteen other states had smaller gains (between 0–18 percent). Puerto Rico lost 20 percent from application of the SPPE factor. Thirteen states lost between 11–16 percent of their funds. The remaining 12 states lost 2–9 percent of their funds when the SPPE factor was applied. (See Exhibits B.10 and B.11 for state-by-state tables on Title I allocations before and after the application of the SPPE factor, hold harmless, and state minimum provisions.)

Growth in Title I funding per poor child over time

As shown in Exhibit 15, the share of Title I funds allocated to districts by poverty quartile appears to have changed little between 1997–98 and 2004–05. However, there has been a substantial overall growth in the Title I appropriations during this period of time, and most of this growth has resulted in considerable increases in the amount of Title I funds per poor child in all but the districts in the lowest poverty quartile.

Title I funding per poor child increased substantially (by 42 percent after adjusting for inflation) between 1997–98 and 2004–05.

Across all districts that received Title I funds, the average funding per poor child, expressed in constant 2004–05 dollars, rose from \$1,059 in 1997–98 to \$1,499 in 2004–05, an increase of 42 percent (adjusted for inflation). For the highest-poverty districts, Title I funds rose from \$1,044 per poor child in 1997–98 to \$1,579 in 2004–05, a 51 percent increase. Large increases also occurred for districts in the middle two poverty quartiles. For the lowest-poverty districts, these funds increased by only 5 percent from \$1,194 to \$1,256 per poor child (see Exhibit 18 and Appendix Exhibit B.16).



In 2004–05, the highest-poverty districts received more Title I funds per poor child than did the lowest-poverty districts, a change from 1997–98 when the lowest-poverty districts received a larger average allocation per poor child. In 2004–05, the highest-poverty districts received Title I allocations per poor child (\$1,579) that were 26 percent *higher* than those received by the lowest-poverty district (\$1,256). In contrast, in 1997–98 the highest-poverty districts received allocations per poor child that were 13 percent *lower* (\$1,044 vs. \$1,194). This change over time resulted from a significant increase in Title I funds being allocated to districts in the highest poverty quartile compared with the lowest poverty quartile (57 and 13 percent, respectively), while the overall growth in the number of poor children differed slightly between the highest and the lowest poverty quartiles (4 and 7 percent, respectively) (see Exhibit 19). The increase in funding for the highest poverty quartile (57 percent) was higher than the average across all districts (51 percent) and also higher than the increases for the middle two poverty quartiles (52 percent and 45 percent, respectively), but the lowest poverty quartile received a much smaller increase in funding (13 percent).

Exhibit 19
Percentage Increase in Title I Funds and in Numbers of Poor Children, by District Poverty Quartile, 1997–98 to 2004–05

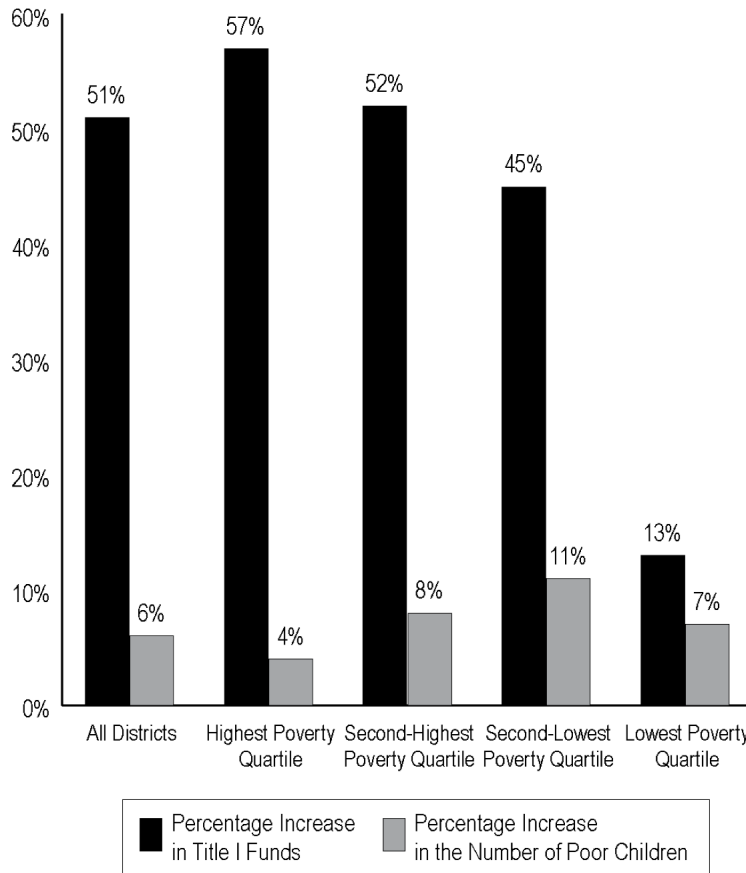


Exhibit reads: Between 1997–98 and 2004–05, the highest-poverty districts received a 57 percent increase in Title I funds (adjusted for inflation), while their number of poor children grew by 4 percent.

Sources: Study of Education Resources and Federal Funding (1997–98) ($n=12,903$ districts); NLS-*NCLB*, state suballocations, 2004–05 ($n=13,815$ districts).

Change in percentage of schools receiving Title I funds, 2000–01 to 2004–05

The percentage of schools receiving Title I funds has remained relatively stable over the past five years.

As reported in Exhibit 10 earlier in this chapter, based on data collected as part of the NLS study, 56 percent of the nation's public schools received Title I funding in 2004–05. In order to examine change over time in the percentage of schools that receive Title I funds, we use historical data from the Common Core of Data (CCD) compiled by the National Center for Education Statistics (NCES) for 2000–01 through 2004–05. Based on the CCD data, the percentage of schools receiving Title I funds fluctuated within a fairly narrow range (from 54 to 57 percent) during this period (see Exhibit 20), similar to the NLS study finding of 56 percent for 2004–05.

Exhibit 20
Percentage of Schools Receiving Title I Funds,
2000–01 to 2004–05

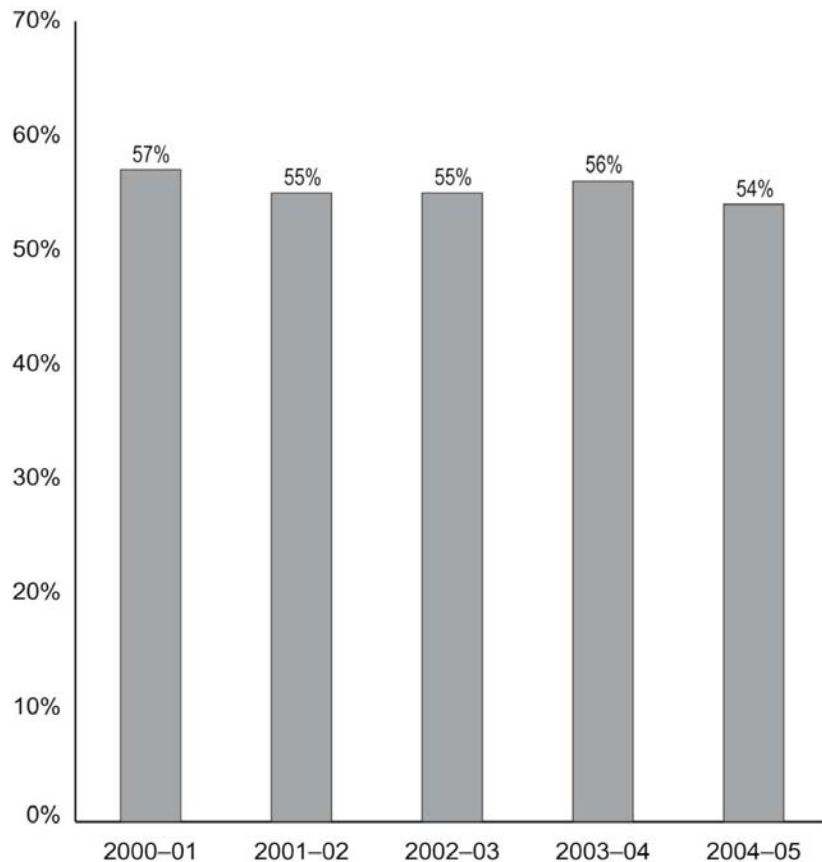
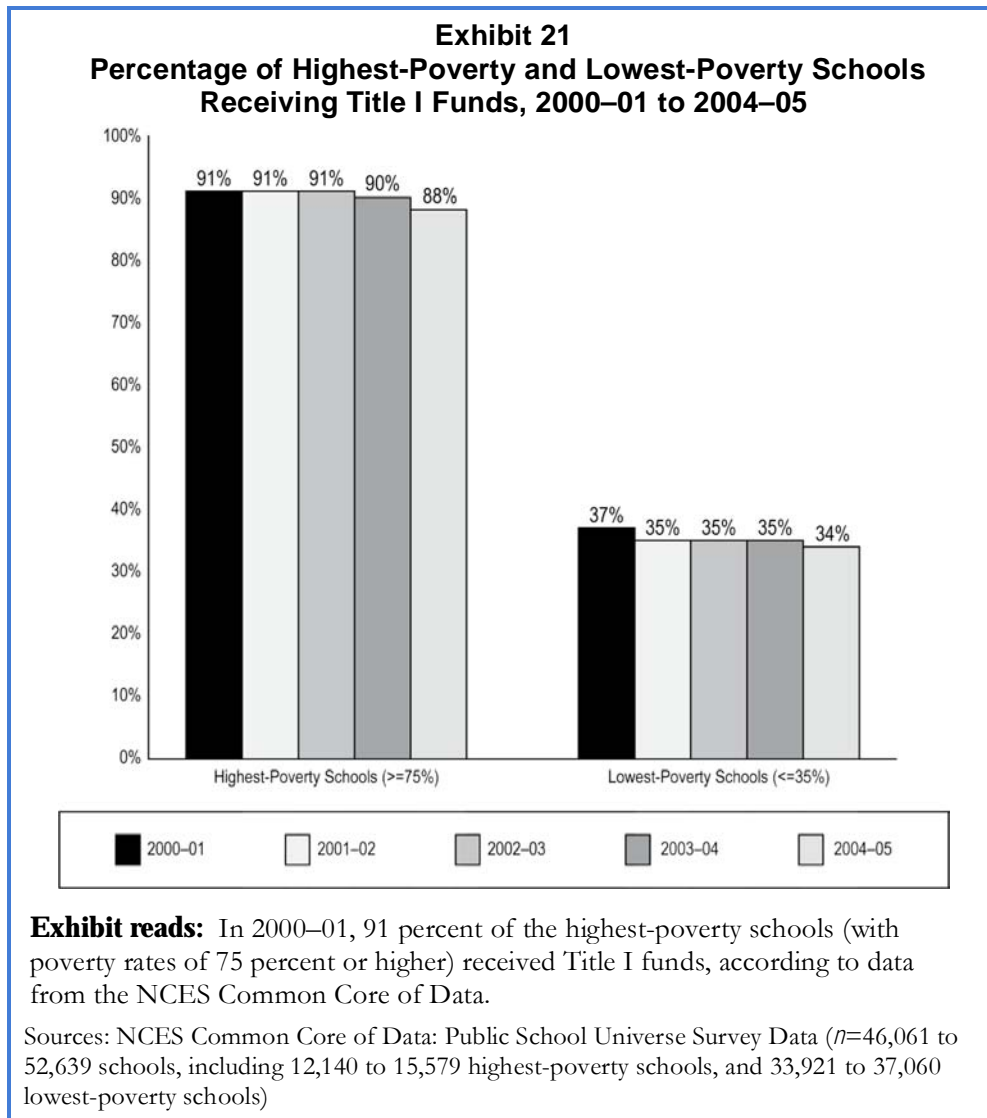


Exhibit reads: In 2000–01, 57 percent of all schools received Title I funds, according to data from the NCES Common Core of Data.

Sources: NCES Common Core of Data: Public School Universe Survey Data, 2000–01 to 2004–05 ($n=77,346$ to $96,841$).

Based on the NCES Common Core of Data, the percentage of the highest-poverty schools that received Title I funding has declined slightly from 2000–01 to 2004–05.

In 2004–05, the percentage of the highest-poverty schools that received Title I funding was 88 percent based on the CCD data, slightly lower than the preceding years (90 to 91 percent from 2000–01 to 2003–04), and also lower than the NLS finding of 93 percent (see Exhibit 21). For the lowest-poverty schools, the percentage that received Title I funds in 2004–05 based on the CCD data was 34 percent, slightly lower than in 2000–01 (37 percent), but higher than the NLS finding of 23 percent.²⁶ A closer comparison of the CCD and NLS data sources indicated some discrepancies in how individual schools were classified in terms of Title I status and school poverty level, and they also included different (although overlapping) samples of schools. See Appendix D for a more detailed discussion of differences between these two datasets.

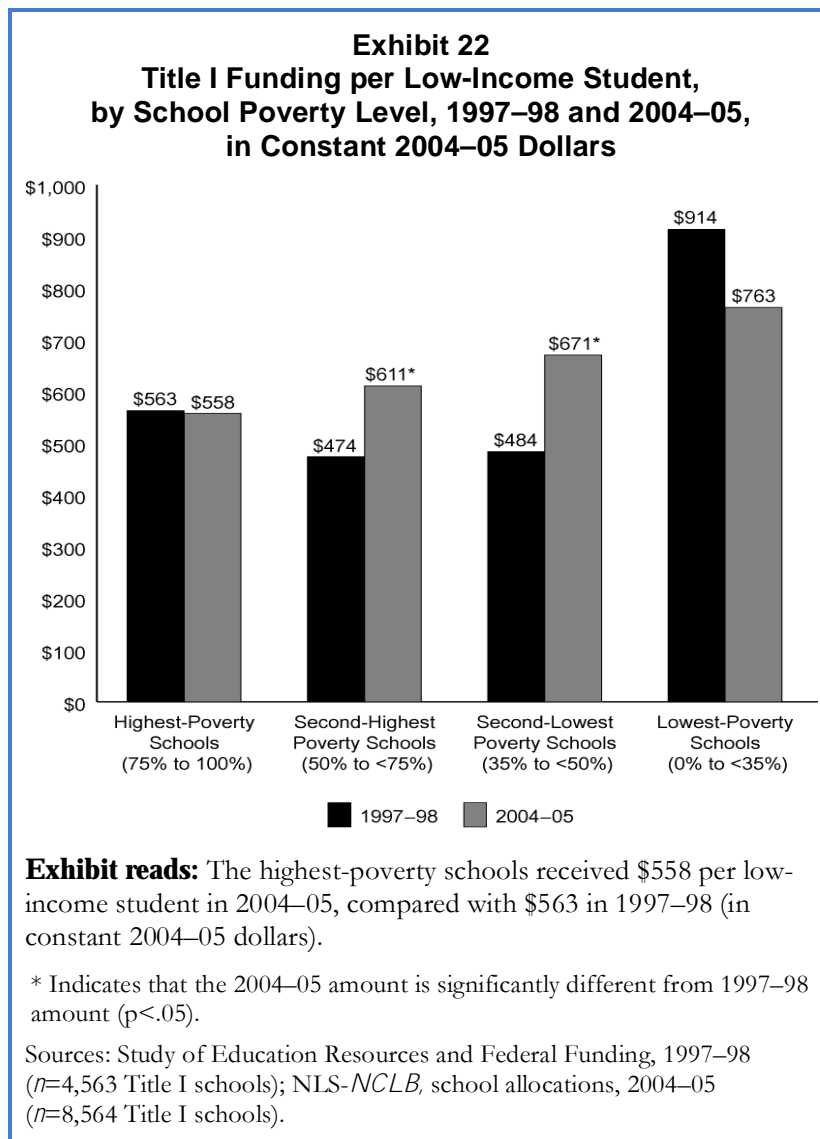


²⁶ While data on students eligible for free or reduced-price lunch were missing in some states (ranging from one state in 2002 to seven states in 2000), a separate analysis using the sample of states with complete information yielded results that did not differ substantially from the analysis using universe data.

Change in Title I funding per low-income student by school poverty level, 1997–98 to 2004–05

Title I funding per low-income student in the highest-poverty schools remained unchanged from 1997–98 to 2004–05 after adjusting for inflation.

Although the district-level analysis found that Title I funding per poor child increased substantially in the highest-poverty districts from 1997–98 to 2004–05, changes in school-level allocations show a very different picture. In the highest-poverty schools, the average Title I allocation per low-income student



was smaller than the funding levels received by lower-poverty schools, and after adjusting for inflation, the average allocation in the highest-poverty schools remained essentially unchanged from 1997–98 to 2004–05. The average Title I allocation in the highest-poverty schools (75 percent or more poverty) was \$558 per low-income student in 2004–05, compared with \$563 in 1997–98, in constant 2004–05 dollars (see Exhibit 22).²⁷ Medium-poverty schools, however, saw significant increases in their Title I funding: the average allocation per low-income student rose from \$474 to \$611 in schools with poverty rates between 50 and 75 percent and from \$484 to \$671 in schools with poverty rates between 35 and 50 percent.

Although the lowest-poverty schools (with less than 35 percent poverty) saw a decline in allocation per low-income student, the change was not statistically significant. The average allocation per low-income student in the highest-poverty schools (\$558) was 27 percent lower than in low-poverty schools (\$763) and also well below the allocations in the two medium-poverty groups of schools (\$611 and \$671).

²⁷ At the school level, Title I allocations per low-income student were calculated using the number of students eligible for the free and reduced-price school lunch program. This was a looser measure of poverty than the Census poverty measure typically used for district-level analyses and included roughly twice as many children as the Census poverty measure. As a result, the size of the average allocations per low-income student is considerably smaller in the school-level analyses than in the district-level analyses, which used Census poverty data.

The total amount of Title I funds allocated to schools increased by 53 percent from 1997–98 to 2004–05, after adjusting for inflation, and total allocations for the highest-poverty schools increased by 25 percent. However, in the highest-poverty schools this increase in Title I funding basically kept pace with the increase in the number of low-income students (27 percent) enrolled in these schools. In contrast, growth in Title I funding in the two medium-poverty groups outpaced growth in the number of low-income students, thus explaining the increase in per-student funding seen in the medium-poverty groups across the years (see Exhibit 23 and Appendix Exhibit B.17).²⁸

Exhibit 23		
Change in Title I Total School Allocations and Number of Low-Income Students, by School Poverty Level, 1997–98 to 2004–05		
School Poverty Level	Percent Change in Title I Allocations	Percent Change in Number of Low-Income Students
75% or more	+25%	+27%
50%–<75%	+107%	+61%
35%–<50%	+184%	+105%
Less than 35%	-42%	-31%
All Title I schools	+53%	+41%

Exhibit reads: Between 1997–98 and 2004–05, total Title I allocation increased by 25 percent, while the percentage of low-income students increased by 27 percent.

Sources: Study of Education Resources and Federal Funding, 1997–98 ($n=4,563$ Title I schools); NLS-*NCLB*, school allocations, 2004–05 ($n=8,564$ Title I schools).

Summary of key findings on Title I targeting, 1997–98 to 2004–05

Since the passage of *NCLB*, Congress has directed an increasing share of Title I appropriations through the newest Title I funding formulas, Targeted Grants and Education Finance Incentive Grants, in an effort to target a greater share of the funds to the highest-poverty districts and schools. From 1997–98 and 2004–05, the highest-poverty districts did receive a substantial increase in their Title I allocations, after adjusting for inflation (57 percent), compared with smaller increases in the other three poverty quartiles (52 percent, 45 percent, and 13 percent, respectively). However, the share of total Title I funds that went to the highest-poverty districts increased only slightly (from 50 to 52 percent). In terms of allocations per poor child, the highest-poverty districts received more in 2004–05 (\$1,579) than the lowest-poverty districts (\$1,256).

At the school level, however, Title I funds appeared considerably less well targeted. The highest-poverty schools received smaller Title I allocations per low-income student (\$558) compared with the lowest-poverty schools (\$763) as well as the middle two poverty categories (\$611 and \$671). From 1997–98 to 2004–05, the highest-poverty schools saw essentially no change in their average allocation per low-

²⁸ The percentage growth from 1997–98 to 2004–05 in the number of low-income children estimated at the school level was much greater than the percentage increase in the number of poor children estimated at the district level. More specifically, the number of students eligible for the free and reduced-price lunch program in Title I schools rose by 41 percent from 1997–98 to 2004–05, while the number of Census poverty children rose by 6 percent (see Exhibits B.16 and B.17). These data suggest that there was a greater increase in numbers of low-income children who were above the official poverty line but below the income cutoff for the subsidized lunch program (which is 185 percent of the official poverty line).

income student, despite a 53 percent increase in Title I appropriations, while the middle-poverty groups saw substantial increases and the lowest-poverty schools saw a decline. Within individual districts, the data indicate that most districts are complying with Title I targeting requirements: on average, the higher-poverty Title I schools in a district received larger Title I allocations per low-income child compared with lower-poverty Title I schools in the same district.

These findings raise two important policy questions: 1) Why do the highest-poverty schools receive less Title I funding per low-income student than low-poverty schools, and 2) why did funding per low-income student remain unchanged in the highest-poverty schools while increasing in middle-poverty schools?

The answer to the first question is that low-poverty Title I schools are typically located in low-poverty districts that are able to concentrate their Title I funds on a small number of their schools, while the highest-poverty schools tend to be located in high-poverty districts that have many high-poverty, high-need schools. In other words, it is the two-stage funding process, in which funds go first to districts, then are suballocated to schools within each district, that result in low-poverty schools getting more funding than high-poverty schools that are located in other districts. The shift to greater use of the Targeted and Incentive Grants formulas to allocate Title I funds to school districts has not resolved the school-level funding disparities that result from this two-stage allocation process.

But even in the absence of an increase in targeting for the highest-poverty schools, shouldn't they have at least received more funds due to the increase in appropriations during this period? The highest-poverty schools did see a 25 percent increase in their total Title I funds during this period, but the growth in funding basically kept pace with the growth in the number of low-income students served in these schools (27 percent). In contrast, in the middle two poverty groups of schools, the growth in Title I funds far exceeded the increase in the number of low-income students (see Exhibit B.17).

Another factor that may affect school-level targeting is the share of Title I funds that districts suballocate to individual schools. *NCLB* includes new requirements for district-level set-asides to provide support professional development, Title I school choice, and supplemental educational services. Analysis of district fiscal records indicates that there was indeed a decline in the share of Title I funds allocated to the school level (74 percent in 2004–05, down from 83 percent in 1997–98 in the previous SERFF study) (see Chapter III, pages 63-64). It is possible, although by no means certain, that district-managed services may disproportionately benefit higher-poverty schools to the extent that they are used for services in schools that have been identified for improvement, which tend to have above-average poverty rates. More information is needed on how services provided through funds retained at the district level are directed to students and teachers in different schools within the district.

ALLOCATION OF FEDERAL FUNDS TO DISTRICTS AND SCHOOLS BY URBANICITY

This section examines the extent to which federal funds are distributed among urban, suburban, and rural districts and schools.²⁹ The discussion first focuses on the distribution of the federal program funds at the district level, by urbanicity category, followed by a more detailed discussion of the three discretionary grant programs in this study (Section 1003, Reading First, and CSR). We then examine the distribution of school-level allocations by urbanicity under Title I, Reading First, and CSR.³⁰

Percentage of districts receiving funds, by urbanicity

Urban districts were more likely to receive funding from federal education programs than were suburban and rural school districts.

Almost all districts received Title I and Title II funding, so the percentage of districts receiving these funds did not vary significantly by urbanicity. For the other programs studied, however, the percentage

of urban districts that received funds from Section 1003, Reading First, CSR, Title III, and Perkins was significantly larger than for suburban and rural districts. For example, 85 percent of urban districts received Title III funds, compared with 50 percent of suburban districts and 27 percent of rural districts (see Exhibit 24). Differences by urbanicity were proportionately greater in the smaller, discretionary programs. For example, urban districts were about four times as likely to receive Section 1003 funds (40 percent) compared with suburban and rural districts (11 percent and 8 percent, respectively); Reading First and CSR showed similar patterns.

Exhibit 24			
Percentage of Districts Receiving Federal Funds, by District Urbanicity, 2004–05			
Federal Program	Urban	Suburban	Rural
Title I	98%	93%	93%
Section 1003	40%	11%	8%
Reading First	27%	6%	8%
CSR	31%	6%	6%
Title II	99%	100%	99%
Title III	85%	50%	27%
Perkins	69%	46%	52%

Exhibit reads: Title I funds went to 98 percent of urban districts.
Source: NLS-NCLB, state suballocations ($n=13,773$ districts).

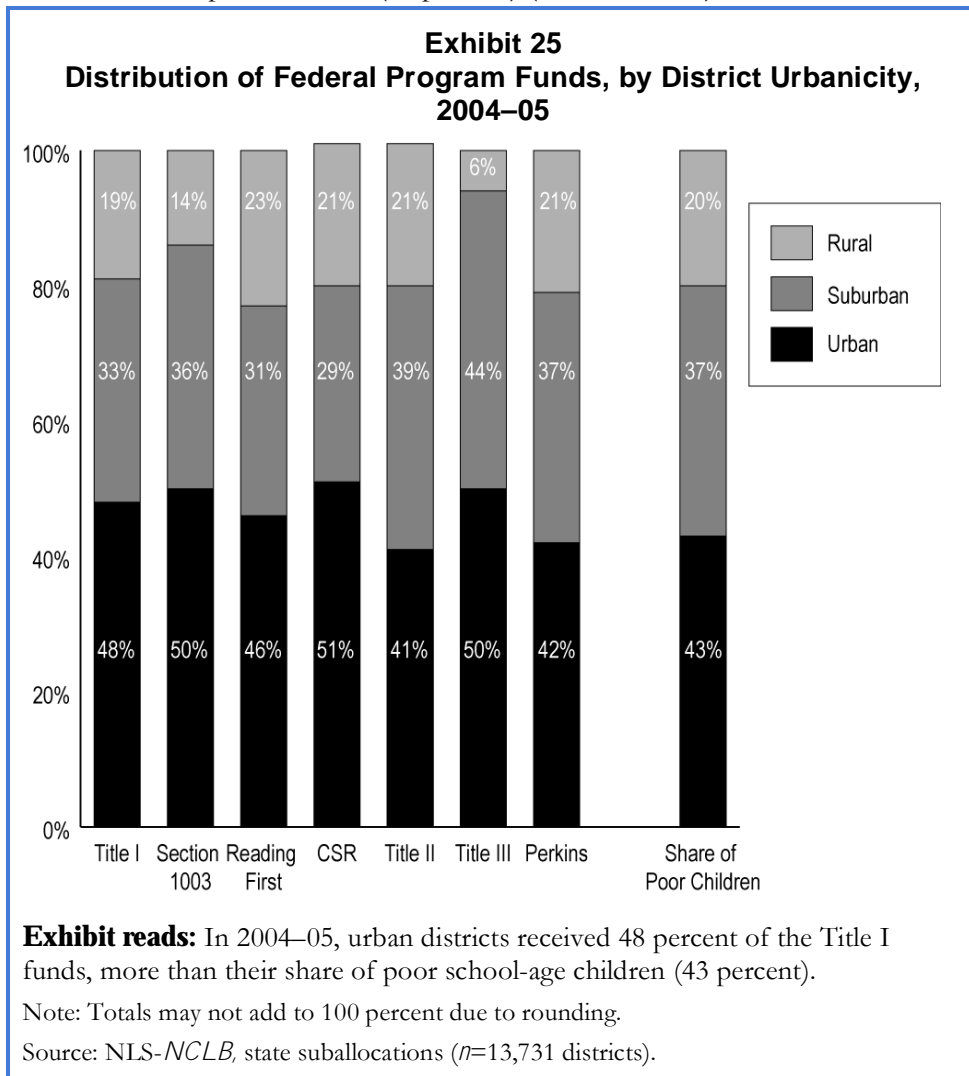
²⁹ The classifications of urban, suburban, and rural school districts followed the Metropolitan Status Code (MSC) definitions developed by the National Center of Education Statistics. See Appendix A for details on urbanicity classification.

³⁰ As stated previously, the school-level analysis was limited to Title I, CSR, and Reading First. For the other three programs in this study, districts do not necessarily allocate the funds to individual schools, and school allocations data were not readily available for these programs in most districts.

Distribution of federal funds by urbanicity category

Urban school districts had more poor children and received a larger share of federal funds than suburban or rural districts.

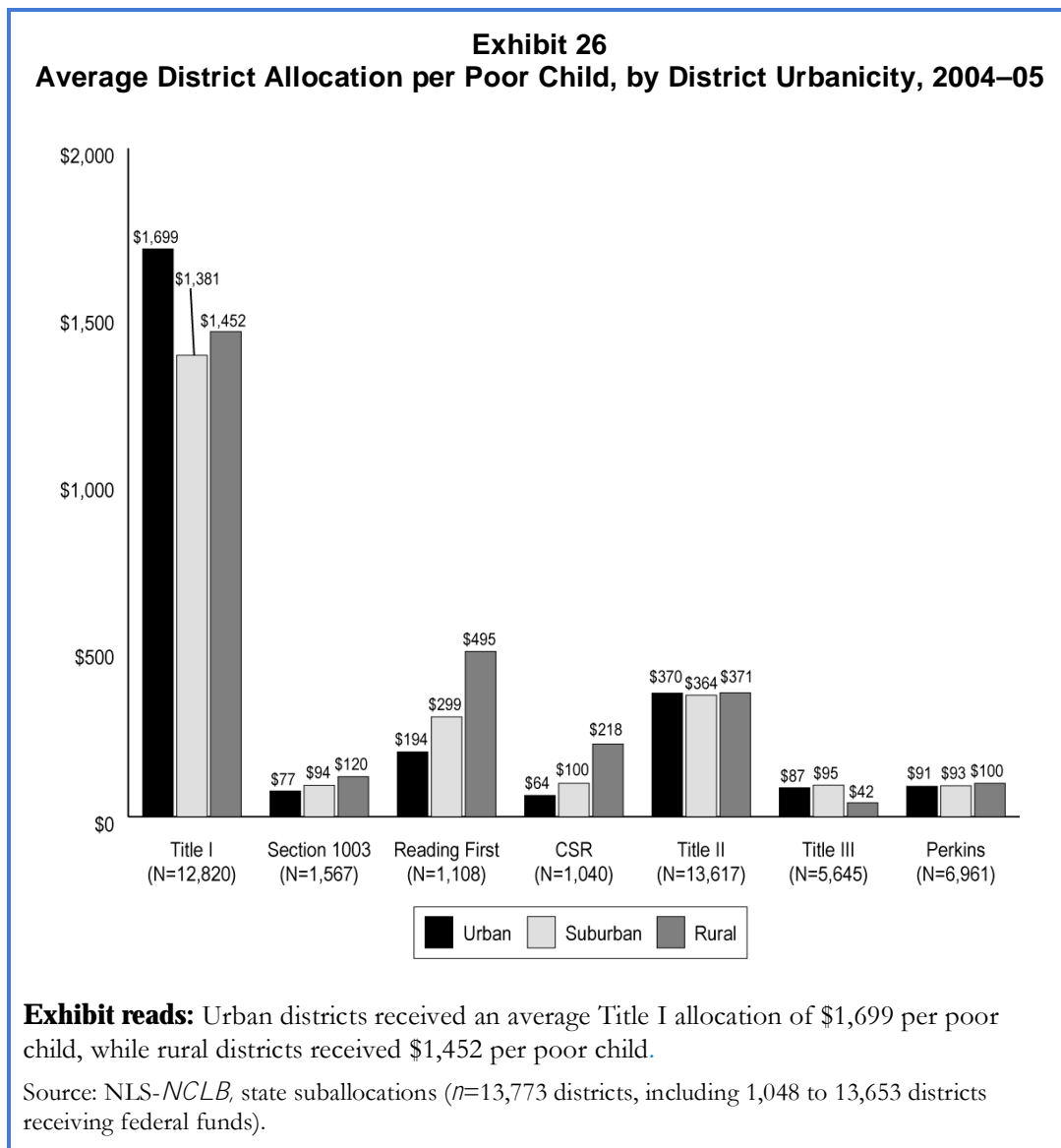
The distribution of funds by urbanicity varied across programs. Urban school districts received a relatively large share of funds for Title I, Section 1003, Reading First, CSR, and Title III (46 percent to 51 percent) compared with their share of poor children (43 percent) (see Exhibit 25). For Title II and Perkins, funding for urban districts (41 to 42 percent) was similar to their share of poor children (43 percent). Suburban districts received 44 percent of Title III funds, and received the smallest share of funds under Reading First and CSR (29 to 31 percent); their share of funds under the other three programs ranged from 33 and 39 percent, and they served 37 percent of poor children. Rural districts received a relatively small share of funds under Title III and Section 1003 (6 percent and 14 percent, respectively), but their share of funds under the other five programs (19 to 23 percent) was similar to their share of poor children (20 percent).



Average allocation per poor child, by district urbanicity

Urban districts received the most funding per poor child under Title I, while rural districts received larger allocations per poor child under the three discretionary grant programs (Section 1003, Reading First, and CSR).

In 2004–05, urban districts received an average of \$1,699 in Title I funding per poor child, compared with \$1,452 for rural districts, and \$1,381 for suburban districts (see Exhibit 26). All districts, regardless of urbanicity, received a similar level of funding per poor child for Title II and Perkins. However, funding per poor child for a rural district that received Reading First funds was \$495, compared with only \$194 for an urban district. Similarly, CSR provided \$218 per poor child to rural districts—over three times higher than for urban districts (\$64 per poor child). Section 1003 also provided slightly more funds to rural districts (\$120 per poor child) than to urban districts (\$77).



Funding patterns under discretionary grant programs by district urbanicity

For each of the three discretionary programs (Section 1003, Reading First, and CSR), urban districts received smaller allocations per poor child, on average, than did rural and suburban districts (see Exhibit 27). For Section 1003, for example, the average allocation per poor child was \$77 in urban districts, compared with \$94 in suburban districts and \$120 in rural districts; the differences were more striking for Reading First and CSR. This finding may seem surprising given the earlier finding that urban districts received a share of funding under each of these programs (46 to 51 percent) that was greater than their share of all poor children (43 percent).

The explanation lies in the different percentages of each group of districts that received these discretionary grants: in all three cases, urban districts were much more likely than suburban and rural districts to receive a Section 1003, Reading First, or CSR grant, so their funds were spread across a larger set of districts (and students). More specifically, over one-fourth of urban districts received a grant under Section 1003, Reading First, or CSR (40 percent, 27 percent, and 31 percent, respectively, compared with 6 to 11 percent of suburban districts and 6 to 8 percent of rural districts). Although suburban and rural districts were less likely to receive one of these discretionary grants, those that did receive funding received relatively large amounts of per-pupil funding.

Exhibit 27			
Allocations for Urban, Suburban, and Rural Districts Under Discretionary Grant Programs, 2004–05			
	Urban	Suburban	Rural
Average allocation per poor child			
Section 1003	\$77	\$94	\$120
Reading First	\$194	\$299	\$495
CSR	\$64	\$100	\$218
Percent of districts receiving grants			
Section 1003	40%	11%	8%
Reading First	27%	6%	8%
CSR	31%	6%	6%
Share of total grants¹			
Section 1003	50%	36%	14%
Reading First	46%	31%	23%
CSR	51%	29%	21%
Share of nation's school-age children			
All children	30%	53%	17%
Poor children	43%	37%	20%
Exhibit reads: Urban districts that received a grant under Section 1003 received an average grant amount of \$77 per poor child, while suburban grantees received \$94 per poor child and rural grantees received \$120 per poor child.			
Note(1): Row totals may not add up to 100 percent due to rounding.			
Source: NLS- <i>NCLB</i> , district allocations (<i>n</i> =1,567 districts with Section 1003 funds, 1,108 districts with Reading First funds, and 1,040 districts with CSR funds).			

Allocation of Title I, Reading First, and CSR Funds by school urbanicity

For Title I, Reading First, and CSR, school-level allocations data can be used to examine funding patterns by *school* urbanicity.

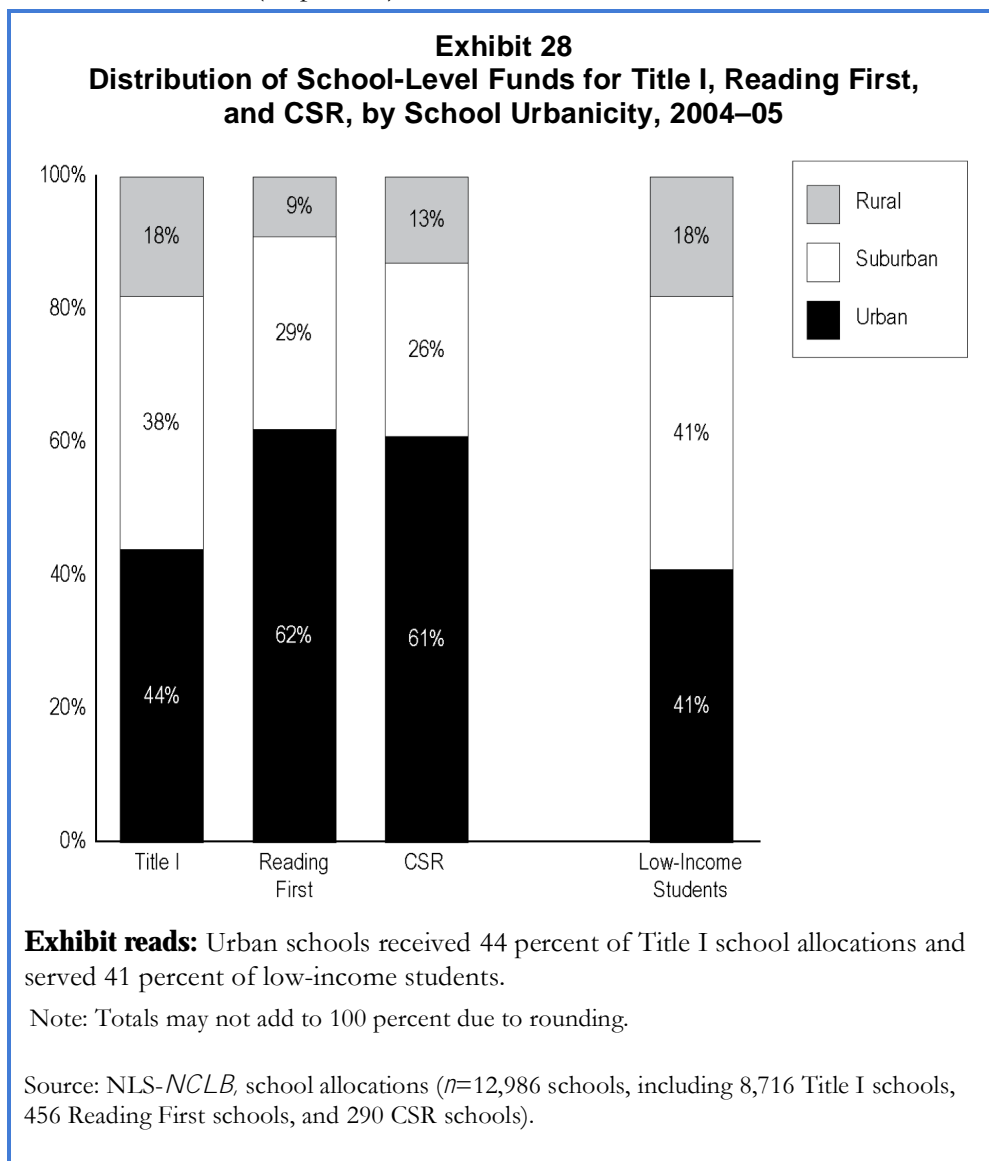
Like urban districts, urban schools received a larger share of federal funds under Title I, Reading First, and CSR than did suburban and rural schools.

Urban schools received 44 percent of Title I school allocations, slightly more than their share of the nation’s low-income students (41 percent). The share of Title I funds going to rural schools was the same as their share of low-income students (18 percent), while suburban schools received a share of Title I funds (38 percent) that was less than their share of low-income students (41 percent).

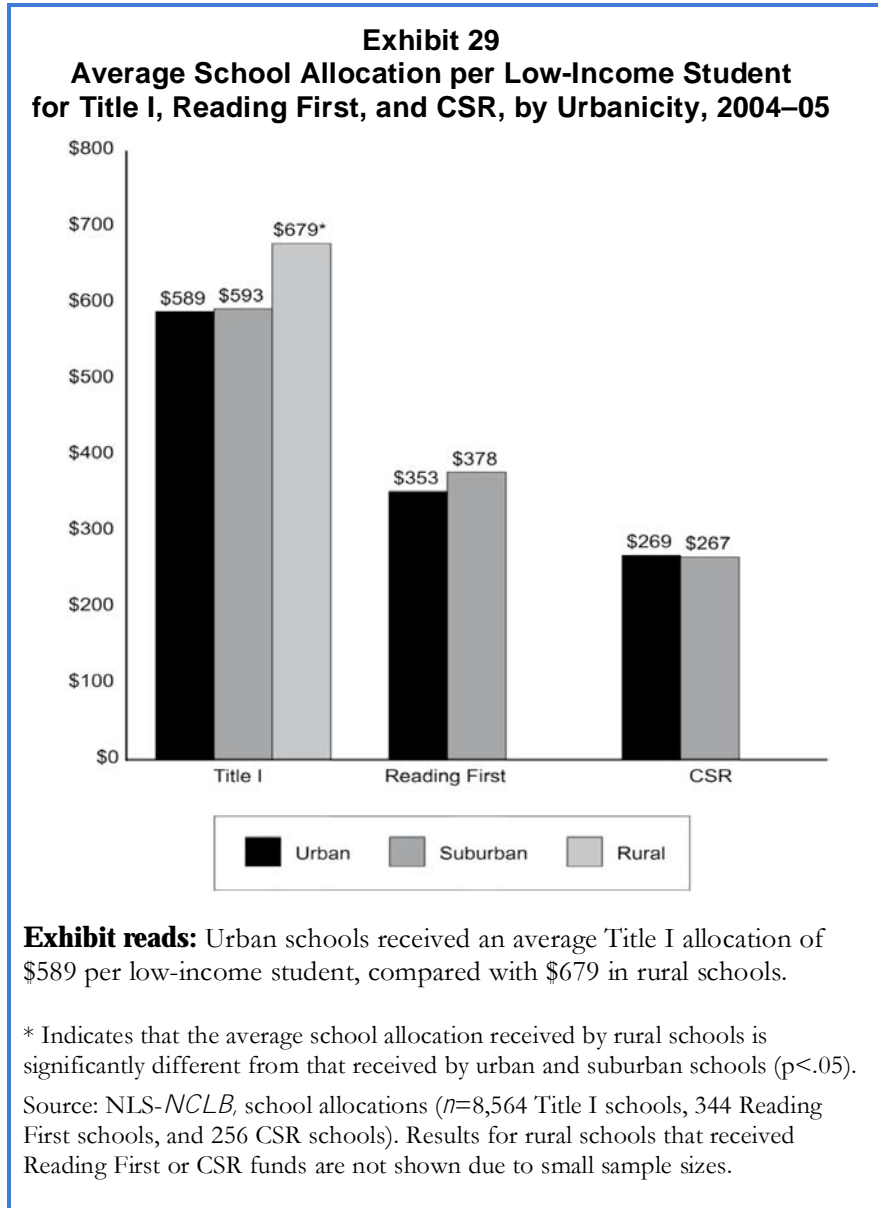
Reading First and CSR both had larger proportions of their funding allocated to urban schools (62 percent and 61 percent, respectively). Both suburban and rural schools received shares of Reading First and CSR funds that were smaller than their shares of all low-income students.

Looking at the distribution of funded schools by urbanicity shows similar patterns: the distribution of Title I schools by urbanicity is fairly similar to the distribution of all

schools, while Reading First and CSR programs are proportionately more concentrated in urban schools and less likely to be found in suburban and rural schools (see Appendix Exhibit B.12).



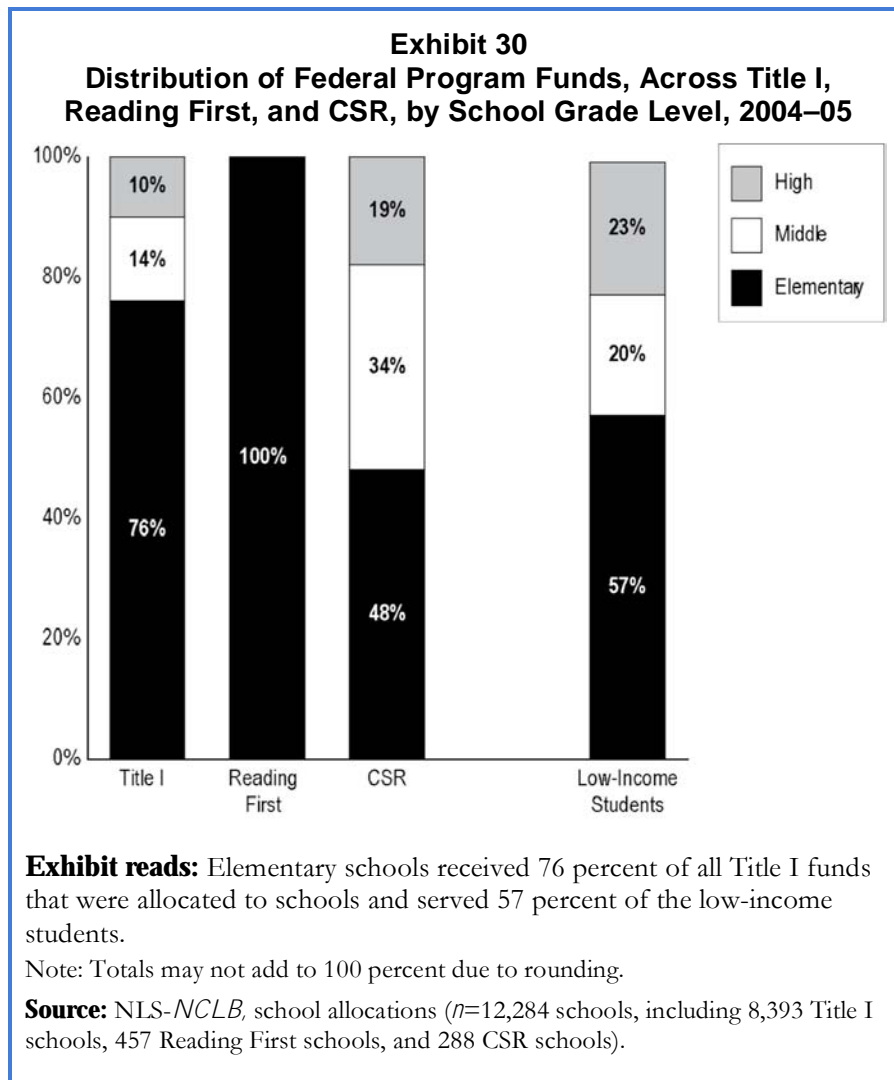
Although rural schools were just as likely as urban schools to receive Title I funds (both at 59 percent), the rural schools received a higher average allocation per low-income student (\$679) than urban schools (\$589) as well as suburban schools (\$593) (see Exhibit 29.) Urban and suburban schools received similar amounts of Reading First and CSR funds per low-income student.



ALLOCATION OF FEDERAL PROGRAM FUNDS BY GRADE LEVEL

Under *NCLB*, some programs are specifically focused on early grades. Historically, districts have often focused their Title I funds on their elementary schools, but changes to the within-district allocation provisions were made to encourage districts to allocate Title I funds to high-poverty middle schools and high schools. As a K–3 program, Reading First provides funds exclusively to schools serving those grades. CSR funds, on the other hand, are not explicitly targeted to any specific grade level.

Elementary schools received all Reading First funds, three-fourths of the Title I funds, and almost half of the CSR funds.



For Title I, elementary schools received 76 percent of the school allocations, considerably more than their share of the nation’s low-income students (57 percent). Middle schools received 14 percent of Title I funds and enrolled 20 percent of all low-income students, while high schools received 10 percent of Title I funds and enrolled 23 percent of all low-income students (see Exhibit 30).

The distribution of CSR funds was closer to the distribution of low-income students by school grade level: 48 percent of the funds went to elementary schools, 34 percent to middle schools, and 19 percent to high schools.

All of the Reading First funds allocated to schools went to elementary schools, consistent with Reading First’s mandate to serve only students in grades K–3.

A similar analysis comparing the distribution of funded schools by grade level is in Appendix Exhibit B.13. As expected, Reading First programs were all found in elementary schools. About three-fourths of Title I programs were found in elementary schools. For CSR, about 50 percent of CSR programs were

found in elementary schools, although middle schools accounted for another 36 percent of the funded schools.³¹

Elementary schools received the largest share of Title I funds and the highest funding per low-income student.

Exhibit 31
Average School Allocation per Low-Income Student Under Title I, Reading First, and CSR, by School Grade Level, 2004–05

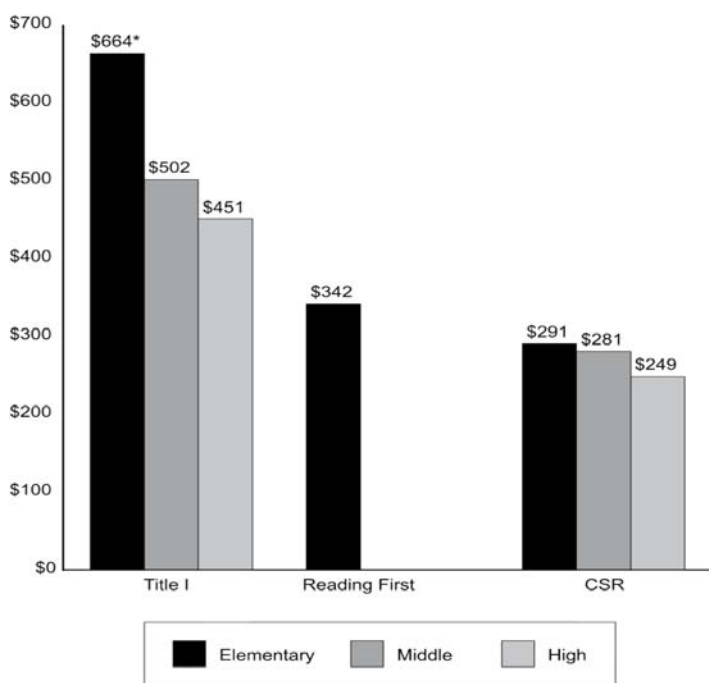


Exhibit reads: In 2004–05, the average Title I allocation per low-income student in elementary schools was \$664, compared with \$451 in high schools.

* Indicates that the Title I allocation for elementary schools is significantly different from middle and high schools ($p < .05$).

Source: NLS-*NCLB*, school allocations ($n=8,564$ Title I schools, 411 Reading First schools, and 256 CSR schools).

Based on schools that actually received funding, the average Title I allocation per low-income student was \$664 in elementary schools (see Exhibit 31), about 30 percent higher than in middle schools (\$502) and more than 40 percent higher than in high schools (\$451).

For CSR, the average allocation per low-income student was similar across grade levels, ranging from \$291 in elementary schools to \$249 in high schools. For Reading First, elementary schools received an average of \$342 per low-income student. However, based on estimates of the portion of low-income students in grades K through 3 (the targeted grades) in schools with Reading First programs, the average school allocation per low-income student in grades K through 3 would amount to \$662.

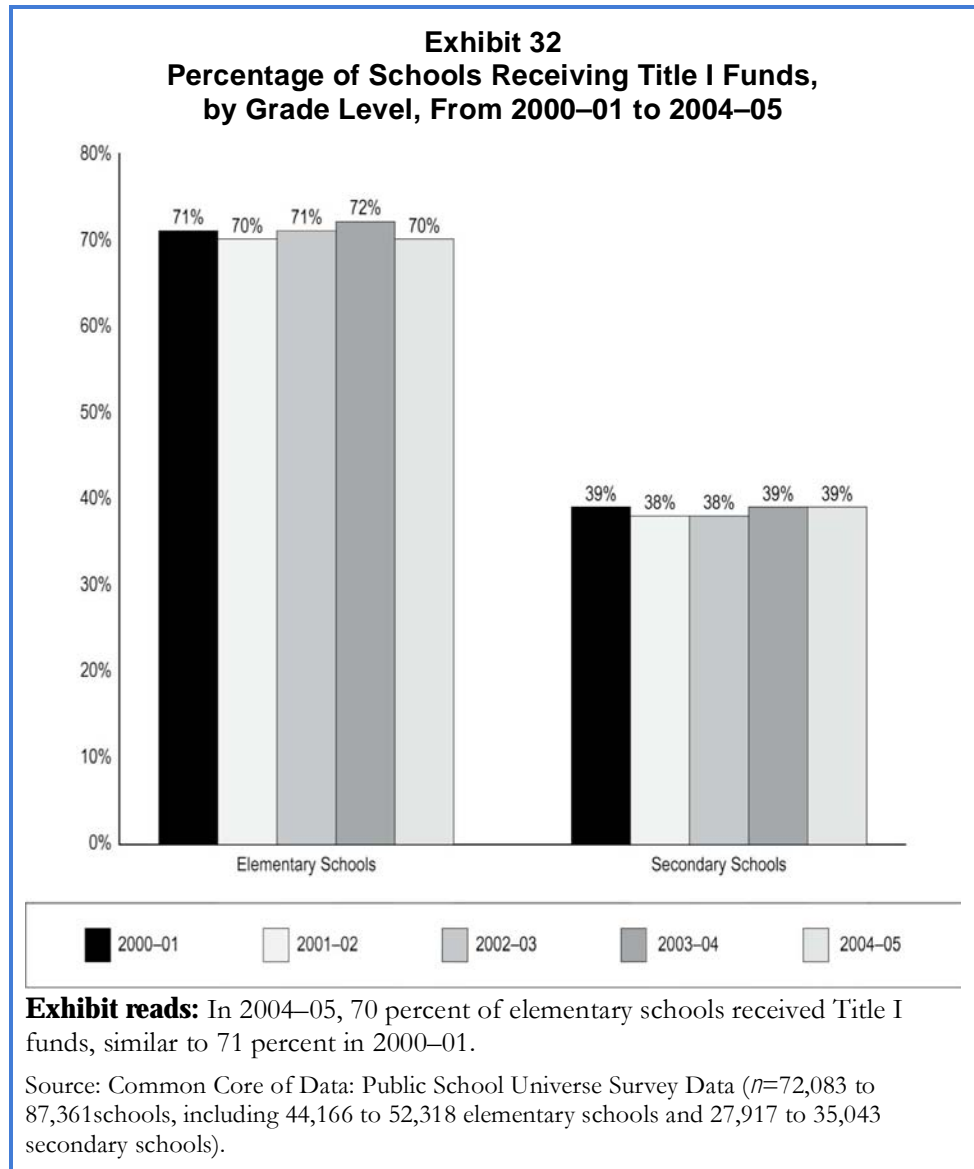
³¹ As indicated earlier, school allocations data were more readily available for Title I, Reading First, and CSR than for the other programs, thereby permitting the analysis of the distribution of program funds by grade level. However, the study was able to estimate the distribution of federal appropriations for Perkins, Title II, and Title III based on grade level enrollment in recipient districts (see Appendix Exhibit B.14).

Change in percentage of elementary and secondary schools receiving Title I funding, from 2000–01 to 2004–05

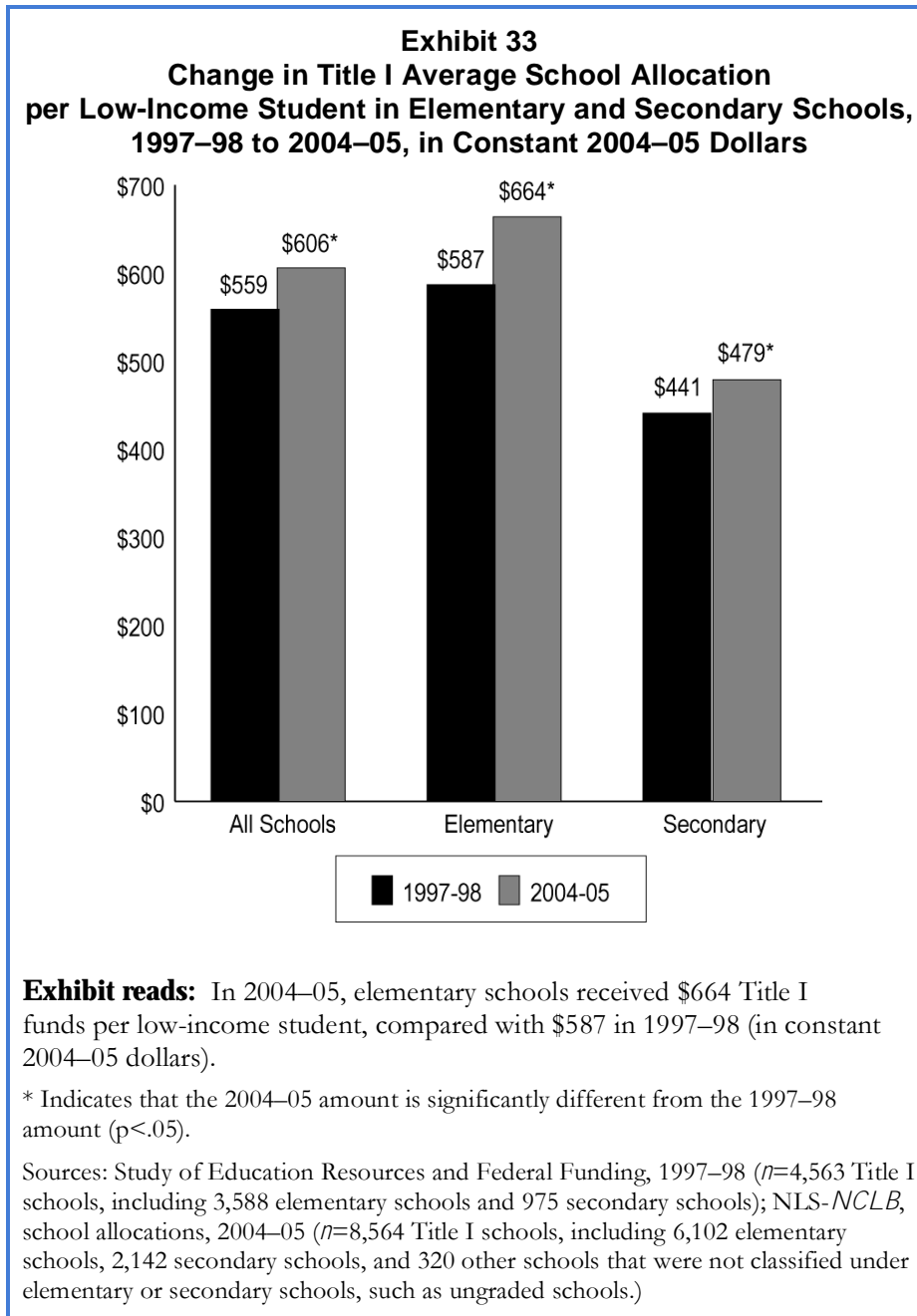
Based on the NCES Common Core of Data, the percentage of elementary and secondary schools that received Title I funding remained relatively stable from 2000–01 to 2004–05.

In 2004–05, the NLS study found that 71 percent of elementary schools received Title I funds, compared with 32 percent of secondary schools (40 percent of middle schools and 27 percent of high schools). Based on CCD data, the proportion of elementary schools and secondary schools receiving these funds remained consistent from 2000–01 to 2004–05 (fluctuating between 70 and 72 percent for elementary schools and between 38 and 39 for secondary schools) (see Exhibit 32). As noted in the previous section, the NLS and CCD datasets included different samples of schools and also contained some discrepancies in how individual schools were classified in terms of Title I

status; see Appendix D for a more detailed discussion of this issue.



In 2004–05, Title I elementary schools received an average allocation of \$664 per low-income student, which was higher than the overall average (\$606), and higher than for Title I secondary schools (\$479). Across both years, the average school allocation increased by 8 percent (from \$559 in 1997–98 to \$606 in 2004–05). The increase was higher in elementary schools (13 percent) than in secondary schools (9 percent) (see Exhibit 33).



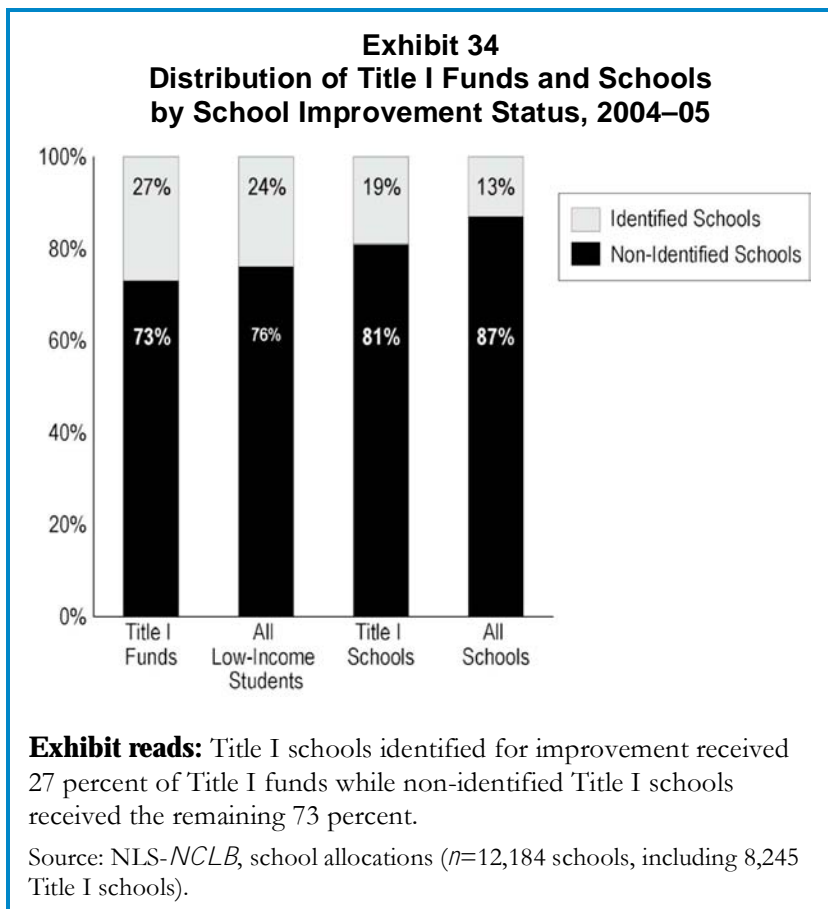
ALLOCATION OF TITLE I FUNDS BY SCHOOL IMPROVEMENT STATUS

Under *NCLB*, every state must develop adequate yearly progress (AYP) targets for schools and districts. Schools that do not meet AYP for two or more consecutive years are “identified for improvement.” Title I schools identified for improvement are to receive technical assistance from their district and state, and also must develop improvement plans and set aside 10 percent of their Title I allocations for professional development.

Schools identified for improvement were more likely to receive Title I funds than non-identified schools, and they received a share of Title I funds that was similar to their share of low-income students.

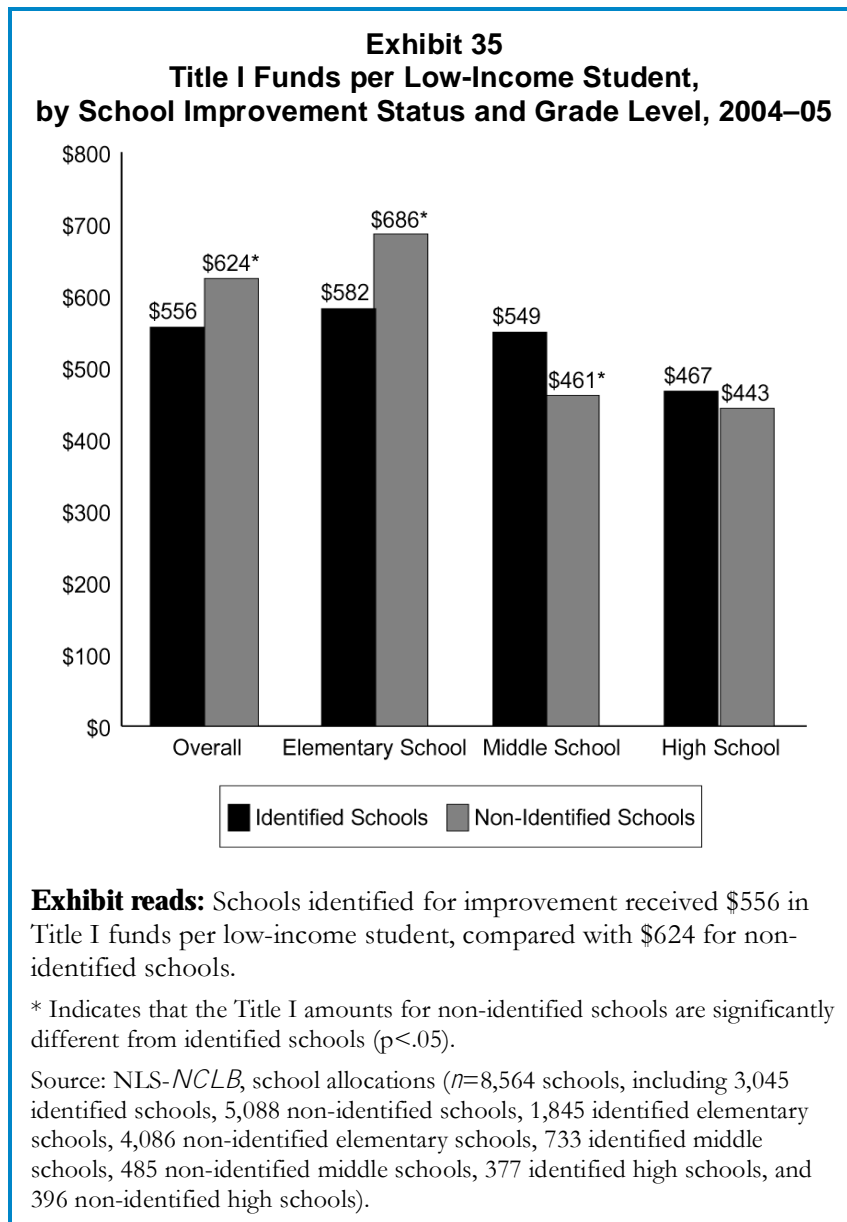
In 2004–05, 84 percent of all schools identified for improvement received Title I funds, compared with 54 percent of the schools not identified for improvement. The highest-poverty schools that were identified for improvement were much more likely (95 percent) to receive Title I funds than the lowest-poverty schools that were identified for improvement (19 percent).

Schools identified for improvement accounted for 13 percent of all schools and 19 percent of Title I schools. Identified Title I schools received 27 percent of Title I funds, similar to their share of low-income students (24 percent). Non-identified schools received 73 percent of Title I funds, similar to their share of low-income students (76 percent) (see Exhibit 34).



Schools identified for improvement received smaller Title I allocations per low-income student than schools that were not identified for improvement.

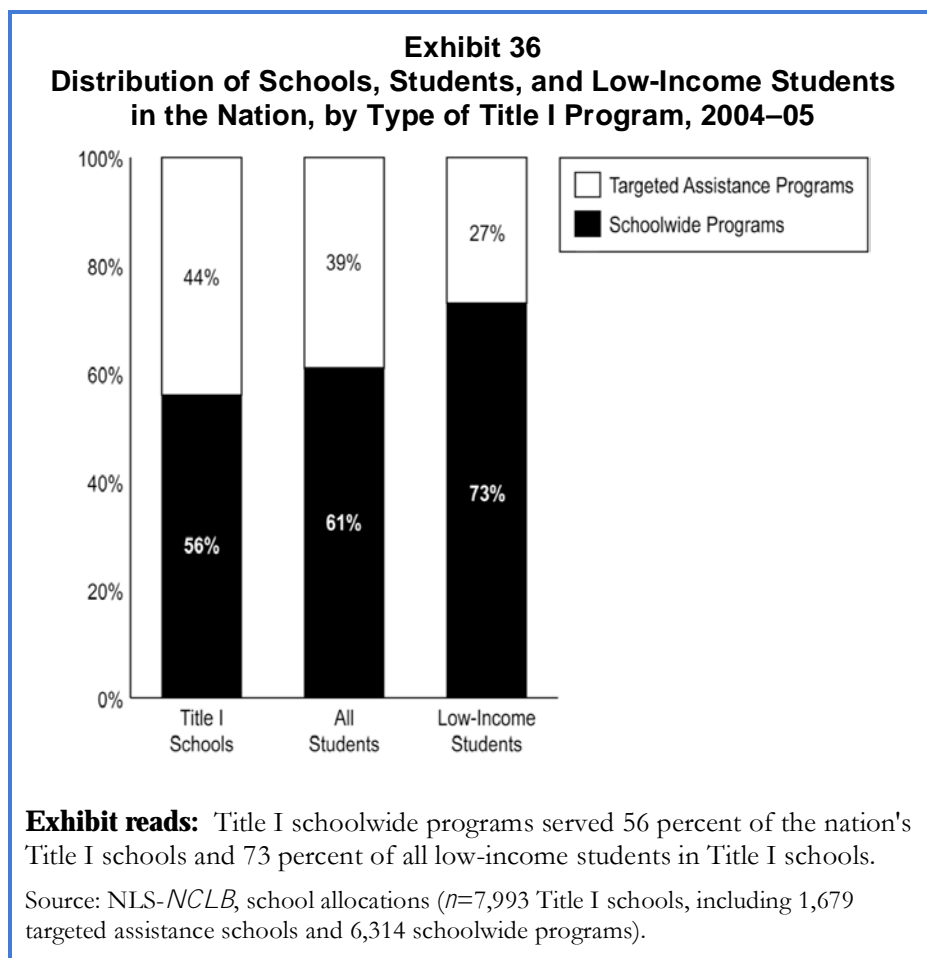
Although identified schools were more likely than non-identified schools to receive Title I funds, they received less funding per low-income student (\$556 and \$624, respectively) (see Exhibit 35). Because identified schools generally had a higher poverty rate than non-identified schools (74 percent vs. 54 percent), it is not surprising that they would receive a smaller allocation per low-income student. Likewise, elementary schools identified for improvement received less Title I funds per low-income student (\$582) than non-identified elementary schools (\$686). In contrast, middle schools identified for improvement received a higher allocation (\$549) than non-identified middle schools (\$461). The allocations per low-income student received by high schools were similar between identified (\$467) and non-identified schools (\$443).



ALLOCATION OF TITLE I FUNDS TO SCHOOLWIDE AND TARGETED ASSISTANCE PROGRAMS

Schools may use Title I funds for one of two approaches: schoolwide programs or targeted assistance programs. Schoolwide programs are intended to raise the achievement of low-achieving students by improving instruction throughout the entire school and may blend Title I funds with other federal, state, or local funds. Schoolwide programs may be used only by high-poverty schools (those with 40 percent or more students from low-income families). Schools that are not eligible for (or do not choose to operate) schoolwide programs must use the funds to provide targeted services to specifically identified low-achieving students.

In 2004–05, over half of all Title I schools were operating schoolwide programs (56 percent), with the remaining 44 percent using the more traditional targeted assistance approach (see Exhibit 36).



Schoolwide programs accounted for an even larger percentage of students in Title I schools (61 percent) and almost three-fourths (73 percent) of the low-income students enrolled in Title I schools. Schoolwide programs served almost one-third (31 percent) of all schools in the nation, enrolling 30 percent of all students and 52 percent of all low-income students in the nation.

Not all Title I schools that were eligible to operate schoolwide programs actually used this option. Of the Title I schools that were eligible to operate schoolwide programs, 70 percent did so in 2004–05. The highest-

poverty schools (79 percent) were more likely than the lower-poverty schools (43 percent) to operate schoolwide programs.³² In 1997–98, a higher percentage (82 percent) of eligible schools operated schoolwide programs. The percentage decline during this period may be attributed to the increased number of schoolwide-eligible schools after the poverty threshold for eligibility was lowered.

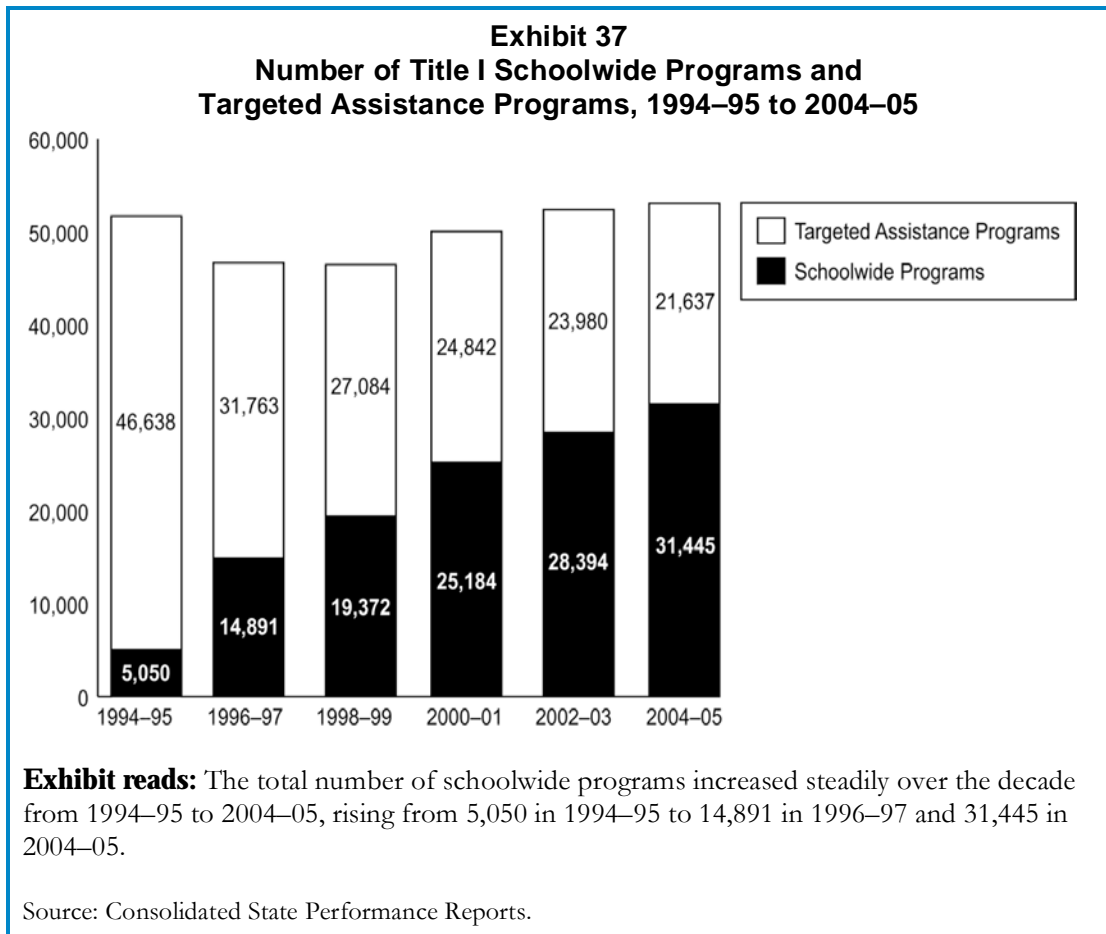
³²Lower-poverty schools were those enrolling between 35 and 50 percent low-income students.

Change in the number of schoolwide programs and targeted assistance schools, 1997–98 to 2004–05

When the schoolwide program option was first added to the law in 1978, the eligibility threshold for Title I schools to operate schoolwide programs was 75 percent low-income students, but few eligible schools chose to use this approach. In the 1994 reauthorization of *ESEA*, the eligibility threshold was reduced to 50 percent, and under the *No Child Left Behind Act*, Congress further lowered the eligibility threshold to 40 percent. These reductions in the eligibility threshold for schoolwide programs have the effect of increasing the proportion of schools that may use Title I funds to support schoolwide programs, and are consistent with a trend in school reform to encourage more comprehensive strategies for school improvement.

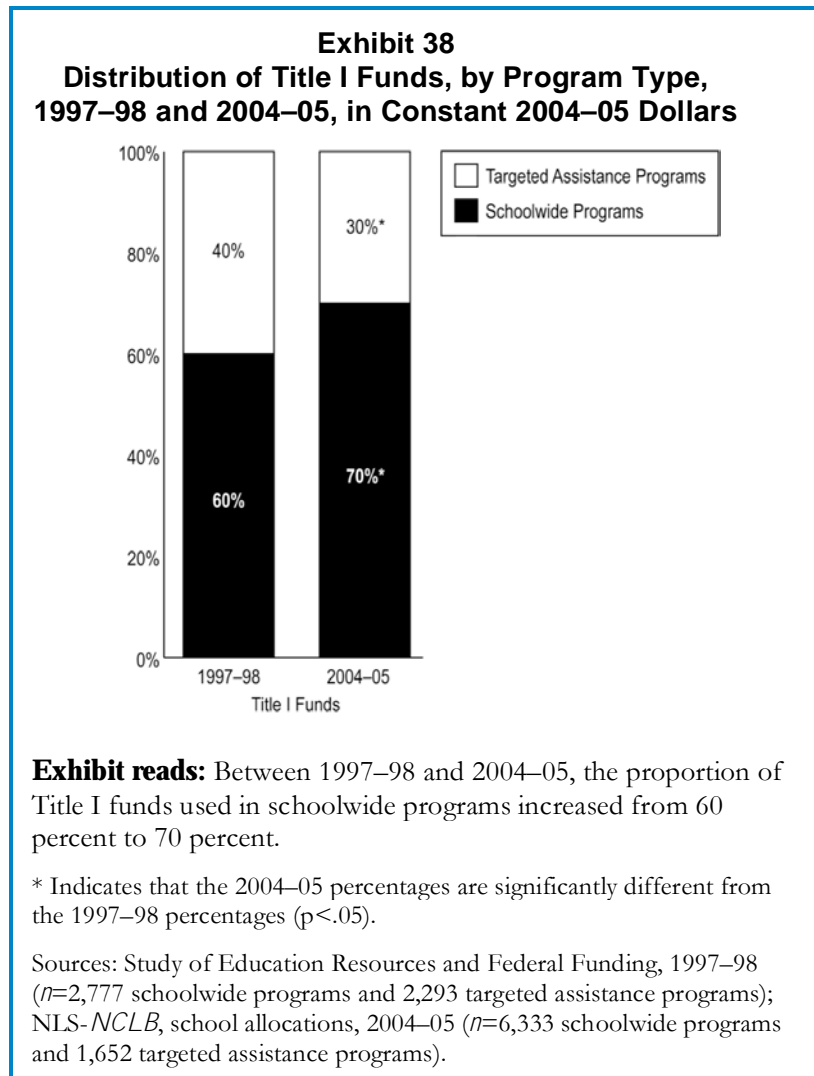
Over the past 10 years there has been a steady and dramatic increase in the number of schools using Title I funds for schoolwide programs.

The lowering of the eligibility threshold for schoolwide programs in 1994 and 2001 increased the number of schools that could use Title I funds to support schoolwide programs, and increasing numbers of Title I schools have elected to use this approach. The total number of Title I schoolwide programs rose from 5,050 (10 percent) in 1994–95 to 14,891 (32 percent) in 1996–97 and 31,445 in 2004–05 (59 percent) (see Exhibit 37).



Between 1997–98 and 2004–05, the share of Title I funds allocated to schoolwide programs increased.

Between 1997–98 and 2004–05, the proportion of Title I funds allocated to schoolwide programs increased from 60 to 70 percent. Conversely, Title I funding for targeted assistance programs declined from 40 to 30 percent during the same period (see Exhibit 38).



Although schoolwide programs received a larger share of Title I, Part A, funds than targeted assistance programs, they also served a much larger share of low-income students than the targeted assistance programs. The Title I allocation per low-income student in schoolwide programs was about 16 percent lower than that for targeted assistance programs (\$584 and \$683, respectively). Between 1997–98 and 2004–05, the Title I allocation per low-income student in targeted assistance programs rose from \$605 to \$683 (a 13 percent increase), but the Title I allocation per low-income student in schoolwide programs was similar across the years (\$541 and \$584).

Exhibit 39
Average Title I Funding by Type of Title I Program, 1997–98 and 2004–05, in Constant 2004–05 Dollars

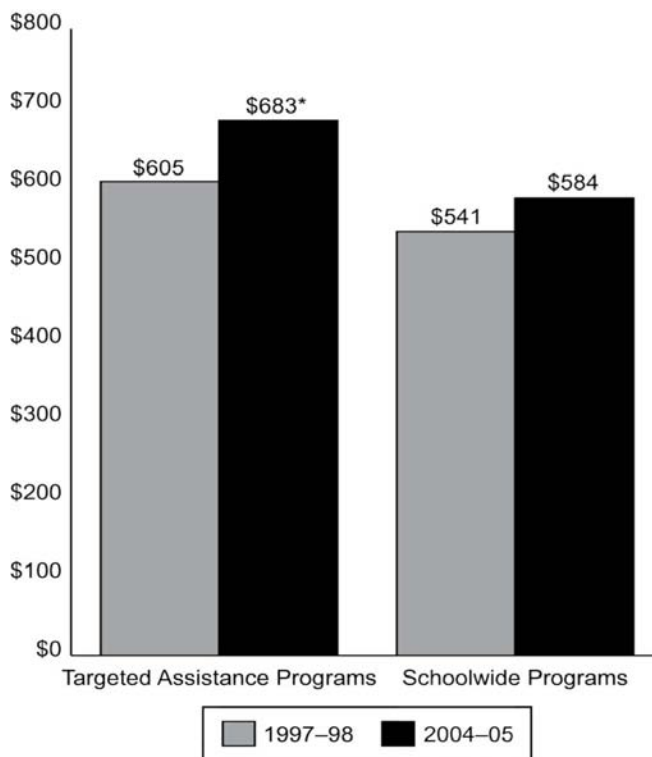


Exhibit reads: In 2004–05, targeted assistance programs received \$683 Title I funds per low-income student compared with \$605 in 1997–98 (in constant 2004–05 dollars).

* Indicates that the 2004–05 amount is significantly different from the 1997–98 amount ($p < .05$).

Source: Study of Education Resources and Federal Funding, 1997–98 ($n=3,352$ Title I schools, including 1,445 targeted assistance schools and 1,907 schoolwide programs); NLS-*NCLB*, school allocations, 2004–05 ($n=7,856$ Title I schools, including 1,618 targeted assistance schools and 6,238 schoolwide programs).

DISCUSSION

Federal education programs targeted a substantially greater share of their funds to higher-poverty districts compared with state and local funds. The six federal programs that were the focus of this study allocated 43 to 73 percent of their funds to the highest-poverty districts, compared with 21 percent of state and local funds, and also exceeded the overall average federal share (38 percent) allocated to these same districts. The programs that targeted the largest share of their funds to the highest-poverty districts were Reading First, CSR, and Title I, but Title I had the largest overall impact because of the sheer magnitude of the program, representing about 30 percent of all U.S. Department of Education funds for elementary and secondary education.

However, the districts in the highest poverty quartile had lower total revenues per student than the lowest-poverty districts, which had substantially higher levels of local revenues. Overall, the highest-poverty districts received \$10,025 per pupil in total revenues, compared with \$10,836 in the lowest-poverty districts.

Data on changes in Title I targeting present a mixed picture. At the district level, the share of Title I funds going to the highest-poverty districts has increased slightly, but at the school level, targeting has not changed. In the highest-poverty schools, Title I funding per low-income student had not increased since 1997–98, despite substantial increases in appropriations. Moreover, the highest-poverty Title I schools continued to receive less Title I funding per low-income student in 2004–05 than both medium- and low-poverty Title I schools.

Schools that were identified for improvement were more likely to receive Title I funds than were non-identified schools, but they received a smaller average allocation per low-income student. Similarly, Title I schoolwide programs received smaller allocations per low-income student than did targeted assistance programs.

III. USES OF FEDERAL EDUCATION FUNDS

The six federal programs in this study give funds to districts and schools for instruction, instructional support, and administration. In 2004–05, these six programs, which differ dramatically in size, provided \$18.4 billion in revenues to districts and schools. Title I and Title II, both formula grant programs, provided the largest amount of funds to school districts. Title I alone provided \$12.3 billion to improve achievement and help disadvantaged children meet state standards. Title II provided \$2.9 billion to help reduce class size and enhance teacher and principal qualifications. Reading First, a discretionary grant program, provided more than \$1.0 billion to improve reading programs in schools serving K–3 students. Perkins (\$741 million), Title III (\$681 million), and CSR (\$234 million) provided comparatively less funding.

This chapter explores the share of funds allocated to the state, district, and school levels; how funds were used for different purposes at the district level; the extent to which federal funds were used for professional development; and how schools used their Title I funds. Finally, the chapter discusses the barriers to the consolidation of program funds in schoolwide programs.

Key Findings

- **Federal program funds were used mainly for instruction.** For five of the six programs, the share of funds that districts and schools used for instructional purposes (e.g., on teacher salaries, instructional materials) ranged from 65 to 75 percent; CSR was somewhat lower (54 percent). Most of the remaining funds were used for instructional and student support (e.g., professional development, parent involvement), ranging from 18 percent (Title I) to 42 percent (Section 1003), while between 4 and 10 percent of the funds for each program were used for administration and other support.
- **Of the six programs in this study, Title I was the largest source of federal funds used for professional development (\$1.0 billion, based on district fiscal records), followed by Title II (\$518 million).** However, these figures may underestimate spending on professional development because district accounting systems do not always clearly identify such expenditures. For example, a survey of Title II district coordinators suggested that districts actually spent \$959 million in Title II funds for professional development.
- **About 90 percent of Title I funds spent on personnel resources at the school level were used for salaries and benefits for instructional staff; more than four-fifths of these funds were used to employ teachers.** However, the highest-poverty schools tended to spend proportionately more of their Title I funds on instructional and student support (e.g., library and media personnel, counselors, social workers) and proportionately less on instructional staff (e.g., teachers and aides) than the lowest-poverty schools.
- **Title I schools decreased their reliance on Title I teacher aides in recent years.** While the number of Title I teachers increased by almost 50 percent between 1997–98 and 2004–05, the number of Title I aides decreased by 10 percent. The ratio of Title I teacher aides to Title I teachers declined by about 40 percent from 1997–98 to 2004–05.
- **Although districts may consolidate Title I funds and funds from other sources to support schoolwide activities, few districts reported that they did so.** State accounting rules were cited as a major barrier to the consolidation of funding.

ALLOCATION OF FEDERAL PROGRAM FUNDS AMONG THE STATE, DISTRICT, AND SCHOOL LEVELS

The distribution of federal funds from the federal government to states and then to school districts and other subgrantees is a complex process. States may reserve some of the funds for state administration, technical assistance, evaluation, and other needs as allowed under the law. The remaining funds are then allocated to school districts and other subgrantees through either statutory formulas or a competitive grant process (see Exhibit 2 in Chapter I).

Most funds from the six federal programs were allocated to school districts.

With the exception of Perkins, the majority of the funds were distributed to school districts (see Exhibit 40). For Title I, CSR, and Title II, states distributed more than 90 percent of their funds to school districts. For Reading First, Section 1003, and Title III, states distributed between 72 and 86 percent of their funds to school districts. For Perkins, states distributed about half of the funds (51 percent) to school districts.

The study found that the amount of funds retained by state education agencies was consistent with the maximum levels prescribed in the law. For Title I, states retained about 1 percent of all the program funds for state-level activities. For Section 1003, CSR, Title II, and Title III, states retained between 3 and 5 percent of all the program funds while for Reading First and Perkins, states retained about 17 percent and 11 percent, respectively. For Reading First, the law permits states to reserve up to 20 percent of the funds for professional development, technical assistance, and administration. For Perkins, states were permitted to retain up to 10 percent of their Perkins grant for leadership activities and up to 5 percent or \$250,000, whichever is less, for state administrative costs. For the other programs studied, the amount of funds that can be retained at the state level is generally less than 5 percent of the total (see Exhibit 2 in Chapter I).

Exhibit 40 Distribution of Federal Program Funds, by Agency Type, 2004–05				
	State Education Agencies	School Districts	Other Agencies	Not Reported
Title I	1.4%	96.8%	0.4%	1.5%
Section 1003	3.3%	79.4%	0.6%	16.7%
Reading First	16.8%	72.3%	0.2%	10.7%
CSR	4.3%	92.4%	0.3%	3.0%
Title II	3.5%	94.3%	0.6%	1.7%
Title III	5.1%	86.2%	0.4%	8.4%
Perkins	11.1%	50.9%	9.9%	28.0%

Exhibit reads: State education agencies (SEAs) retained 1.4 percent of their Title I funds for 2004–05 for state-level activities, and they suballocated 96.8 percent of the funds to school districts and 0.4 percent to other types of agencies. The suballocations reported by SEAs accounted for 98.5 percent of states' total Title I allocations; SEAs did not report the recipients of the remaining 1.5 percent of the funds.

Notes: Row totals may not add up to 100 percent due to rounding. States were asked to report on suballocations to all types of agencies, but many only reported on suballocations to school districts, so these data cannot provide accurate information on the share of funds that were allocated to other types of agencies.

Source: NLS-*NCLB*, state suballocations ($n=16,858$ subgrantees).

States were asked to report on suballocations to all types of agencies, but many only reported their suballocations to school districts. As a result, the data collected by this study cannot provide accurate

information on the share of funds that were allocated to other types of agencies. The percentage of non-reported funds was highest for the Perkins program, which permits states to suballocate some of the funds to postsecondary institutions as well as to school districts; most states did not provide data on their suballocations to postsecondary institutions.

Allocation of Title I Section 1003 funds

Most states (36 states and the District of Columbia) retained the maximum allowable amount of Section 1003 funds and used these funds to provide direct services to schools identified for improvement.

Section 1003 of Title I requires states to set aside 4 percent of Title I funds for school improvement activities. Of this amount, states are allowed to retain a maximum of 5 percent to provide direct services

(e.g., through school support teams or educational service agencies) to schools identified for improvement. In 2004–05, 36 states and the District of Columbia retained 5 percent of Section 1003 funds for state-level activities. Nine states and Puerto Rico did not retain any funds for this purpose (see Exhibit 41).³³

Exhibit 41	
State Uses of Title I Section 1003 Funds, 2004–05	
	Number
Number of states that retained the maximum allowable amount of Section 1003 funds (5%)	37 ^a
Number of states that retained between 1% and 4% of Section 1003 funds	4
Number of states that did not retain any of the funds	10 ^b
Total number of responding states	51 ^c
Exhibit reads: Thirty-six states and the District of Columbia retained the maximum allowable amount of Section 1003 funds.	
^a Includes the District of Columbia.	
^b Includes Puerto Rico.	
^c Includes the District of Columbia and Puerto Rico.	
Source: NLS- <i>NCLB</i> , state suballocations.	

A provision under Section 1003(b)(2) allows states to retain Section 1003 funds with the agreement of the districts that would otherwise receive the funds. Under this provision, states may retain these funds to provide direct services to the districts through technical support, such as school support teams. Nine states reported doing so in 2004–05.³⁴

District allocation of Title I, Reading First, and CSR funds

Districts allocated between 74 percent and 83 percent of Title I, Reading First, and CSR funds to individual schools.³⁵

Districts may set aside a certain portion of federal funds for program administration as well as for programs and services that are administered or accounted for at the district level, before allocating the rest of the funds to individual schools. In 2004–05, districts allocated an estimated 83 percent of Reading First funds, 79 percent of CSR funds, and 74 percent of Title I funds to individual public schools. Among the funds retained at the district-level, between 3 and 5 percent of all program funds were spent

³³ These were Alaska, Colorado, Maine, Massachusetts, Michigan, Minnesota, Tennessee, Virginia, and Wyoming.

³⁴ These were Colorado, Connecticut, Delaware, Iowa, Illinois, Maine, Rhode Island, Washington, and Wyoming.

³⁵ The school-level analysis focused on three of the six programs in this study—Title I, CSR, and Reading First—because school allocations data were frequently available for these three programs but were less readily available for the other three programs in the study.

on district-level program administration and the remaining were spent on districtwide services. For Title I, 21 percent of districts' Title I funds were used for district-managed services and programs such as professional development, preschool, student transportation for school choice, supplemental education services, extended-time programs (e.g., before- and after-school and summer programs), and other districtwide instructional support services (see Exhibit 42). These percentages were lower for CSR (18 percent) and Reading First (14 percent).

Exhibit 42 District Allocation of Title I, Reading First, and CSR Funds Between the District and School Levels, 2004–05						
	Title I (n=267)		Reading First (n=84)		CSR (n=82)	
	Amount (\$ in Millions)	Share of Funds	Amount (\$ in Millions)	Share of Funds	Amount (\$ in Millions)	Share of Funds
Allocations to public schools	\$8,916	74%	\$677	83%	\$167	79%
District-level activities	\$3,133	26%	\$138	17%	\$45	21%
District-managed services (e.g., professional development, transportation, supplemental educational services)	\$2,511	21%	\$115	14%	\$38	18%
District administration	\$622	5%	\$23	3%	\$7	3%
Total	\$12,049	100%	\$815	100%	\$212	100%
Exhibit reads: Districts allocated \$8.916 billion (74 percent) of their Title I funds to individual public schools.						
Source: NLS- <i>NCLB</i> , district fiscal records and school allocations.						

We might expect to see an increase in the share of Title I funds being used at the district level after the passage of *NCLB*, because the law included several new provisions requiring districts to reserve a portion of the funds for professional development, school choice, and supplemental educational services. Section 1116(b)(10) requires Title I districts with one or more schools identified for improvement to spend an amount equal to 20 percent of the district's Title I allocation to provide eligible students with supplemental educational services under Section 1116(e) and to provide transportation to students who transfer to a new school under Section 1116(b)(9). Section 1116(c)(7) requires districts that have been identified for improvement to spend not less than 10 percent of the district's Title I funds to address the professional development needs of its instructional staff. Section 1119(l) requires districts to spend not less than 5 percent of their Title I funds to provide professional development to enable teachers to become highly qualified. *NCLB* also continued a previous requirement for districts to spend at least 1 percent of their Title I funds on parent involvement.

Consistent with these new requirements, estimates based on district fiscal records for the sample districts show a decline in the share of Title I funds allocated to the school level, from 83 percent in 1997–98, based on the previous SERFF study, to 74 percent in 2004–05.

DISTRICT AND SCHOOL USES OF FEDERAL PROGRAM FUNDS

This section examines the overall uses of federal funds at the district and school levels, including the amount of funds going to instruction, instructional support, and school or district administration. In these analyses, the instructional expenditures category includes the salaries and benefits for teachers and teacher aides as well as expenditures on instructional materials, including student technology, and other instructional services (e.g., preschool, kindergarten, and extended-time programs). The instructional and student support expenditures category includes professional development, student support services, parental involvement, and other instructional support staff (e.g., social workers, librarians). Unless otherwise stated, administration includes both school administration and district administration and in some instances (when stated) includes other forms of indirect support services such as student transportation and facilities.³⁶

Overall uses of federal program funds

Federal program funds were used mainly for instruction.

For the programs in this study, districts and schools spent between 51 and 75 percent of their federal program funds for instruction, which includes instructional staff and other instructional expenditures (see Exhibit 43). Most of the remaining funds were used for instructional support (18 to 42 percent), which includes professional development for teachers and other staff, reading coaches, school libraries and media centers, counselors and health services, and parent involvement. Administrative costs (which also include facilities and transportation costs) accounted for 4 to 10 percent of district expenditures under the federal programs in this study.

The programs with the largest share of funds used for instructional purposes were Title III (75 percent), Title I (73 percent), and Perkins (72 percent). For two programs, about two-thirds of the funds were used for instruction (Title II at 67 percent and Reading First at 65 percent). For CSR and Section 1003, slightly over half of the funds were used for instruction (54 percent and 51 percent, respectively).

In particular, salaries and benefits for instructional staff (teachers and aides) accounted for more than half of district expenditures from Title I, Title II, and Title III (59 percent, 63 percent, and 55 percent, respectively). Districts also spent a considerable portion of Reading First (42 percent) and CSR (31 percent) funds on instructional staff.

Other types of instructional expenditures also accounted for a substantial percentage of federal program expenditures, particularly for the Perkins vocational education program (45 percent), whose funds are often used for instructional materials and equipment, consistent with the program's focus on vocational and technical education. For Title I, these other instructional expenditures also included preschool and kindergarten programs, extended-time programs, and services for students enrolled in private schools.

³⁶ The study team collected district-level fiscal reports and systematically coded the expenditure items by functions and by objects of expenditure. The resulting resource cost database was used to estimate expenditures of federal funds in major functional categories such as administration, instruction, and instructional support, as well as in specific areas such as professional development, parental involvement, and student support.

Exhibit 43
District and School Uses of Federal Program Funds:
Share of Expenditures Used for Instruction, Instructional and Student Support, and
Program Administration, 2004–05

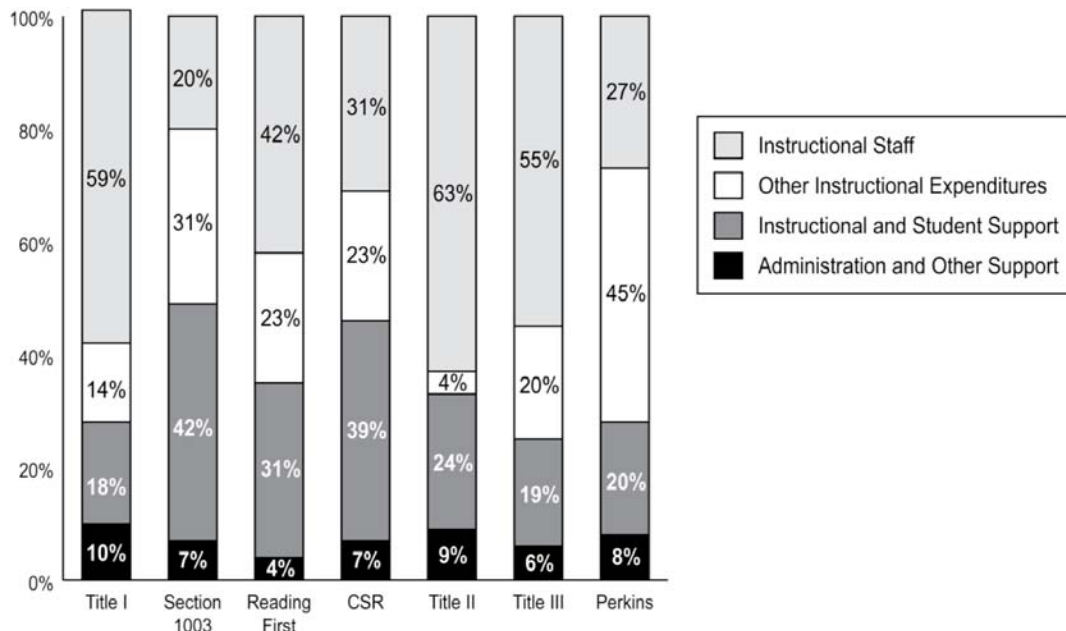


Exhibit reads: In 2004–05, districts and schools spent 73 percent of their Title I funds on instruction, including 59 percent on salaries and benefits for instructional staff and 14 percent on other instructional expenditures.

Note: Totals may not add to 100 percent due to rounding.

Source: NLS-*NCLB*, district fiscal records ($n=79$ to 267 districts).

Instructional and student support accounted for 42 percent of Section 1003 funds and 39 percent of CSR funds; these expenditures included professional development, student support staff (e.g., counselors, social workers, school nurses), instructional support staff (e.g., librarians), and parent involvement activities. Compared with Title I funds overall, a higher proportion of Section 1003 funds went to instructional support (42 percent vs. 18 percent). For the other programs studied, the share used for instructional and student support accounted for between 19 and 31 percent of the expenditures.

The amount of funds used for administration and other support (including school- and district-level administration, facilities, and student transportation) varied from 4 percent (Reading First) to 10 percent (Title I). A more detailed analysis of the use of funds for all the federal programs, including how they vary by district poverty level and urbanicity, is presented in Appendix Exhibits C.20 through C.27.

For five of the seven federal programs studied, the share of funds spent on instruction was greater than the share of all elementary-secondary education funds combined that were spent on instruction.

According to data reported by NCES for 2004–05, districts spent 61 percent of total school district expenditures (from all revenue sources) on instruction. This was less than the share of federal program funds spent on instruction for Title III (75 percent), Title I (73 percent), Perkins (72 percent), Title II (67 percent), and Reading First (65 percent). However, the share of funds spent on instruction for CSR and Section 1003 (54 percent and 51 percent, respectively) was lower than the average across all revenue sources.³⁷

Similarly, the share of funds used for instructional and student support was higher for all of the federal programs examined (ranging from 18 to 42 percent) than for school districts' overall expenditures from all revenue sources (10 percent).³⁸ (See Appendix Exhibit B.18 for more detailed information on the distribution of expenditures from all revenue sources).

In terms of total expenditures, Title I, as the largest federal program supporting elementary and secondary education, showed the largest amount of expenditures for each category compared with other federal programs. For instructional staff, districts spent \$7.1 billion in Title I funds, followed by \$1.7 billion in Title II funds, \$342 million in Reading First funds, and \$283 million in Title III funds (see Exhibit 44). For other instructional expenditures, which included instructional materials and other instructional services (such as extended-time programs and some preschool and kindergarten programs), the largest total expenditures, after Title I at \$1.7 billion, were Perkins (\$296 million), Reading First (\$188 million), and Section 1003 (\$156 million).³⁹ For instructional and student support, Title I again accounted for the largest amount of expenditures (\$2.1 billion), followed by Title II (\$670 million), Reading First (\$251 million), and Section 1003 (\$208 million).⁴⁰

³⁷ The National Center for Education Statistics (NCES), through the Common Core of Data (CCD) Survey, collects school district expenditure data on instruction, instructional support, and other activities from all funding sources. National Center for Education Statistics (2007), *Digest of Education Statistics: 2007* (Washington, D.C.: National Center for Education Statistics), Table 167. The national data on expenditures from all revenue sources are for the 2004–05 school year.

³⁸ These data sources may differ in the definitions of instruction, instructional support, and administration. For comparison purpose, the analysis combined certain CCD expenditures in order to closely match the categories used in reporting the Title I expenditures. The CCD-based figure for “instructional and student support” includes instructional staff services and student support. The CCD-based figure for “administration” includes categories of general administration, school administration, and other support services (e.g., business support and other support services).

³⁹ Based on district personnel and payroll data, we estimate that districts spent approximately \$348 million of Title I funds on preschool and kindergarten staff in 2004–05, amounting to about 2.9 percent of districts' Title I expenditures. This estimate includes \$249 million for preschool and \$99 million for kindergarten. These figures may underestimate total Title I spending on preschool and kindergarten because they do not include non-personnel expenditures. Alternatively, we also tried to estimate Title I expenditures on preschool and kindergarten based on district fiscal records. These estimates are lower, at \$86 million for preschool and \$40 million for kindergarten (\$126 million for both), but we believe these estimates are less accurate because many districts do not track federal or nonfederal expenditures by grade or instructional program.

⁴⁰ Section 1003 funds are also included in the amounts shown under Title I, Part A.

Exhibit 44
Uses of Federal Funds: Expenditures for Instruction, Instructional and Student Support, and Administration and Other Support, 2004–05 (\$ in Millions)

	Title I (n=267)	Title I Section 1003 (n=79)	Reading First (n=84)	CSR (n=82)	Title II (n=266)	Title III (n=180)	Perkins (n=140)
Instruction	\$8,778	\$256	\$530	\$114	\$1,857	\$386	\$462
Instructional staff	\$7,069	\$100	\$342	\$66	\$1,745	\$283	\$176
Instructional materials and equipment	\$1,443	\$135	\$179	\$45	\$77	\$94	\$283
Other instructional services ^a	\$266	\$21	\$9	\$3	\$34	\$10	\$3
Instructional and student support	\$2,122	\$208	\$251	\$84	\$670	\$100	\$129
Professional development	\$1,009	\$199	\$103	\$64	\$518	\$45	\$44
Other instructional and student support	\$1,114	\$9	\$147	\$20	\$152	\$56	\$84
Administration and other support^b	\$1,149	\$34	\$34	\$14	\$259	\$31	\$51
School administration	\$223	\$4	\$3	\$6	\$31	\$7	\$8
District administration	\$622	\$11	\$23	\$7	\$178	\$15	\$19
Other support	\$304	\$19	\$7	\$2	\$50	\$9	\$24
Total	\$12,049	\$497	\$815	\$212	\$2,786	\$517	\$641

Exhibit reads: Districts spent \$7.069 billion of Title I funds on salaries and benefits for instructional staff in 2004–05.

Note: Row subtotals may not add up to total due to rounding.

^a Includes other instructional expenditures such as for extended-time programs, preschool and kindergarten, and services to students in private schools.

^b Includes expenditures on facilities and transportation as well as both school- and district-level administrative expenditures.

Source: NLS-*NCLB*, district fiscal records.

Spending on Title I school choice and supplemental educational services

Under *NCLB*, school districts must offer students in Title I schools that have been identified for improvement the option to transfer to another school, with transportation provided by the district. Districts also must offer supplemental educational services to low-income students in schools that have been identified for improvement for two or more years.⁴¹

Based on district responses to a survey conducted as part of the National Longitudinal Study of *NCLB*, districts reported spending an average of \$838 per participating student for supplemental educational

⁴¹ Districts must reserve up to 20 percent of their Title I funds to provide supplemental educational services and transportation of students who use the Title I school choice option. This amount includes 5 percent for school choice-related transportation, 5 percent for supplemental educational services, and the remaining 10 percent for either type of services.

services in 2005–06, about 26 percent less than the maximum per-child amount they reported allocating for such services in that year (\$1,134). Total spending on Title I supplemental educational services was estimated to be \$375 million in 2005–06, up from \$192 million in 2003–04. This amounts to approximately 2.7 percent of total district and school Title I expenditures. In districts that offered supplemental services, the percentage of Title I funds used for these services in 2005–06 was 2.0 percent in the median district; the average (mean) spending level was 3.2 percent.

In 2005–06, districts spent approximately \$56 million on school choice-related transportation, up from \$24 million in 2003–04. Based on estimated participation of 65,000 students in 2005–06, this would amount to an average of \$965 per participant in schools that provided school choice-related transportation.⁴²

Total spending on professional development

NCLB places a strong emphasis on ensuring that each classroom has a highly qualified teacher and provides funds for this purpose primarily through Title I and Title II. The law sets new requirements for teacher qualifications and encourages states and districts to use a variety of strategies to achieve this goal. *NCLB* requires districts to use 5 percent of their Title I funds to implement professional development activities to ensure that all teachers are highly qualified. Schools that have been identified for improvement must use at least 10 percent of their Title I funds for professional development. These funds are provided to states and districts from other programs as well to implement improvement efforts, such as professional development to enhance teachers' content knowledge and pedagogical skills.

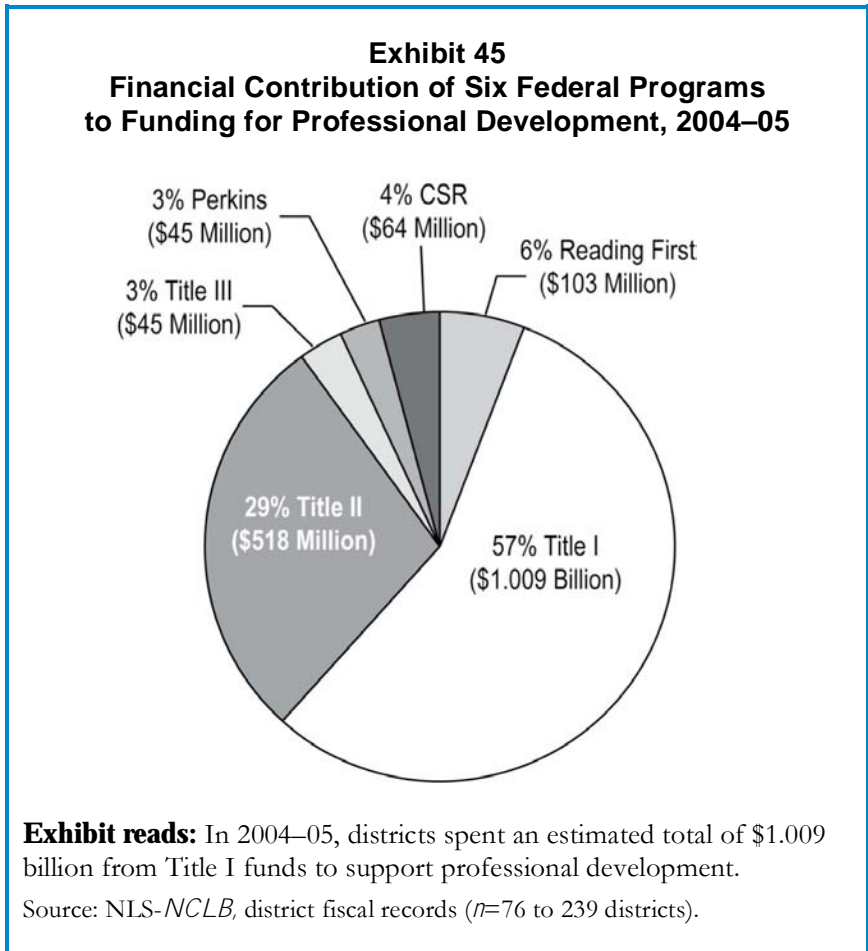
Similarly, other federal education programs also place a strong emphasis on professional development. For example, the Reading First program provides funds to be used at the state and local levels to increase access and quality of professional development of all teachers who teach K–3 students.

In 2004–05, based on district fiscal records, the six federal programs in this study provided \$1.8 billion to support professional development, with Title I providing more than half of these funds.

⁴² For more information related to the provision of supplemental education services and choice-related transportation under *NCLB*, see U.S. Department of Education, Institute of Education Sciences, National Center for Education Evaluation and Regional Assistance (2007), *National Assessment of Title I, Final Report: Volume I: Implementation*, by Stephanie Stullich, Elizabeth Eisner, and Joseph McCrary (NCEE 2008-4012), Washington, D.C.: Author.

As shown in 2004–05 expenditure and budget records collected from the sample districts, Title I expenditures on professional development at the district and school levels amounted to about \$1.009 billion, or 57 percent of the total federal funds from these six programs used for professional development. Title II expenditures for professional development amounted to \$518 million, or 29 percent (see Exhibit 45).

Although Title I and Title II provided the most funds for professional development, the other four federal programs also showed substantial support for professional development activities: Reading First (\$103 million), CSR (\$64 million), Perkins (\$45 million), and Title III (\$45 million).



Uses of federal program funds for professional development

Based on district fiscal records, over three-fourths of grantee districts under Title I, Section 1003, Title II, and CSR used those funds to support professional development.

Of the districts that received program funds, between 75 and 93 percent used Title I, Section 1003, Title II, and CSR funds for professional development, according to district fiscal records (see Exhibit 46).⁴³ A little more than half of the districts used Reading First funds for professional development (57 percent); the percentages were lower for Title III (42 percent) and Perkins (43 percent). As a percentage of total district and school expenditures from each federal program, the programs with the largest shares of their funds spent on professional development were Section 1003 (40 percent), CSR (29 percent), Title II (19 percent), and Reading First (13 percent). However, these figures may be underestimates because of the difficulty of identifying professional development spending through fiscal reporting systems. For example, certain personnel categories, such as mentor teachers and literacy coaches whose functions were primarily to provide teacher professional development, might have been recorded under instructional staff or instructional support instead of under professional development.

⁴³ Based on district fiscal records, 75 percent of districts used Title II funds for professional development. This result is consistent with a separate analysis based on district responses on the uses of Title II funds, in which 25 percent of districts reported not using Title II funds for professional development.

**Exhibit 46
Uses of Federal Program Funds for Professional Development**

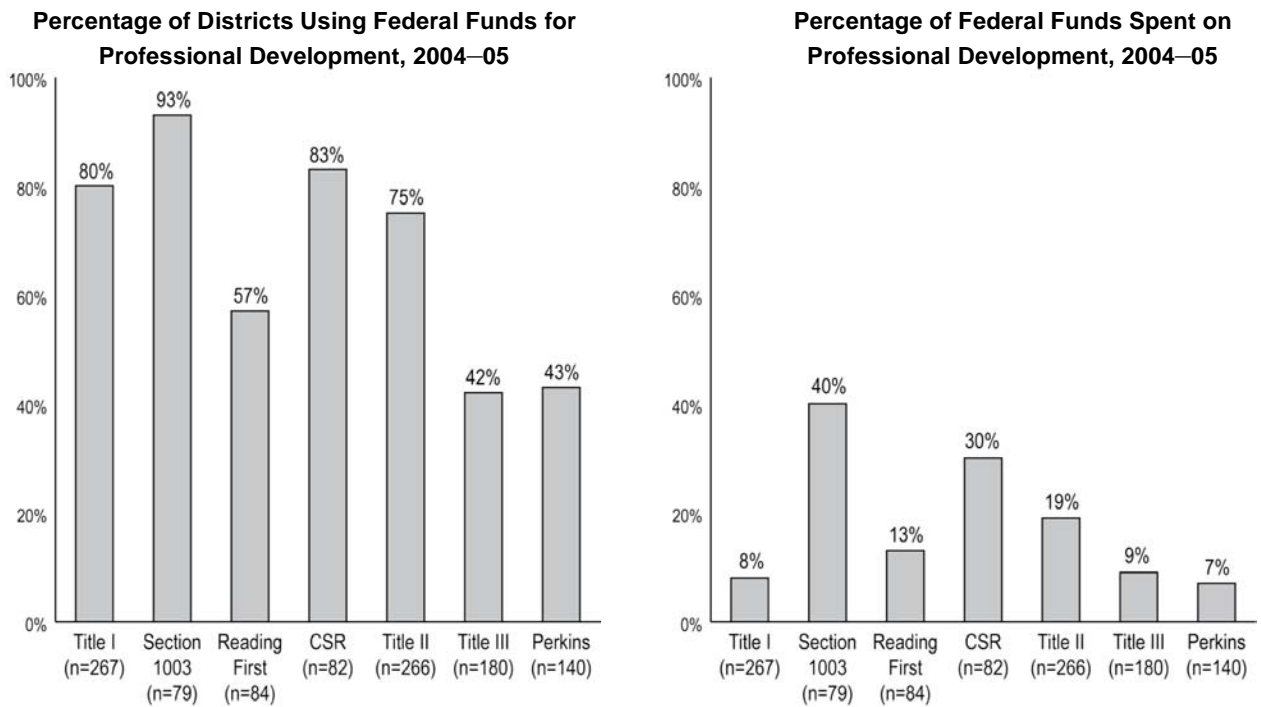


Exhibit reads: Of the districts that received funds, 80 percent used Title I funds for professional development; districts also spent 8 percent of Title I funds in professional development.

Source: NLS-*NCLB*, district fiscal records.

Uses of Title II funds for professional development and class size reduction

This study supplemented the fiscal records with a district-level survey that collected additional information on the uses of Title II funds allowed under *NCLB*. Districts were asked to report their estimated Title II expenditures for specific purposes allowed under the law, including hiring teachers to reduce class size, providing professional development for teachers and principals, offering initiatives to reward quality teaching, and initiating programs to recruit and retain highly qualified teachers. Districts were also asked to estimate the percentage of Title II funds spent on professional development by topic, including specific academic subject areas, such as mathematics and science, as well as nonacademic content.

District fiscal data may underestimate total district spending on professional development.

The responses of districts to survey questions about their uses of Title II funds suggest that the fiscal data reported above may have underestimated total district spending on professional development. Based on district financial records, districts spent an average of 19 percent of their Title II funds for professional development activities, amounting to approximately \$529 million in 2004–05. However, when districts were asked directly about how they spent their Title II funds, they indicated a substantially higher share of funds (35 percent, or \$959 million) going to professional development for teachers, paraprofessionals, and principals. It is possible that some professional development expenditures were not clearly identified as such in district financial accounting systems. For example, funding for certain personnel, such as mentor teachers and literacy coaches whose functions were mainly teacher training and mentoring, may have been recorded in the district accounting system under teacher salaries in direct instruction or as administrators, rather than as a professional development expenditure.

Districts used more of their Title II funds for class-size reduction than for professional development activities.

Based on the district survey responses, spending on teacher salaries to reduce class size accounted for the largest share (50 percent, or \$1.4 billion) of district Title II expenditures, followed by professional development for teachers and paraprofessionals (31 percent) (see Exhibit 47). The survey-based estimate of spending on class-size reduction is similar to that produced by the financial records analysis, which found that 56 percent of Title II funds were used for teacher salaries. This amount included funds used for class-size reduction but might also include other types of expenditures such as recruitment and retention incentives.

These findings are similar to those from a previous district survey conducted in 2002–03 that found that 58 percent of Title II funds were used for class-size reduction and 25 percent were used for professional development.⁴⁴

Relatively small amounts of Title II funds were used for other activities authorized under the law, such as teacher recruitment and retention programs.

For example, districts spent 3 percent (\$84 million) of Title II funds for programs and initiatives to help schools retain personnel, 2 percent (\$64 million) on recruitment programs, and 1 percent (\$17 million) on initiatives that rewarded quality teaching (see Exhibit 47 and Appendix C.33).

⁴⁴ U.S. Department of Education, Policy and Program Studies Service, *Improving Teacher Quality in U.S. Districts: Districts' Use of Title II, Part A, Funds, 2002–03*. Washington, D.C. (2004), available at www.ed.gov/programs/teacherqual/uof.pdf, retrieved June 25, 2007.

Exhibit 47
Percentage of Title II Funds Used for Various Program Activities as Reported by District Coordinators, 2004–05

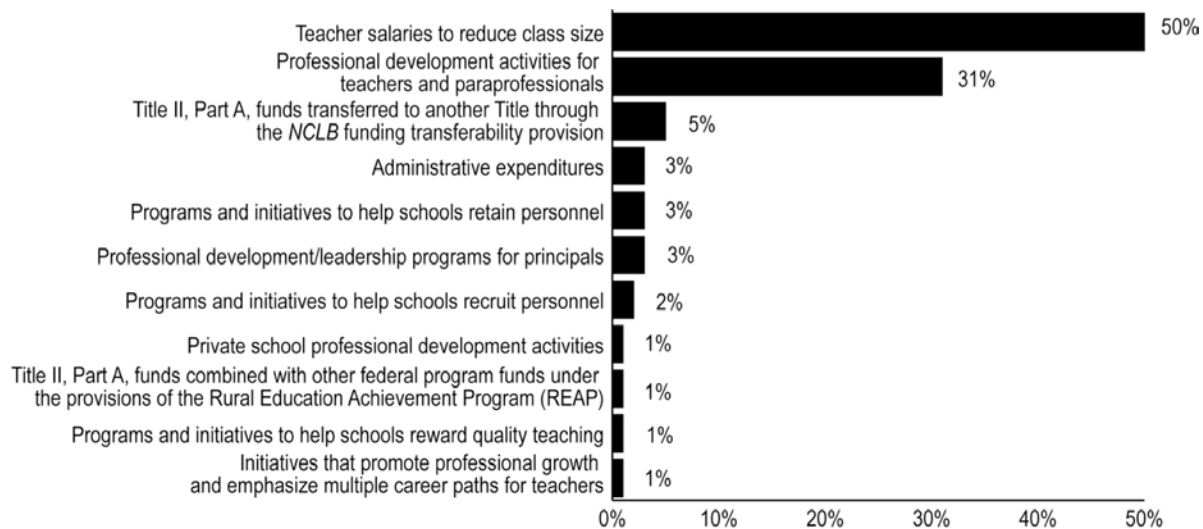


Exhibit reads: Fifty percent of Title II funds were used to reduce class sizes by hiring additional teachers.

Source: NLS-NCLB, district survey on uses of Title II funds ($n=215$ districts).

Similarly, according to the district fiscal records analysis, three-fourths (75 percent) of Title II funds were spent on teacher salaries and professional development, leaving 25 percent for other uses; these funds were spent on salaries for teacher aides (6 percent), other instructional expenditures (4 percent), other instructional or student support expenditures (5 percent), and administrative costs (9 percent) (see Appendix Exhibit C.22). The share spent on administrative costs based on the fiscal records analysis (9 percent) was considerably higher than the share reported by districts (3 percent). One possible explanation is that some staff classified as administrators in district accounting systems might support programmatic activities such as training teachers; other expenditures classified as administrative costs might also support specific program initiatives.

According to district survey responses on the uses of Title II funds, districts estimated that over half of their Title II funds that were spent on professional development were used for professional development in reading and language arts (29 percent) and mathematics (25 percent). Smaller shares were spent on professional development in science (11 percent) and history and social studies (6 percent). Thirteen percent were used for other academic subjects and 15 percent were used for nonacademic subjects (see Exhibit 48).

A previous district survey conducted in 2002–03 produced similar estimates of the share of Title II professional development expenditures that were used for mathematics (25 percent), science (14 percent), history and social studies (8 percent), and nonacademic subjects (11 percent). However, this earlier survey estimated a higher proportion of such funds being used for reading (39 percent) and a smaller proportion for other academic subjects (3 percent).⁴⁵

Exhibit 48	
Share of Title II Funds Used for Professional Development, by Topic, 2004–05	
Topic	Share of Title II Professional Development Expenditures
Reading/English/language arts	29%
Mathematics	25%
Science	11%
History/social studies	6%
Other academic subjects	13%
Other nonacademic subjects	15%
Total	100%

Exhibit reads: Of the Title II funds that districts used for professional development, districts reported that 29 percent were used for training in reading, English, and language arts.
 Note: Row totals may not add up to 100 percent due to rounding.
 Source: NLS-*NCLB*, district survey on uses of Title II funds ($n=165$ districts).

VARIATION IN USES OF TITLE I FUNDS FOR PERSONNEL RESOURCES

This section examines variations in the uses of Title I personnel resources at the school level by grade level, poverty level, and type of Title I school. The analysis focuses only on school personnel resources because data on total expenditures were not available at the school level. District fiscal records generally do not account separately for school-level expenditures; for example, expenditures on non-personnel resources are most often accounted for centrally at the district level but are rarely traceable to individual schools. However, this study was able to estimate school-level personnel expenditures by using detailed personnel and payroll information collected for the sample schools.

About 88 percent of Title I funds spent on personnel resources at the school level were spent on instructional staff, of which over four-fifths were spent on teachers.

Specifically, of the Title I funds spent on personnel at the school level, 71 percent were used to employ teachers and 17 percent were used for teacher aides. The remaining 12 percent went toward instructional and student support staff (7 percent), as well as other staff, including program administrators (5 percent) (see Exhibit 49).

⁴⁵ U.S. Department of Education, Policy and Program Studies Service, *Improving Teacher Quality in U.S. Districts: Districts' Use of Title II, Part A, Funds, 2002–03*. Washington, D.C. (2004), available at www.ed.gov/programs/teacherqual/uof.pdf, retrieved June 25, 2007.

Exhibit 49
Uses of Title I, Part A, Funds for Personnel Expenditures
at the School Level, by School Grade Level, 2004–05

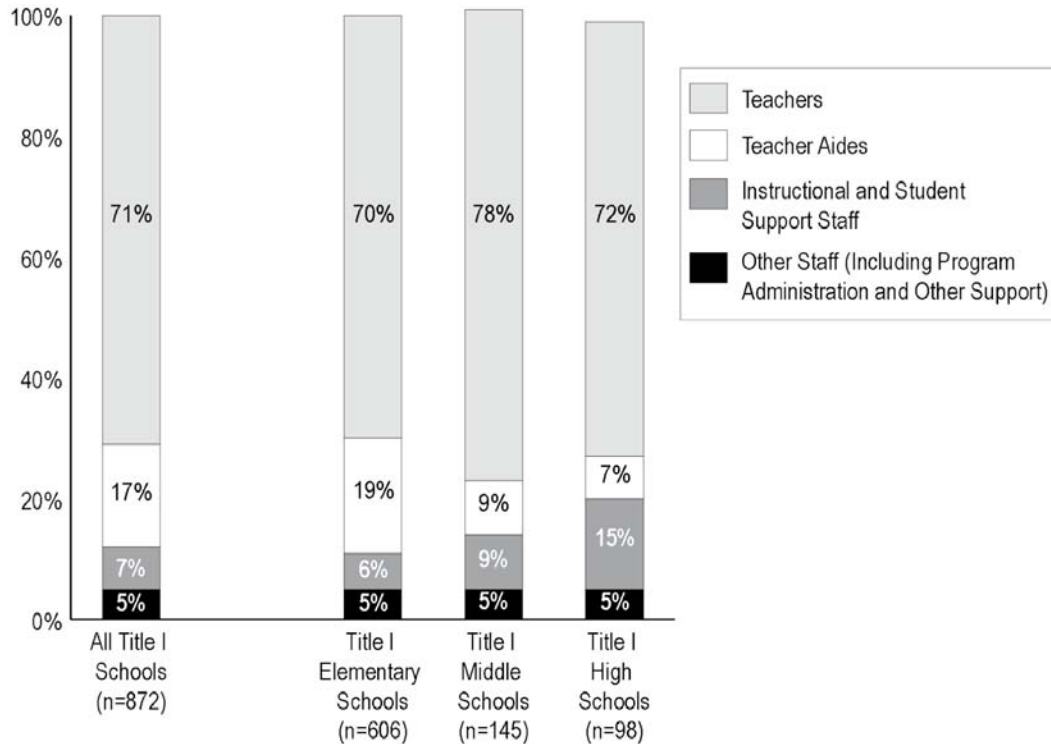


Exhibit reads: In all Title I schools, 71 percent of the Title I funds spent on personnel resources were spent on teachers.

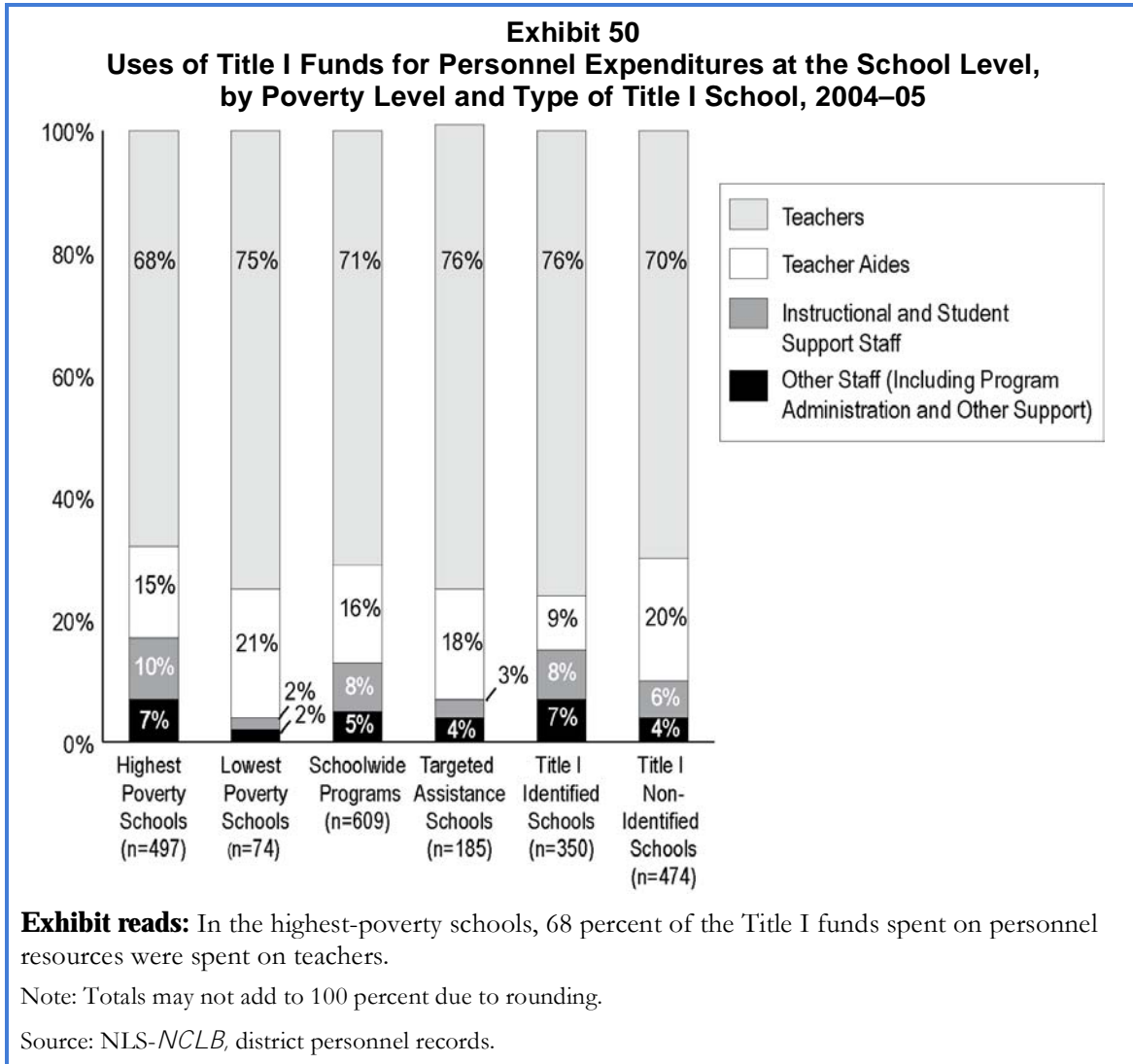
Note: Totals may not add to 100 percent due to rounding.

Source: NLS-*NCLB*, district personnel records.

The pattern of Title I spending on personnel in Title I elementary schools was similar to that observed across all Title I schools. However, the pattern of spending varied across secondary grades. Although Title I middle and elementary schools spent a similar proportion (89 and 87 percent, respectively) of their personnel expenditures on instructional staff (i.e., teachers and aides), the middle schools spent a higher proportion on teachers than on teacher aides (78 percent and 9 percent, respectively), compared with Title I elementary schools (70 percent and 19 percent, respectively). In Title I high schools, a lower percentage of the total personnel expenditures went to instructional staff (79 percent) than in schools in the other two grade levels. Title I high schools also spent a lower proportion of their Title I funds on teacher aides and a higher proportion of the funds on instructional and student support staff than did Title I elementary schools.

The highest-poverty schools tended to spend proportionately more of their Title I funds on instructional and student support, and proportionately less on instructional staff than the lowest-poverty schools.

In 2004–05, the highest-poverty schools spent a lower proportion of their Title I personnel funds on instructional staff (83 percent) than the lowest-poverty schools (96 percent) (see Exhibit 50). Corresponding to this finding, the highest-poverty schools spent a larger proportion of these funds on instructional and student support staff (10 percent) than the lowest-poverty schools (2 percent).



Targeted assistance schools and schoolwide programs showed differences in spending patterns that were similar to those between the lowest-poverty and the highest-poverty schools. This similarity is expected, because the lowest-poverty schools tended to be targeted assistance schools, while the highest-poverty schools tended to be schoolwide program schools. Similarly, the proportion spent on instructional staff was higher in targeted assistance schools than in schoolwide program schools (94 percent and 87 percent, respectively). Compared with targeted assistance schools, schoolwide program schools spent

almost three times more of their Title I personnel spending toward instructional and student support staff (see Exhibit 50).

Title I schools that were identified for improvement spent a lower proportion of their Title I funds on instructional staff (85 percent) than Title I schools not identified for improvement (90 percent). Although the percentage of funds spent on teachers in identified Title I schools was not significantly different from that in non-identified schools, non-identified schools spent more than twice as much on teacher aides (20 percent) than on identified schools (9 percent). Hence, the difference in proportion spent on instructional staff is largely due to the difference in the proportion spent on teacher aides than on other kinds of staff.

Change in mix of teachers and aides since reauthorization

The additional teachers and aides hired with Title I funds make up the most significant resource that Title I adds to schools. As indicated earlier, close to 90 percent of Title I funds spent on school personnel resources were used to hire instructional staff. Prior to *NCLB*, Title I funds were used to employ a larger number of teacher aides than teachers; a previous study estimated that there were 68,724 Title I aides and 66,002 Title I teachers in 1997–98. Due to concerns about the quality of the instructional support provided by teacher aides (also known as paraprofessionals), *NCLB* strengthened requirements for their qualifications. To be considered qualified under *NCLB*, Title I instructional aides must have passed a state-endorsed or state-required paraprofessional assessment or must have either two years of college or an associate’s degree.

Over the past seven years, Title I schools decreased their reliance on Title I teacher aides, and the ratio of Title I teacher aides to Title I teachers declined by about 40 percent.

Between 1997–98 and 2004–05, the total number of full-time equivalent (FTE) Title I staff increased by 49 percent whereas the number of FTE Title I teacher aides declined by 10 percent (see Exhibit 51). The proportion of teacher aides among Title I school staff declined from 47 percent to 35 percent, whereas the share of teachers rose from 45 percent to 55 percent during the same period. In absolute numbers, the total number of teachers hired through Title I funds increased from 66,002 FTEs to 98,206 FTEs between 1997–98 and 2004–05, while the total number of Title I teacher aides decreased from 68,724 FTEs to 61,952 FTEs. This reflects a drop in the teacher aide-to-teacher ratio from 1.0 to 0.6.

Exhibit 51 Composition of FTE Title I Staff in the Nation, 1997–98 and 2004–05			
Types of Staff	1997–98	2004–05	Percent Change
Teachers	66,002	98,206	+49%
Teacher aides	68,724	61,952	–10%
Administrative staff (certified)	2,675	3,965	+48%
Support staff (certified)	4,005	7,145	+78%
Other staff (noncertified)	4,199	8,280	+97%
Total	145,605	179,547	+23%
<p>Exhibit reads: The total number of FTE Title I teachers increased from 66,002 in 1997–98 to 98,206 in 2004–05, a 23 percent increase.</p> <p>Sources: Study of Education Resources and Federal Funding, 1997–98 (<i>n</i>=269 Title I schools); NLS-<i>NCLB</i>, district personnel records, 2004–05 (<i>n</i>=885 Title I schools).</p>			

The percentage increase in the number of teachers (49 percent) was similar to the inflation-adjusted increase in Title I appropriations during this period (46 percent); the increase in the total number of Title I staff was 23 percent.

CONSOLIDATION OF FUNDS IN SCHOOLWIDE PROGRAMS

A school may use Title I funds for either a schoolwide program or a targeted assistance program, depending on the school's poverty rate. Schools with 40 percent or more students from low-income families are eligible to adopt schoolwide programs, which are aimed at improving instruction throughout the entire school. Schools that are not eligible for (or do not choose to operate) schoolwide programs must use the funds to provide targeted services to specifically identified low-achieving students.

Under the law, schoolwide programs provide two kinds of flexibility. First, schools operating these programs do not need to restrict Title I funds to providing services for individual students who are specifically identified as "Title I students" because they are failing or most at risk of failing; rather, schools may use funds to improve instruction and services throughout the whole school, and the services provided do not need to be supplemental to those a school would otherwise provide. Second, a schoolwide program may consolidate Title I funds with other federal, state, and local funds to support a comprehensive and integrated approach to improving its instructional program. If a school consolidates Title I and other funds under a schoolwide program, it does not need to track its expenditures of federal funds by program nor does it need to comply with most of the statutory and regulatory requirements of those programs, as long as it meets the intent and purposes of each program.⁴⁶

Few districts (6 percent) that operated Title I schoolwide programs actually consolidated Title I funds and funds from other sources into a single pot of funds to support schoolwide activities.

Most commonly, districts reported that schoolwide programs *coordinated* their Title I funds with funds from other federal, state and local sources (62 percent). About one-fourth (23 percent) of districts reported that schoolwide programs used Title I funds more flexibly than targeted assistance programs but did not consolidate or coordinate Title I and other funds. Nine percent reported that schoolwide programs used Title I funds in a manner similar to that used by targeted assistance programs (see Exhibit 52).

⁴⁶ Under *NCLB*, the following requirements apply to record-keeping for schoolwide programs: "A school that consolidates and uses funds from different Federal programs under this section shall not be required to maintain separate fiscal accounting records, by program, that identify the specific activities supported by those particular funds as long as the school maintains records that demonstrate that the schoolwide program, considered as a whole, addresses the intent and purposes of each of the Federal programs that were consolidated to support the schoolwide program" (Section 1114(a)(3)(C)).

Exhibit 52
Consolidation of Program Funding in Districts With Schoolwide Programs, 2004–05

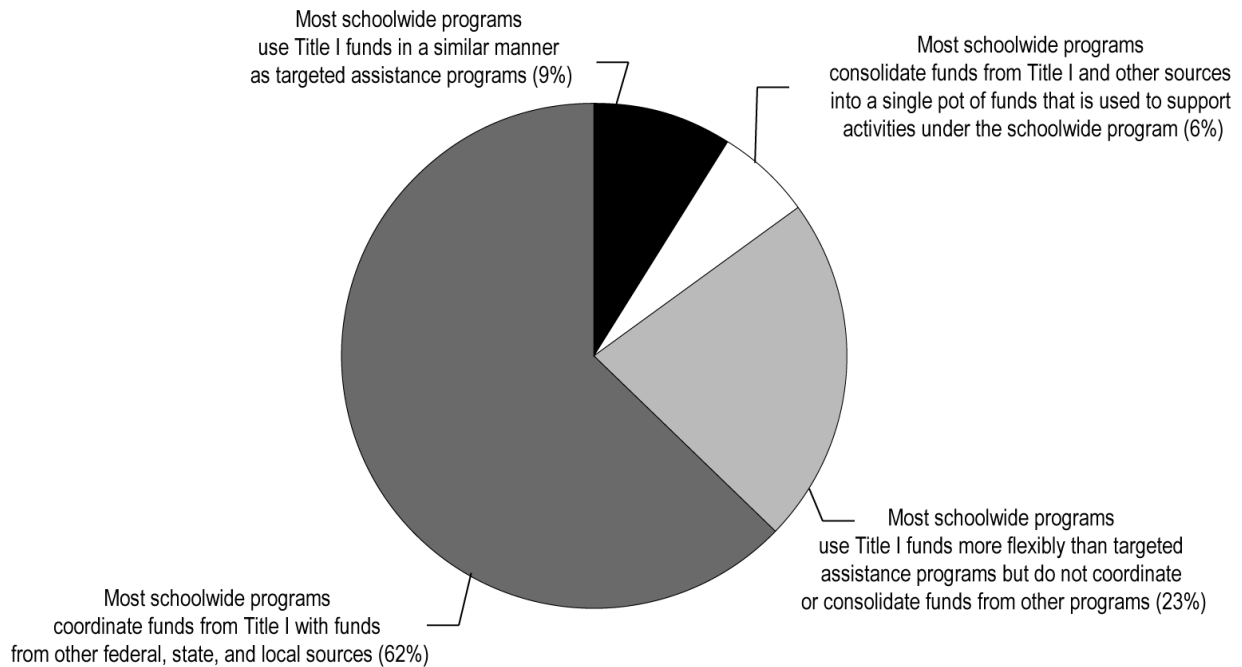


Exhibit reads: Of the districts that operated schoolwide programs, 6 percent consolidated funds from Title I and other sources.

Source: NLS-*NCLB*, district survey ($n=209$ districts).

Expenditure data submitted by districts provided further evidence that funds from different sources were not generally consolidated. Most districts in the study sample continued to maintain records on the distinct uses of Title I funds in schoolwide programs. Although such schools could coordinate Title I funds with other funds, they rarely consolidated these funds in such a way that expenditures could no longer be attributed or traced to Title I. For example, of the 621 Title I schools operating schoolwide programs in the study sample, personnel salary data could be traced directly to the Title I program for 613 schools (or 99 percent). This “response rate” was about the same as the expenditure data response rate for targeted assistance schools (99 percent).

According to district administrators, state accounting rules were the most common barrier to the consolidation of funds in schoolwide programs.

Forty-four percent of the district administrators surveyed indicated that state accounting rules were a barrier to the consolidation of funds, 42 percent reported concerns about potential audit exceptions as the barrier, and about a third (36 percent) reported that district accounting rules required separate accounting for different funding sources (see Exhibit 53). Other barriers included the need for training and understanding, in conjunction with the lack of information, about the program or finance issues among staff.

Exhibit 53
Barriers to Consolidation of Funding in Title I Schoolwide Programs, 2004–05

Percentage of Districts Reporting That Various Issues Posed a “Major” or “Moderate” Challenge for Consolidating Funds in Schoolwide Programs

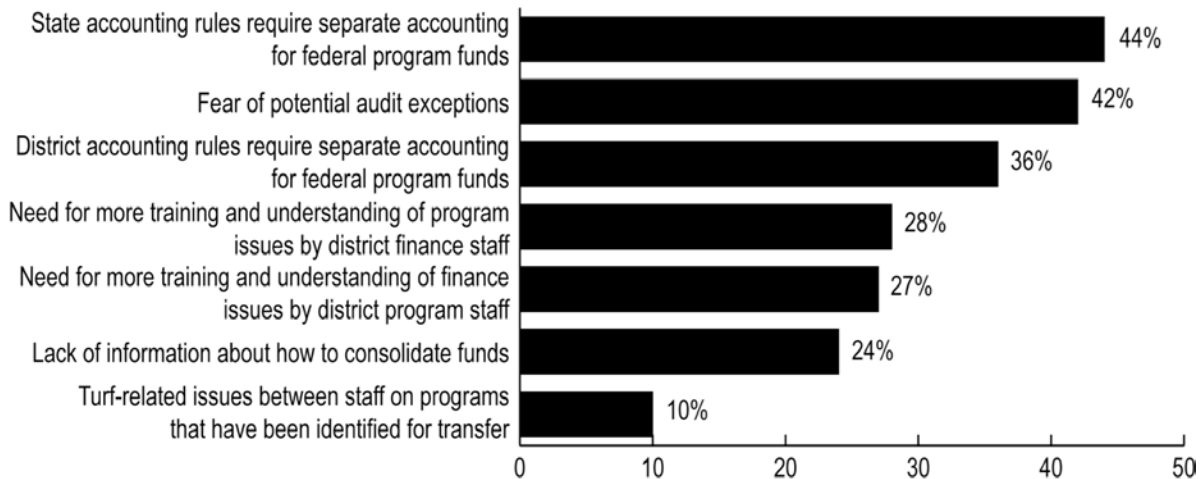


Exhibit reads: Forty-four percent of Title I districts indicated that state accounting rules posed a “major” or “moderate” challenge for consolidating funds in schoolwide programs.

Source: NLS-*NCLB*, district survey ($n=132$ districts).

DISCUSSION

Despite some variation across programs, districts used the majority of funds from the six federal programs studied for instruction. The majority of Title I, Title II, and Title III funds, in particular, were allocated toward instructional staff. In 2004–05, the proportion devoted to instruction ranged from just over half for CSR to almost three-fourths for Title I. Excluding Section 1003, which is part of Title I, CSR allocated the largest proportion of funds to instructional support expenditures, and Perkins allocated the largest percentage to instructional supplies and equipment.

The federal programs in this study were created to support educational improvement and target additional resources to meet the educational needs of school-age children who are economically and educationally disadvantaged. To accomplish these goals, states are required to send most of their federal funds to districts, and for some of the programs, districts are expected to send most of the grant funds to local schools. In general, findings from this study support this expected flow of funding from the state to the district and school levels. With the exception of Section 1003, Perkins and Reading First, states allocated over 85 percent of federal program funds to school districts. Almost three-fourths (74 percent) of Title I funds were allocated to the school level. However, between 1997–98 and 2004–05, the percentage of Title I dollars allocated to schools declined from 83 to 74 percent, and districts allocated a great share of the funds to non-administrative districtwide activities, such as professional development.

The six federal programs provided close to \$1.8 billion to support professional development in 2004–05. Title I and Title II were still the main sources of funding for professional development, with Title I providing more than half of the total funds. However, the other federal programs also contributed a significant share to spending on professional development.

Of the Title I funds spent on personnel resources at the school level, districts spent about 90 percent to employ instructional staff, including about four-fifths of this amount on teachers. Since 1997–98, districts have substantially increased their use of Title I funds to employ teachers, while decreasing the use of these funds to employ teacher aides. These combined findings—the increased reliance and spending on teachers (as opposed to teacher aides), and the considerable investment in professional development—appear consistent with *NCLB*'s goal of improving the qualifications of teachers and ensuring that high-quality teachers are recruited, trained, and hired to instruct the nation's public school children.

Successive reauthorizations of *ESEA*, and in particular its most recent reauthorization as *NCLB*, have sought to increase flexibility in the way funds are used to address program purposes. Under *NCLB*, schoolwide programs may consolidate Title I funds with other federal, state, and local funds to support a comprehensive and integrated approach to improving the school's instructional program. Despite this flexibility provision, districts generally have not consolidated Title I funds with other funding sources, but have simply coordinated spending strategies—suggesting that *NCLB*'s goals and provisions for flexibility may not yet have been fully realized.

IV. WHAT TITLE I ADDS TO STATE AND LOCAL RESOURCES AT THE SCHOOL LEVEL

Title I funding is intended to “supplement, not supplant” the base of state and local resources that would be provided to schools in the absence of the Title I program. Moreover, Title I requires that the base of state and local resources is to be comparable in Title I and non–Title I schools within a district. This chapter examines variation in the level of resources provided in different types of schools before Title I funds are added, as well as the amount of resources added through Title I funds. It also provides a national picture of how resources compare in Title I and non–Title I schools, as well as in high- and low-poverty schools and across other types of schools. This report *does not*, however, examine district compliance with the comparability and “supplement-not-supplant” requirements because the nationally representative sample of schools does not include all schools within each sample district.

Key Findings

- **On average, state and local funds provided similar levels of personnel resources to Title I and non–Title I schools. The highest- and lowest-poverty schools also did not differ in their personnel resources.** Total personnel expenditures per pupil from state and local funding did not differ significantly between Title I and non–Title I schools and between highest- and lowest-poverty schools. The average number of full-time equivalent (FTE) staff also did not differ significantly.
- **Title I added \$408 per low-income student (a 9 percent increase over base state and local sources) to school-level personnel resources.** The amount that Title I added to personnel expenditures was highest in elementary schools and lowest in high schools, but it did not vary significantly by school poverty level, type of Title I program (schoolwide or targeted assistance), or whether or not schools were identified for improvement. For elementary schools, Title I added a significantly higher amount of personnel resources in the lowest-poverty schools than in the highest-poverty schools.
- **Title I added more full-time-equivalent (FTE) staff in the highest-poverty schools than in the lowest-poverty schools.** Similarly, Title I added more FTE staff in schoolwide programs (typically the highest-poverty schools) than in targeted assistance schools (typically the lowest-poverty Title I schools). There was no difference in what Title I added to schools based on whether or not they were identified for improvement.
- **Teachers in the highest-poverty schools tended to have less experience, were less likely to have an advanced degree (master’s degree or higher), and had lower salaries than teachers in the lowest-poverty schools.** The highest-poverty schools also tended to have more teachers with less than three years of teaching experience when compared with the lowest-poverty schools.

A COMPARISON OF BASE STATE AND LOCAL PERSONNEL EXPENDITURES IN SCHOOLS CLASSIFIED BY TITLE I STATUS AND POVERTY

This analysis focused on personnel expenditures because data on total school-level expenditures are not generally available. Districts and schools typically do not keep records of all school-level expenditures because many expenses (especially non-personnel expenditures) are commonly accounted for at the district level and are not broken out or reported by the individual school. For example, instructional materials, books, capital outlay (e.g., technology), and other such non-personnel items may be expended on behalf of the schools, but are difficult to trace through school budgets to the specific schools that ultimately receive them. However, this study was able to estimate school-level personnel expenditures by using detailed personnel and payroll information collected on all staff in each sample school. Although data on personnel expenditures do not provide a complete picture of school resources, personnel expenditures account for approximately 90 percent of total Title I allocations to schools.

School personnel expenditures per student by Title I status

On average, Title I and non–Title I schools appeared to have a similar base level of state and local school personnel expenditures (i.e., excluding Title I and other federal funds).

Across the nation, Title I and non–Title I schools had similar base levels of state and local expenditures per student on both instructional and noninstructional school personnel (see Exhibit 54). There were no statistically significant differences between Title I and non–Title I schools at either the elementary or high school levels. At the middle school level, however, base state and local personnel expenditures per student at non–Title I schools (\$4,902) were 19 percent higher than at Title I schools (\$4,136).

Comparisons of spending across grade levels showed that Title I middle schools had significantly lower state and local personnel expenditures per student (\$4,136) than Title I elementary schools (\$4,486) and Title I high schools (\$4,931). Title I middle schools also had significantly lower base instructional personnel expenditures per student than Title I elementary and high schools. Non–Title I middle schools had significantly higher state and local expenditures per student (\$4,902) than non–Title I elementary schools (\$4,385).

The allocations of per-student expenditures for instructional and noninstructional staff were similar across Title I and non–Title I schools and across grade levels. About three-fourths of the state and local funds spent on school-level personnel were used to employ instructional staff.

Exhibit 54
Comparison of State and Local Resources: School-Level Personnel Expenditures per Student in Title I and Non-Title I Schools, 2004-05

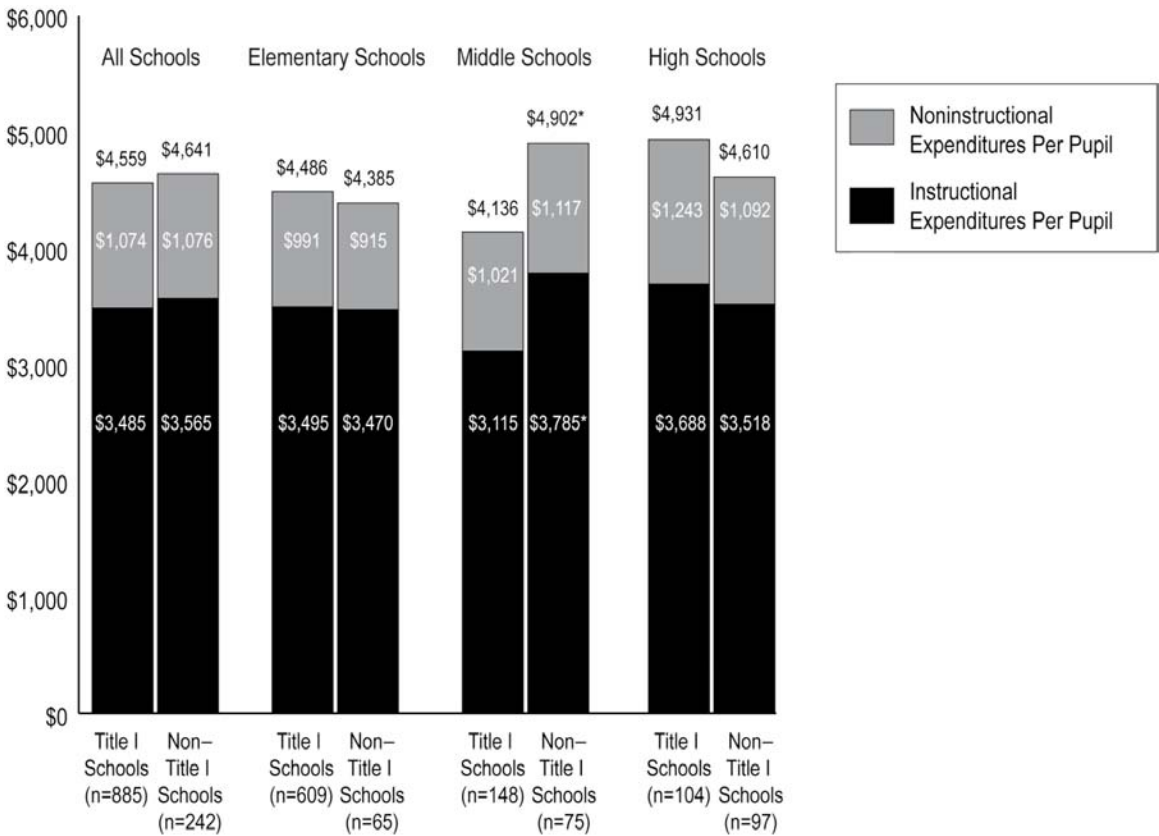


Exhibit reads: Across all schools, total personnel expenditures per student from state and local sources in Title I and non-Title I schools were similar (\$4,559 and \$4,641, respectively). Spending on instructional personnel was also similar across all Title I and all non-Title I schools (\$3,485 and \$3,565, respectively).

* Indicates that the amount is significantly different from the corresponding amount for Title I schools at the same grade level ($p < 0.05$).

Source: NLS-NCLB, district personnel records.

School staffing levels by Title I status

The following section compares the numbers of school staff provided by Title I and other nonfederal (i.e., state and local) funds in different types of schools. To compare school staffing levels in different types of schools, this analysis examined the number of full-time-equivalent (FTE) staff per school based on an enrollment size of 500 students, which is a rough approximation of the average school size in the United States. The average elementary school in 2003–04 enrolled 476 students and the average school at any grade level in the United States enrolled 521 students.⁴⁷

The base number of full-time equivalent (FTE) staff provided through state and local funds was similar in Title I and non–Title I schools.

Overall, Title I and non–Title I schools employed similar numbers of FTE staff per 500 students enrolled (Exhibit 55). This finding holds not only in the comparison across all schools combined but also in the comparison across elementary and high schools. However, like the findings on per student personnel expenditures, non–Title I middle schools had significantly more FTE staff funded through state and local resources than Title I middle schools (48.1 and 43.0 FTE per 500 students enrolled, respectively). This difference is largely due to a higher number of teachers and noninstructional staff employed in non–Title I compared with Title I middle schools.

Exhibit 55
Comparison of State and Local Resources: Number of FTE Staff per School of 500 Students in Title I and Non–Title I Schools, by Grade Level, 2004–05

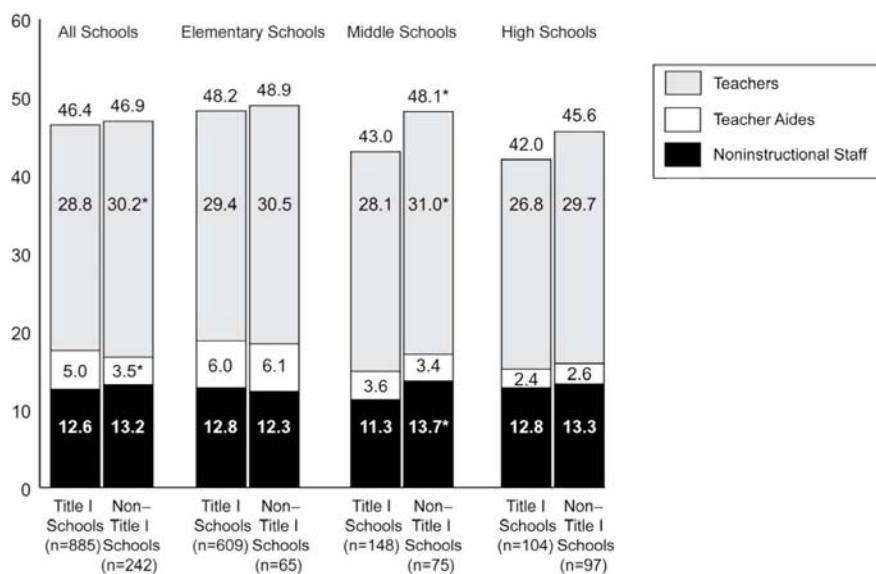


Exhibit reads: In an average-size Title I school of 500 students, state and local funds supported 46.4 FTE staff, including 28.8 teachers, 5.0 teacher aides, and 12.6 noninstructional staff.

* Indicates that the number of FTE staff is significantly different from the corresponding number of FTE staff in Title I schools at the same grade level ($p < 0.05$).

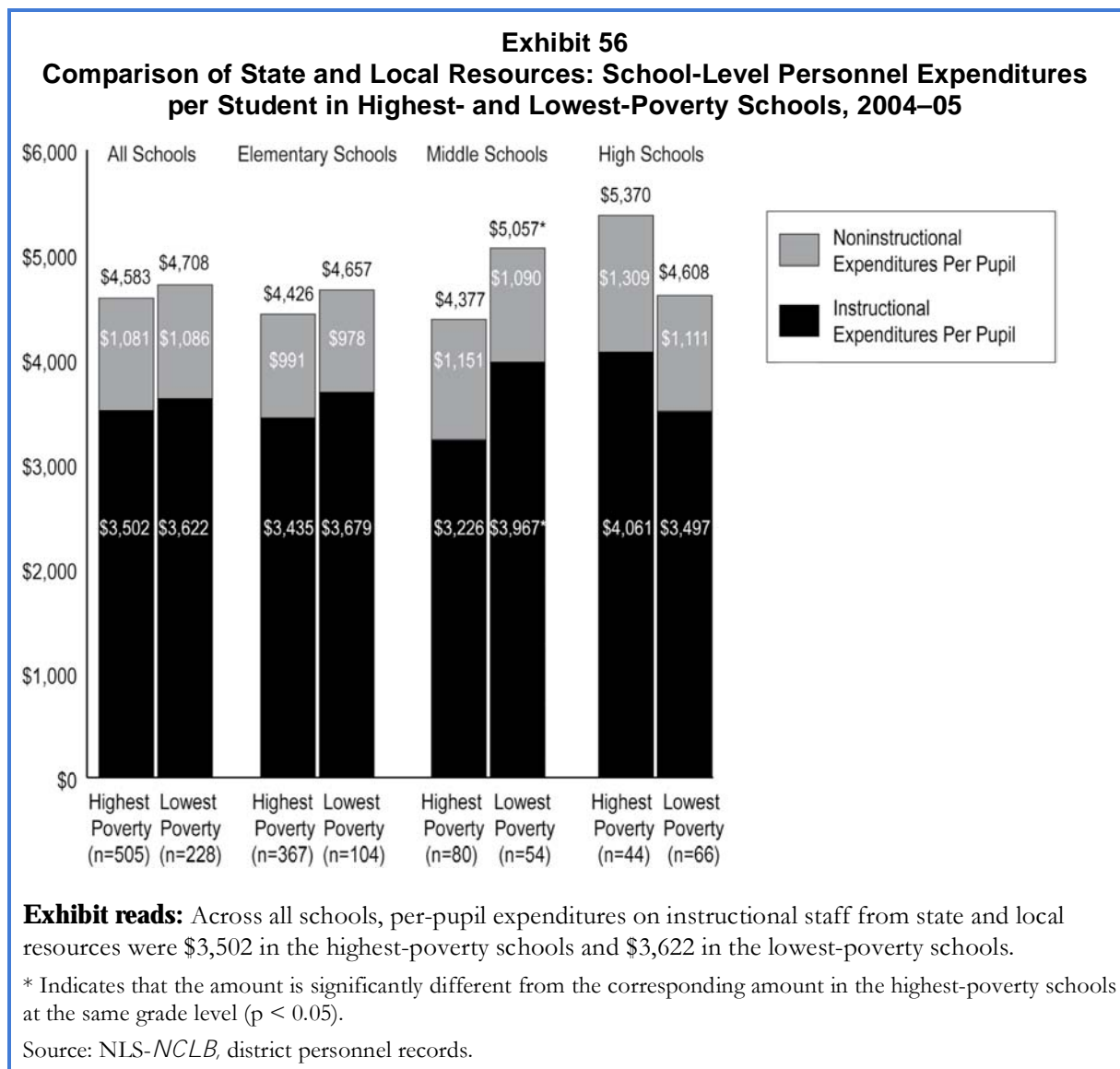
Source: NLS-*NCLB*, district personnel records.

⁴⁷ See NCES, Digest of Education Statistics 2005, Table 93, <http://nces.ed.gov/programs/digest/d05/tables/xls/tabn093.xls>.

School personnel expenditures per student by poverty level

Across all schools, state and local personnel spending per student was similar in the highest- and lowest-poverty schools.

In particular, state and local personnel spending per student in the elementary and high schools, and in all schools combined, did not significantly vary between the highest- and lowest-poverty schools (see Exhibit 56). However, state and local personnel spending per student in the lowest-poverty middle schools was significantly higher than in the highest-poverty middle schools.



Although the difference in state and local personnel spending per student between the highest- and lowest-poverty high schools appears large (\$5,370 and \$4,608, respectively), this difference was not

statistically significant; it should be noted that the sample sizes for high schools and middle schools were relatively small.

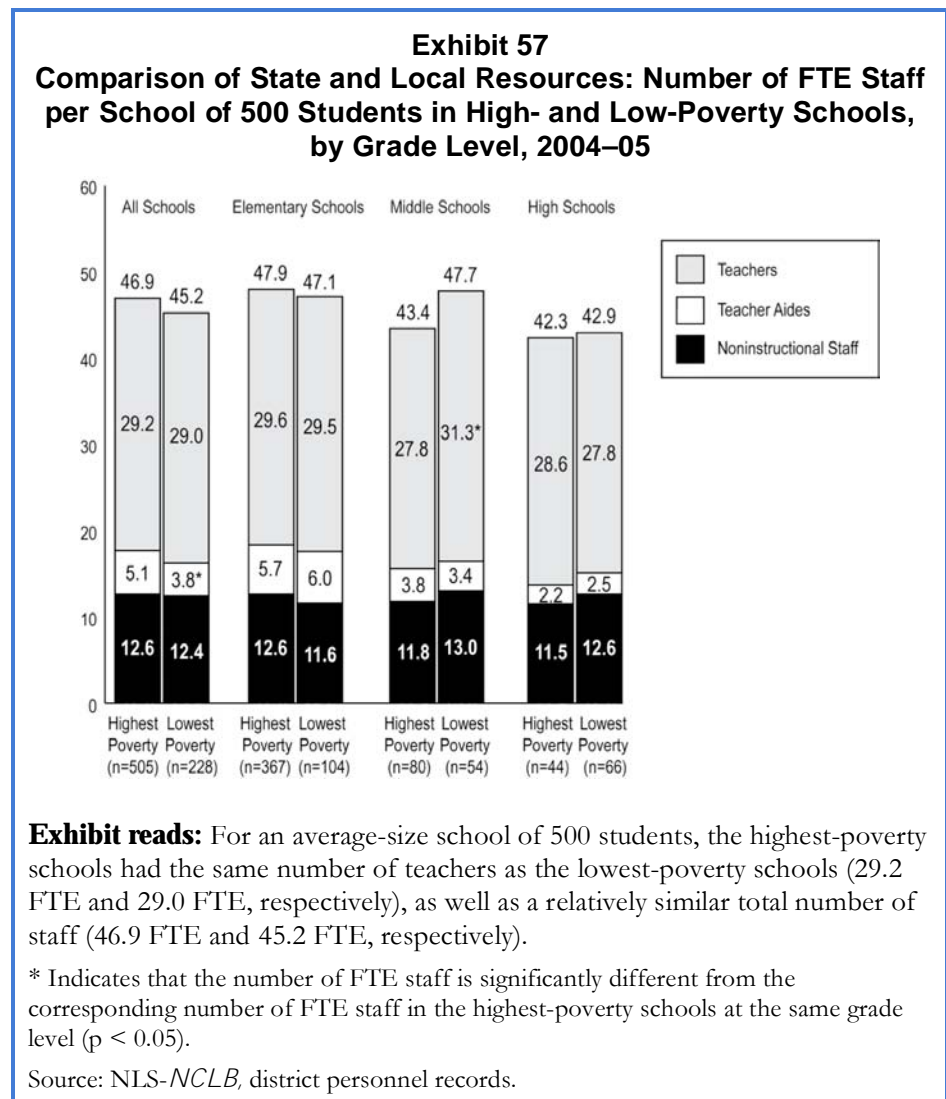
A similar analysis that included only Title I schools yielded similar results (see Appendix Exhibit B.19).

School staffing levels by school poverty level

Overall, the base number of full-time equivalent (FTE) staff provided through state and local funds was similar in the highest- and the lowest-poverty schools. However, the highest-poverty schools had a larger number of teacher aides than the lowest-poverty schools.

Overall and by grade level, the highest- and the lowest-poverty schools had similar numbers of FTE staff per 500 students enrolled (see Exhibit 57). The base total numbers of staff supported by state and local funds in the highest-poverty and the lowest-poverty schools were 46.9 FTE and 45.2 FTE, respectively. The highest- and lowest-poverty schools within the elementary, middle, and high school categories likewise showed similar base resources in terms of total number of staff, including total number of instructional staff. Although the total number of base instructional staff supported by state and local funds was similar in the highest- and the lowest-poverty schools, the highest-poverty schools, on average, had

more teacher aides than the lowest-poverty schools (5.1 FTE teacher aides vs. 3.8 FTE teacher aides). At the middle school level, state and local funds supported fewer teachers (27.8 FTEs) in the highest-poverty middle schools than in the lowest-poverty middle schools (31.3 FTEs).



Teacher characteristics and school spending by school poverty level

The similarity in base funding across most Title I and non–Title I schools does not necessarily mean that students in these schools have teachers with similar characteristics.

Teachers in the highest-poverty schools tended to have less experience, were less likely to have an advanced degree (master’s degree or higher), and had lower salaries than teachers in the lowest-poverty schools.

While state and local spending was similar in the highest- and lowest-poverty schools, there were some differences in the characteristics of teachers in these schools. On average, the highest-poverty schools employed teachers with less teaching experience (12.4 years) than the lowest-poverty schools (14.7 years) (see Exhibit 58). Similarly, the proportion of teachers with fewer than three years of teaching experience was twice (14 percent) that of the lowest-poverty schools (7 percent). The highest-poverty schools also contained a significantly lower portion of teachers with a master’s degree or higher (44 percent) than the lowest-poverty schools (58 percent). Because these differences in experience and educational preparation are commonly often related to salary differences, the average teacher in the lowest-poverty schools received a salary that was 11 percent higher than that paid to teachers in the highest-poverty schools (\$47,711 vs. \$43,174). However, the lowest-poverty and highest-poverty schools did not differ in their student-to-teacher ratio, percentage of secondary English and mathematics teachers with a degree in the field they teach, and their total spending on school personnel.

Exhibit 58		
Comparison of State and Local Resources:		
Instructional Staff in the Highest-Poverty and Lowest-Poverty Schools, 2004–05		
	Highest-Poverty Schools	Lowest-Poverty Schools
Per-student expenditures on instructional staff ^a	\$3,502	\$3,622
Ratio of students to all teachers ^a	19.0	18.6
Average teacher salary ^a	\$43,174*	\$47,711
Average years of teaching experience ^b	12.4*	14.7
Percent of teachers with fewer than three years of teaching experience ^b	14%*	7%
Percent of teachers with master’s degree or higher ^b	44%*	58%
Percent of secondary English and mathematics teachers with a degree in the field that they teach ^b	56%	60%

Exhibit reads: The highest-poverty schools had an average per-student instructional expenditure of \$3,502 from state and local revenues, compared with \$3,622 in the lowest-poverty schools.

* Indicates that the amount for the highest-poverty schools is significantly different from the amount for the lowest-poverty schools ($p < 0.05$).

^a Source: Payroll data from sample districts. Average teacher salary calculations included all regular classroom teachers and special education teachers funded through state and local funds; the calculations did not include resource teachers or special education resource teachers ($n=738$ schools, including 245 lowest-poverty schools and 493 highest-poverty schools).

^b Source: NLS-*NCLB*, teacher survey ($n=93$ to 288 lowest-poverty schools and 298 to 627 highest-poverty schools).

WHAT TITLE I ADDS TO SCHOOL PERSONNEL RESOURCES

This section of the report examines what Title I added to school spending and staffing, in Title I schools overall and in different types of Title I schools, including elementary and secondary schools, highest- and lowest-poverty schools, schoolwide and targeted assistance schools, and schools identified for improvement. We first examined school-level personnel expenditures and then the numbers of teachers, aides, and other staff who were added in a typical-sized school.

School personnel expenditures

This analysis compared Title I school-level personnel expenditures per low-income student with the base amount of state and local school-level personnel expenditures per student. The analysis implicitly assumed that each school distributed its state and local school-level personnel resources equally across all students; thus, the amount spent on the average student was identical to the amount spent on each low-income student. While this assumption may not be true, it permitted an examination of what Title I added to school-level resources (to provide additional support for at-risk students) in different types of schools and as a percentage of the average per-student resources available before the addition of Title I funds. Title I spending per low-income student was examined because Title I funds are allocated to schools on the basis of the numbers of low-income students in order to target more of the funds to schools with the greatest needs.

Title I added \$408 per low-income student to personnel expenditures, representing a 9 percent increase over base state and local per student spending on school personnel.

In 2004–05, the average Title I school spent \$4,559 per student (across all students in the school) on school personnel, excluding Title I funding. Title I added \$408 per low-income student to school personnel spending on average, equivalent to a 9 percent increase over the base-level of personnel expenditures (see Exhibit 59).

The amount that Title I added to personnel expenditures was highest in elementary schools and lowest in high schools, but it did not vary significantly by school poverty level, type of Title I program, or school identification status.

Title I added \$523 per student to the base level of personnel expenditures in elementary schools (a 12 percent increase) compared with \$354 in middle schools (a 9 percent increase) and \$229 in high schools (a 5 percent increase).

In the highest-poverty schools, across all grade levels, Title I personnel expenditures per low-income student were not significantly different from those in lowest-poverty schools.⁴⁸ However, for elementary

⁴⁸ When these figures are compared with the findings in Chapter II (e.g., Exhibit 22), the Title I allocations per low-income student show larger disparities by school poverty level than in the personnel expenditure analysis shown in this chapter. Several factors may contribute to this difference. First, personnel expenditures are a subset of total expenditures, and it is possible that non-personnel expenditures, which we were not able to measure at the school level, may vary more by school poverty level than the personnel expenditures examined in this chapter. Second, the personnel expenditures reported in this chapter were based on actual salaries for staff assigned to each school and benefits that were estimated based on district average rates (expressed as a percentage of salaries), which may not reflect how personnel expenditures were actually charged against schools' Title I allocations in each district (districts are permitted to charge personnel expenditures against Title I allocations using either actual or average compensation levels). Third, the school samples for the two analyses were different: the allocations analysis in Chapter II was based on all schools in the

schools, Title I added a significantly higher amount of personnel resources in the lowest-poverty schools (\$825 per low-income student, an 18 percent increase) than in the highest-poverty schools (\$449 per low-income student, a 10 percent increase) (see Exhibit C.41).⁴⁹

Exhibit 59			
Amount That Title I Added to School-Level Personnel Expenditures, by Type of Title I School, 2004–05			
	Base School-Level Personnel Expenditures per Student	Amount Added per Low-Income Student Through Title I	Percentage Added per Low-Income Student Through Title I
All Title I schools (<i>n</i> =885)	\$4,559	\$408	+9%
School grade level			
Elementary schools (<i>n</i> =609)	\$4,486	\$523	+12%
Middle schools (<i>n</i> =148)	\$4,137	\$354 ^a	+9%
High schools (<i>n</i> =104)	\$4,931	\$229 ^a	+5%
School poverty level			
Highest-poverty (75% or more) (<i>n</i> =501)	\$4,582	\$402	+9%
Lowest-poverty (less than 35%) (<i>n</i> =76)	\$4,992	\$475	+9%
School poverty level for elementary schools			
Highest-poverty (75% or more) (<i>n</i> =365)	\$4,428	\$449	+10%
Lowest-poverty (less than 35%) (<i>n</i> =60)	\$4,682	\$825 ^b	+18%
Type of Title I program			
Schoolwide programs (<i>n</i> =616)	\$4,478	\$395	+9%
Targeted assistance programs (<i>n</i> =189)	\$4,718	\$464	+10%
School identification status			
Title I schools identified for improvement (<i>n</i> =354)	\$4,806	\$387	+8%
Title I non-identified schools (<i>n</i> =482)	\$4,417	\$421	+10%
<p>Exhibit reads: Title I spending on school personnel added \$408 per low-income student, a 9 percent increase over the base level of personnel expenditures (\$4,559).</p> <p>Notes: ^a indicates that the amount added through Title I was significantly different from the value for elementary schools ($p < 0.05$). ^b indicates that the amount added through Title I was significantly different from the value for highest-poverty elementary schools. Other differences between groups were not statistically significant.</p> <p>Source: NLS-<i>NCLB</i>, district personnel records.</p>			

sample districts (8,564 Title I schools), while the personnel expenditures analysis in this chapter was based on the subsample of schools that were selected for more in-depth data collection and analysis (885 Title I schools).

⁴⁹ Sample sizes for the lowest-poverty middle and high schools were not sufficient to run the same analysis for these levels.

The amount of personnel resources per low-income student added through Title I funds was not significantly different in schoolwide vs. targeted assistance programs or in schools identified for improvement vs. non-identified schools.

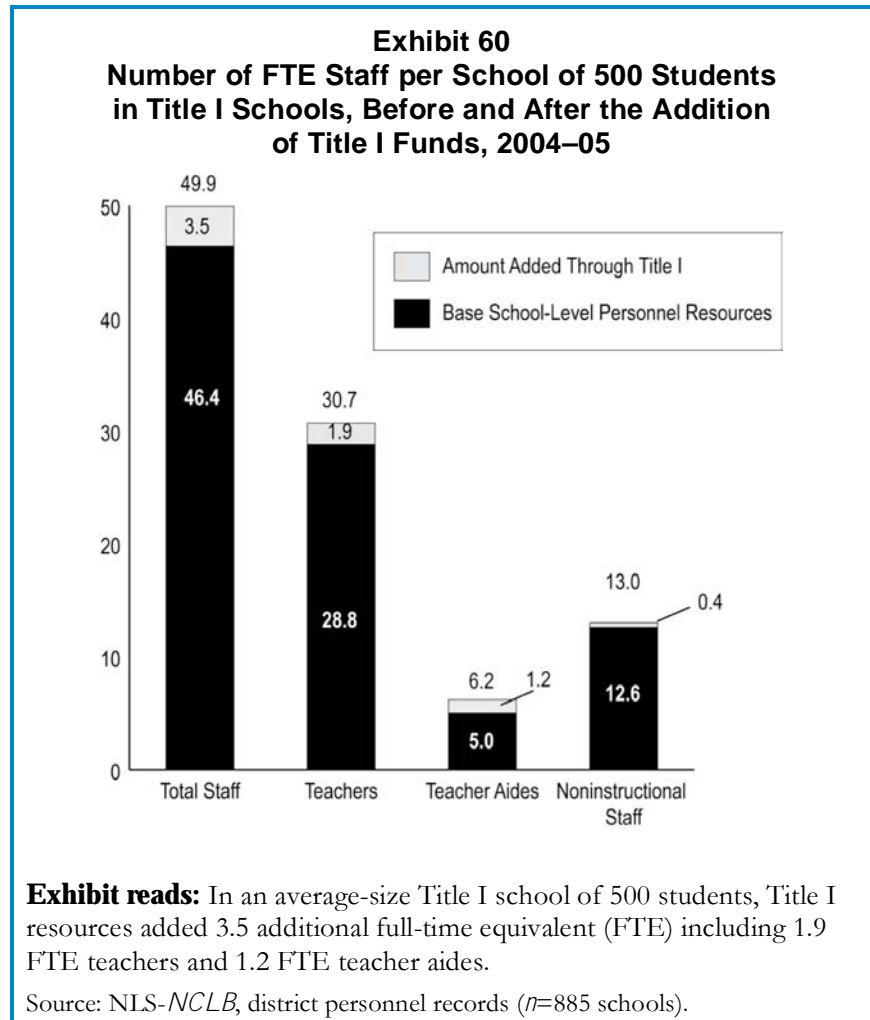
Additional school staff funded by Title I

To compare the numbers of Title I-funded staff provided in different types of schools on a consistent basis, this analysis examines the number of full-time-equivalent (FTE) staff per school based on an average enrollment size of 500 students.

In an average-size Title I school, Title I added approximately two teachers and one teacher aide.

In an average-size Title I school with 500 students, Title I added 3.5 additional FTE staff, including 1.9 FTE teachers, 1.2 FTE teacher aides, and 0.4 FTE noninstructional staff. The addition of Title I staff resulted in a 7 percent increase in the average number of teachers (from 28.8 to 30.7), a 24 percent increase in the number of teacher aides, and a 3 percent increase in noninstructional staff (see Exhibit 60).

At the elementary level, Title I added an average of 2.3 teachers and 1.6 teacher aides in an average-size school.



Title I supported a larger number of staff in elementary schools (4.3 FTEs) than in middle schools (2.4 FTEs) or high schools (1.1 FTEs) (see Exhibit 61). The mix of Title I staff also varied between elementary and secondary schools: in elementary schools, teacher aides accounted for 37 percent of Title I staff (1.6 out of 4.3 FTEs), whereas in middle schools and high schools, aides accounted for 19 percent of all Title I staff (see Exhibit 62). Noninstructional staff accounted for a higher proportion of Title I staff at the secondary level (19 percent of Title I staff in high schools, compared with 9 percent in elementary schools).

In the highest-poverty Title I schools, Title I added approximately 2.4 teachers and 1.3 teacher aides per school of 500 students.

Title I funds added more staff (4.4 FTEs) in the highest-poverty schools than in the lowest-poverty schools (1.7 FTEs). The number of Title I teachers added in the highest-poverty schools (2.4 FTEs) was more than double the number added in the lowest-poverty schools (0.9 FTE). Noninstructional staff accounted for a higher proportion of Title I staff in the highest-poverty schools (16 percent, vs. 4 percent in the lowest-poverty schools).

In Title I schoolwide programs, Title I funds added a total of 4.0 FTEs, compared with 2.6 FTEs in targeted assistance programs. The number of teachers added in schoolwide programs (2.2 FTEs) was also slightly higher than in targeted assistance programs (1.5 FTEs). The percentage of noninstructional staff also differed significantly between schoolwide and targeted assistance programs (12 percent vs. 6 percent).

In schools that were identified for improvement, the total number of Title I staff was not statistically different from schools that were not identified for improvement. However, non-identified schools had more Title I-funded teacher aides (1.4 FTEs) than identified schools (0.6 FTE). Similarly, teacher aides accounted for 38 percent of Title I staff in non-identified schools, twice their proportion of Title I staff in identified schools (19 percent).

Exhibit 61
Number of FTE Staff Added Through Title I Funds,
per School of 500 Students, by School Grade Level, 2004–05

	Total Staff	Teachers	Teacher Aides	Noninstructional Staff
All Title I schools (<i>n</i> =885)	3.5	1.9	1.2	0.4
School grade level				
Elementary schools (<i>n</i> =609)	4.3	2.3	1.6	0.4
Middle schools (<i>n</i> =148)	2.4 ^a	1.6 ^a	0.5 ^a	0.3
High schools (<i>n</i> =104)	1.1 ^a	0.7 ^a	0.2 ^a	0.2 ^a
School poverty level				
Highest poverty (75% or more) (<i>n</i> =501)	4.4	2.4	1.3	0.7
Lowest poverty (less than 35%) (<i>n</i> =76)	1.7 ^b	0.9 ^b	0.7 ^b	0.1 ^b
Type of Title I program				
Schoolwide programs (<i>n</i> =616)	4.0	2.2	1.3	0.5
Targeted assistance programs (<i>n</i> =189)	2.6 ^c	1.5 ^c	0.9	0.2 ^c
School identification status				
Title I schools identified for improvement (<i>n</i> =354)	3.2	2.1	0.6	0.5
Title I non-identified schools (<i>n</i> =482)	3.6	1.9	1.4 ^d	0.3 ^d

Exhibit reads: In an average-size Title I school of 500 students, Title I resources added a total of 3.5 full-time equivalent (FTE) staff, including 1.9 teachers, 1.2 teacher aides, and 0.4 noninstructional staff.

Notes: ^a indicates the FTE in a particular staffing category (e.g., teachers) was significantly different from the FTE for elementary schools ($p < 0.05$). ^b indicates the FTE is significantly different from the FTE for the highest-poverty schools ($p < 0.05$). ^c indicates FTE is significantly different from the FTE for schoolwide programs ($p < 0.05$). ^d indicates the FTE is significantly different from the FTE for identified schools ($p < 0.05$). Other differences between groups were not statistically significant.

Source: NLS-*NCLB*, district personnel records.

Exhibit 62
Distribution of FTE Staff Added Through Title I Funds,
by Type of Title I School, 2004–05

	Teachers	Teacher Aides	Noninstructional Staff
All Title I schools (<i>n</i> =885)	56%	34%	11%
School grade level			
Elementary schools (<i>n</i> =609)	53%	37%	9%
Middle schools (<i>n</i> =148)	67%	19% ^a	14%
High schools (<i>n</i> =104)	62%	19% ^a	19% ^a
School poverty level			
Highest poverty (75% or more) (<i>n</i> =501)	54%	30%	16%
Lowest poverty (less than 35%) (<i>n</i> =76)	56%	40%	4% ^b
Type of Title I program			
Schoolwide programs (<i>n</i> =616)	55%	33%	12%
Targeted assistance programs (<i>n</i> =189)	60%	34%	6% ^c
School identification status			
Title I schools identified for improvement (<i>n</i> =354)	65%	19%	16%
Title I non-identified schools (<i>n</i> =482)	53%	38% ^d	9% ^d

Exhibit reads: Fifty-six percent of the FTE staff added through Title I funds were teachers.

Note: Row totals may not add to 100 percent due to rounding.

Notes: ^a indicates the percentage of Title I staff in a particular staffing category (e.g., teachers) was significantly different from the percentage for elementary schools ($p < 0.05$). ^b indicates the percentage is significantly different from the percentage for the highest-poverty schools ($p < 0.05$). ^c indicates the percentage is significantly different from the percentage for schoolwide programs ($p < 0.05$). ^d indicates the percentage is significantly different from the percentage for identified schools ($p < 0.05$). Other differences between groups were not statistically significant.

Source: NLS-*NCLB*, district personnel records.

DISCUSSION

This chapter explored the amounts and types of personnel resources made available to schools through state and local funding sources, and it examined the extent to which Title I funding added to these base resources. In 2004–05, base state and local personnel resources available to Title I and non–Title I schools were similar, using personnel expenditures per student or staffing levels as an indicator. Title I funds added about 9 percent to state and local personnel spending per low-income student. However, there were no differences in what Title I added in school personnel to schools based on school poverty, type of Title I program (schoolwide or targeted assistance program), or whether the school was identified for improvement.

Several differences emerged in terms of funding by grade level and teacher experience. Specifically, more Title I funding was added per low-income student enrolled in elementary schools than in the middle or high schools.

Perhaps of most significance were the differences in teacher characteristics and compensation across schools. When compared with teachers in the lowest-poverty schools, teachers in the highest-poverty schools were less experienced, were less likely to have advanced degrees, and had lower average salaries.

V. CONCLUSION

NCLB, the latest reauthorization of *ESEA*, contains a blend of requirements, incentives, and resources to help schools and districts close the achievement gap between disadvantaged students and their peers. Effectively targeting resources to the students with the greatest needs is the central focus of the law's fiscal provisions. This report describes the implementation of the targeting and resource allocation provisions under *NCLB* for six federal programs.⁵⁰ This chapter presents a summary of the primary findings of the study. For the most part, the findings are based on data gathered for the 2004–05 school year as part of the NLS-*NCLB*. In addition, some of the analyses are based on comparisons between the NLS-*NCLB* data and similar data collected during the 1997–98 school year as part of the Study of Education Resources and Federal Funding (SERFF), the U.S. Department of Education's previous study of targeting and resource allocation of federal programs, and data from the NCES Common Core of Data.

1. How are federal funds distributed among districts and schools in relation to poverty level, school grade level, and schools identified for improvement?

Federal education programs were more strongly targeted to high-poverty districts than were local and state funds. While the highest-poverty districts received higher levels of federal and state revenues, they received substantially lower levels of revenue from local sources, resulting in lower total revenues per student.

The programs studied in this report differed substantially in the numbers of districts and schools they reached. Formula grants generally reached a larger proportion of districts and schools, while discretionary grant funds were typically distributed to a smaller number of grantees. Title I and Title II, the two largest formula programs in the study, reached almost all of the nation's school districts (93 and 99 percent, respectively). At the other end of the scale, Reading First, CSR, and Section 1003(a), all discretionary grants, reached 8 to 10 percent of the school districts. Title III and Perkins Vocational Education reached 41 and 51 percent of the districts in the nation, respectively.

Although most federal program funds, including Title I, were generally targeted to schools and districts with the greatest needs, the level of targeting varied across programs, reflecting the nature of the different targeting provisions specified under the law. Section 1003(a), Reading First, and CSR provided the largest share of funds to the highest-poverty districts (73, 58, and 57 percent, respectively), which enrolled 49 percent of the nation's poor school-age children. For Title I, over 50 percent of funds went to the highest-poverty districts, about the same as their share of poor children. For Title II and Title III, the share of funds allocated to the highest poverty quartile of districts was less than their share of poor children.

Under some federal programs, funds are allocated to individual schools as well as being used to provide districtwide services. In 2004–05, districts allocated 74 percent of Title I, 83 percent of Reading First, and 79 percent of CSR funds to individual schools. Title I funds reached 56 percent of the nation's public schools received Title I funds, while the much smaller Reading First and CSR programs reached 1 to 2 percent of the schools (Reading First funds reached 4 percent of all elementary schools). High-poverty schools (schools with over 50 percent of students eligible for free or reduced-price lunches) received a large majority of Reading First (95 percent), CSR (83 percent),

⁵⁰ Five of the six programs are part of *NCLB*, while a sixth (Perkins Vocational Education State Grants) is implemented under a separate law.

and Title I funds (76 percent). Elementary schools received all of the Reading First funds, a majority of Title I funds, and about half of CSR funds.

Focusing just on Title I, more than 90 percent of the highest-poverty schools received Title I funds in 2004–05. Elementary schools were more likely to receive Title I funds than were secondary schools; elementary schools also received more Title I dollars per low-income student. Schools identified for improvement were more likely to receive Title I funds than non-identified schools, but they received fewer Title I dollars per low-income student.

2. Have Title I funding patterns changed since the 2001 reauthorization of the *Elementary and Secondary Education Act (ESEA)*?

The 2001 reauthorization and the addition of new funding formulas were intended to target more funds to the highest-poverty districts. However, despite efforts to target more funds to high-poverty districts by allocating an increasing share of the funds through the Targeted and Incentive Grants formulas, the targeting of Title I funds to districts changed only marginally between 1997–98 and 2004–05. The highest-poverty districts received 52 percent of total Title I funds in 2004–05, compared with 50 percent in 1997–98, while the lowest-poverty districts saw their share of funds decline from 8 to 6 percent over the same period. The distribution of poor children remained unchanged during this period.

While the shares of Title I dollars going to districts across the poverty levels did not change substantially between 1997–98 and 2004–05, the highest-poverty districts received more Title I dollars per pupil than the lowest-poverty districts. These findings may be attributed to the substantial growth in Title I funds among the highest-poverty (57 percent) compared with the lowest-poverty districts (13 percent), while there was a relatively modest growth in the numbers of poor children in these two categories of districts (4 vs. 7 percent). The growth in funding for the highest-poverty districts largely reflects the overall growth in appropriations during this period (51 percent), and districts in the middle two poverty quartiles received similar funding increases.

While federal funds appeared to be targeted to high-poverty districts and schools, Title I funding per low-income student in the highest-poverty schools remained unchanged between 1997–98 and 2004–05. Although total Title I funding for these schools grew, the increase basically kept pace with the increase in the number of low-income students, resulting in essentially no change in Title I funding per low-income student. Finally, the highest-poverty schools continued to receive smaller allocations per low-income student than the lowest-poverty schools.

3. How do districts use Title I and other federal funds?

Federal program funds were mainly used for instruction. Across the six federal programs studied, districts used from 51 to 75 percent of the funds for instruction, which included hiring of instructional staff, paying for instructional materials and equipment, and providing other instructional services. The programs with the highest level of spending on instruction were Title I, Title III, and Perkins (72 to 75 percent). Instructional staff accounted for more than half of district expenditures under Title II, Title I, and Title III (63, 59, and 55 percent, respectively). Other instructional expenditures were highest under Perkins (45 percent) and Section 1003 (31 percent); for Perkins this mainly consisted of instructional materials and technology. Instructional support and student support accounted for a relatively large share of the funds under Section 1003 (42 percent) and CSR (39 percent), which seems consistent with the focus on school improvement and reform intended for these two programs.

The six federal programs provided \$1.8 billion to support professional development in 2004–05, based on fiscal records, with Title I providing more than half of these funds (\$1.0 billion), followed by Title II (\$518 million). However, these figures likely underestimate spending on professional development, because district accounting systems do not always clearly identify such expenditures. A survey of Title II district coordinators suggested that districts actually spent \$959 million in Title II funds for professional development, a figure more than 80 percent higher than the estimate of \$529 million obtained from fiscal records.

4. How are Title I funds used at the school level? How does the spending pattern differ across Title I schools?

Of Title I funds spent on school personnel resources, on average, almost 90 percent were spent on instructional staff. Of this amount, over four-fifths were spent on teachers and the rest on teacher aides. Noninstructional personnel spending (12 percent) went toward instructional support staff such as librarians and counselors (7 percent) and program administrators (5 percent). The highest-poverty Title I schools tended to spend proportionately more of their Title I funds on instructional support and proportionately less on instructional staff, compared with the lowest-poverty Title I schools. Similarly, schools identified for improvement and schoolwide programs also spent relatively more of their Title I funds on support staff and less on instructional staff, although instructional staff still accounted for the large majority of Title I personnel expenditures in all types of schools.

5. How have Title I spending patterns on instructional staff changed since the 2001 reauthorization of the *Elementary and Secondary Education Act*?

Title I schools decreased their reliance on Title I teacher aides in recent years. The full-time-equivalent (FTE) number of Title I teachers increased by almost 50 percent between 1997–98 and 2004–05, while the FTE number of Title I teacher aides decreased by 10 percent. The ratio of Title I teacher aides to Title I teachers declined by about 40 percent from just over 1 aide per teacher to about 0.6 of an aide per teacher during this period.

6. How do school districts and schools use the flexibility option in the law to combine and use federal funds?

The total number of schoolwide programs has increased dramatically, from 5,050 in 1994–95 to 31,445 in 2004–05, reflecting the lowering of the eligibility threshold from 75 percent poverty originally to 40 percent under *NCLB*.

Under the law, schoolwide programs may consolidate Title I funds with other federal, state, and local funds in order to support a comprehensive and integrated approach to improving the school's instructional program. However, few districts (6 percent) that implemented Title I schoolwide programs reported that these programs actually *consolidated* Title I funds and other funding sources to support activities under the schoolwide program.

Most commonly, districts reported that schoolwide programs *coordinated* their Title I funds with funds from other federal sources or state and local sources. Districts most commonly cited state accounting rules as a barrier to consolidation of funds in schoolwide programs.

7. How do state and local resources compare in Title I and non-Title I schools and across schools of different poverty levels?

The “comparability” requirement in the Title I program requires individual school districts to distribute their state and local resources equitably among their schools, so that the Title I resources added in high-poverty schools can be truly supplemental. While the present study *does not* have a sufficient sample of schools within any given district to examine whether the comparability requirement is being met within districts, we were able to compare average resource levels by school Title I status and poverty level across all schools in the study sample.

Across all grade levels, Title I and non-Title I schools spent similar amounts of state and local funds on school personnel and funded similar numbers of FTE staff with these funds (before the addition of Title I funds). Similarly, the highest- and lowest-poverty schools did not differ significantly in their average personnel expenditures per student and number of FTE staff funded through state and local funds. However, teachers in the highest-poverty schools tended to have less experience, were less likely to have an advanced degree (master’s degree or higher), and had lower salaries, compared with teachers in the lowest-poverty schools.

8. What does Title I add to school personnel resources, and how does this vary by school grade level, poverty level, and type of Title I program?

Overall, Title I added \$408 per low-income student (a 9 percent increase over base state and local resources) to school-level personnel resources. The amount that Title I added to personnel expenditures was highest in elementary schools and lowest in high schools, but it did not vary significantly by school poverty level, type of Title I program, or school identification status.

In a typical Title I school, Title I added a total of 3.5 additional FTE staff, including 1.9 FTE teachers, 1.2 FTE teacher aides, and 0.4 FTE noninstructional staff. Title I supported a larger number of staff in elementary schools than in middle schools or high schools. Similarly, Title I funds added more staff to the highest-poverty schools than to the lowest-poverty schools. Title I funds also supported more staff in schoolwide programs than in targeted assistance programs. However, there was no significant difference in what Title I added to schools that were identified for improvement and schools that were not identified.

The targeting of Title I funds is of particular importance because *NCLB* has revised the ways in which Title I funds are distributed, in part to target more funds to students with the greatest needs. It is commonly accepted that greater needs are found in schools with high concentrations of low-income children (Kennedy, Jung, & Orland, 1986; Orland, 1990; Wolf, 1977). Although the highest-poverty districts have seen an increase in their share of Title I funds, the highest-poverty schools continue to receive smaller Title I allocations per low-income student than do the lowest-poverty schools. Moreover, this gap between the highest- and lowest-poverty schools did not change between 1997–98 and 2004–05.

In general, federal funds were an important source of support to the highest-poverty districts and schools, and the majority of funds from the six federal programs studied were used for instruction. At the same time, neither the six federal programs studied here, nor all federal programs taken together, provided sufficient funding to make up for the greater access to local revenues available in the lowest-poverty districts in the United States.

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APPENDIX A. DESCRIPTION OF NLS-NCLB METHODOLOGY

This report is part of a series that is being produced collaboratively by the National Longitudinal Study of *No Child Left Behind* (NLS-*NCLB*) and the Study of State Implementation of Accountability and Teacher Quality Provisions Under *NCLB* (SSI-*NCLB*). The purpose of these two studies is to provide an integrated longitudinal evaluation of the implementation of *No Child Left Behind* by states, districts, and schools, focusing primarily on *NCLB* provisions in the following four areas: accountability, teacher quality, parental choice and supplemental educational services, and targeting and resource allocation.

This report, which covers the targeting and uses of funds for six federal education programs, is based primarily on data from the NLS-*NCLB*. Although the NLS-*NCLB* collected longitudinal data (2004–05 and 2006–07) through surveys conducted at the district and school levels, the targeting and resource allocation data were collected for only one year (2004–05) because of the greater burden of this type of data collection.

SAMPLE AND RESPONSE RATES

The nationally representative sample selected for the NLS-*NCLB* comprised 300 districts. The sampling frame included all districts with at least one public, regular school in the 2001 National Center for Education Statistics (NCES) Common Core of Data (CCD) school database. The sample was selected using a probability-proportional-to-size (PPS) scheme, in which the measure of size was district enrollment; 36 very large districts were selected with certainty. To ensure inclusion of enough schools identified for improvement under Title I, the study oversampled high-poverty districts, defined as those in the highest poverty quartile. District poverty quartiles were based on Census Bureau estimates of the number of school-age children and poor children living in each district (2002 Small Area Income and Poverty Estimates). The poverty quartiles were created by ranking all districts by the percentage of poor school-age children and then dividing these districts into quartiles, each of which included 25 percent of the school-age children.

The school sample comprised 1,483 schools randomly sampled from strata within sampled districts. Title I schools, high-poverty schools, and elementary schools with Comprehensive School Reform (CSR) programs were oversampled. The Title I status of schools and the percentage of students eligible for free or reduced-price lunches were taken from the CCD. The eligibility threshold for the subsidized lunch program is lower than the official poverty definition. Elementary CSR schools were identified through the Southwest Educational Development Laboratory database on CSR schools. The sample of schools was designed so that, on average, two non-CSR schools, one CSR school, one middle school, and one high school were selected from each district.

Of the 300 districts in the sample, all but three agreed to participate in the study. These three districts were replaced. Of the 1,483 schools in the sample, 36 refused to participate and were replaced. The following table compares the characteristics of the district and school samples with the characteristics of the universe of districts and schools based on CCD data. As intended, the sample contains higher proportions of high-poverty districts and schools than are found in the universe of districts and schools (see Exhibit A.1).

Exhibit A.1
Characteristics of NLS-*NCLB* District and School Sample
Compared With the Universe of Districts and Schools

	Sample		Universe	
	Number	Percentage	Number	Percentage
Districts, by poverty quartile (census poverty)	300		14,972	
Highest poverty quartile	163	54%	3,743	25%
Second-highest poverty quartile	41	14%	3,743	25%
Second-lowest poverty quartile	50	17%	3,743	25%
Lowest poverty quartile	46	15%	3,743	25%
Schools, by poverty level	1,502		83,298	
75–100% eligible for free or reduced-price lunch	596	40%	11,282	13%
50–74% eligible for free or reduced-price lunch	363	24%	15,461	19%
35–49% eligible for free or reduced-price lunch	106	7%	12,844	15%
<35% eligible for free or reduced-price lunch	291	19%	33,884	41%
Missing	146	10%	9,827	12%
Schools, by Title I status	1,502		83,298	
Title I	1,163	77%	46,048	55%
Non–Title I	259	17%	31,312	38%
Missing	80	5%	5,938	7%
Schools, by grade level	1,502		83,298	
Elementary schools	906	60%	50,597	61%
Middle schools	298	20%	15,700	19%
High schools	298	20%	17,001	20%

The targeting and resource allocation component of the NLS-*NCLB* was primarily based on extant data files and documents maintained by districts and states. District allocations data for the six federal programs were gathered from all 50 states plus the District of Columbia and Puerto Rico, yielding a response rate of 100 percent. Of the 300 participating districts in the sample, 288 provided budget and expenditure data files, 243 provided school-level personnel and payroll data for the select sample of schools, 273 provided school allocations data on the six federal programs, 215 provided data on uses of Title II funds, and 277 provided data on districts' uses of transferability and flexibility provisions. The resulting response rates were between 72 and 96 percent for each data component (see Exhibit A.2).

Exhibit A.2 Sample Sizes and Response Rates for NLS-NCLB			
	Sample size	Responses	Response Rate
Surveys			
Districts	300	289	96%
Schools	1,483	1,315	89%
Targeting data requests			
District allocations data, requested from states plus District of Columbia and Puerto Rico	52	52	100%
School allocations data, requested from districts	300	273	91%
Resource allocation data requests			
District budget and expenditure data files, requested from districts	300	288	96%
School-level personnel and payroll data files, requested from districts	300 ^a	243	81%
Data on uses of Title II, Part A funds, requested from districts	300	215	72%
Data on uses of transferability and flexibility options, requested from districts	300	277	92%
^a Of the 300 districts containing 1,483 sample schools, 243 districts provided school-level personnel data for 1,167 schools in the school sample (79 percent of the sample schools).			

The number of districts in the study sample that received specific federal program funds ranged from 91 (Reading First) to 300 (Title II, Part A), and the number of districts that received funding and provided fiscal data (expenditure and budget data) ranged from 79 for Title I, Section 1003(a) to 266 for Title I, Part A (see Exhibit A.3). Although the response rates for districts that provided Section 1003 and Perkins fiscal data were low (62 and 66 percent, respectively), a ‘bias analysis’ comparing respondents that provided Section 1003 data to non-respondents did not indicate any significant differences in terms of district size, district poverty, minority enrollment, or urbanicity. Similarly, there appear to be no statistically significant differences between respondents that provided Perkins fiscal data and non-respondents.

Exhibit A.3 Number of Responding Districts That Received Program Funds and Provided Fiscal Data		
Federal program	Number of Districts Receiving Funds	Number of Districts Receiving Funds and Providing Fiscal Data
Title I, Part A	295	266
Section 1003(a)	127	79
Reading First	91	83
CSR	97	82
Title II, Part A	300	266
Title III, Part A	217	180
Perkins Vocational Education	211	140

Of the 1,161 sample schools used in the analyses that were based on personnel and payroll data files provided by the sample districts (reported in Chapter IV), 886 were Title I schools and 242 were non–Title I schools; Title I status was unknown for the remaining 33 schools. Exhibit A.4 provides a more detailed breakdown of the responding schools by poverty rate, grade level, school improvement status, and type of Title I program.

Exhibit A.4 Characteristics of Sample Schools for Which Districts Provided Personnel and Payroll Data	
All schools	1,161
Title I status	
Non–Title I schools	242
Title I schools	886
Title I program	
Schoolwide programs	616
Targeted assistance programs	190
School poverty level	
75% or more	505
Less than 35%	229
Grade level	
Elementary schools	694
Middle schools	229
High schools	208
School improvement status	
Schools identified for improvement	381
Non-identified schools	686

In the targeting and resource allocation component, poverty indicators, if missing from the data gathered from districts, were supplemented with similar poverty measures from extant sources, specifically the CCD. Besides school and district demographics data (e.g., enrollment), which were supplemented with CCD data if missing, no other missing (or unsupplied) data were imputed in the targeting and resource allocation component.

The study defined the urbanicity of a district by using the metropolitan status code (MSC) from the CCD, in which MSC 1 indicates a district that is primarily a principal city of a Core Based Statistical Area (CBSA, a recognized population nucleus); MSC 2 indicates a district that is within a CBSA but not primarily its principal city; and MSC 3 indicates a district that is not within a CBSA. For simplicity, the study used the following terminology: districts coded as MSC 1 were referred to as urban, districts coded as MSC 2 were referred to as suburban, and districts coded as MSC 3 were referred to as rural. Because the CCD did not have metropolitan status codes for schools, the study assigned a district's MSC code to each school in that district. That is, if a district was classified as an urban district, all schools in this district were classified as urban schools. The same applied to schools in rural and suburban districts.

In the grade level analysis, elementary, middle, and high school grade level definitions were consistent with the classifications in CCD. The secondary school category included middle and high schools. The study defined an elementary school as one that included grades PK to 3 as the lowest grade level and grades PK through 8 as the highest grade level. A middle school included grades 4 to 7 as the lowest grade level, and grades 4 through 9 as the highest grade level. A high school included grades 7 through 12 as the lowest grade level, and grade 12 as the highest grade level. Schools that did not fall into above categories were classified as “other.” For example, a school with grades K through 12 was classified in the “other” category.

We excluded certain categories of “districts” in calculating the amount of federal revenues as a percentage of total revenues that districts received (Exhibit 5). For example, we excluded districts that were closed, districts that had no associated schools reported or no reported students served, “irregular districts,” (e.g., school districts that serve administrative functions exclusively, or are administered directly by state or federal governments), and charter school districts. Many such “districts” (e.g., “irregular districts”) would not have census poverty information and therefore were excluded from the poverty quartile analysis. Because we excluded these districts, our analysis of the amount of federal revenues as a percentage of total district revenues is slightly different from the figures reported in *NCES Digest of Education Statistics* (http://nces.ed.gov/programs/digest/d07/tables/dt07_162.asp), which presumably includes the universe of school districts in the nation.

DATA COLLECTION

Data for the targeting and resource allocation component of the NLS-*NCLB* used in this report were gathered by means of requests for documents (RFDs) that were sent to state federal program directors (through the Council of Chief State School Officers), district federal program directors, and district fiscal services directors. Data were collected from school district offices in two phases. The first phase occurred between January and August of 2005 and included school allocations data on the six federal programs, data on the uses of Title II, Part A, funds, data on districts' uses of transferability and flexibility provisions, school-level personnel data (for sample schools), and federal program budgets. The second phase occurred between November 2005 and February 2006 and included expenditure data files to supplement the budget and personnel data collected in the first phase. Data on state suballocations to school districts were collected from state departments of education between October 2004 and July

2005. Federal program budgets were obtained mainly through data extracted from districts' consolidated applications and supplemental federal program applications, which collectively provided budget information on five federal programs (Title I, Title II, Title III, CSR, and Reading First). The analysis of Perkins expenditure patterns relied primarily on districts' fiscal files because the study did not collect consolidated applications or program budgets for this program. The study first sought to gather these applications from the state department of education and then followed up with school districts if necessary data were missing from the state-provided documents.

The NLS-*NCLB* also used mail surveys of district federal program coordinators, school principals, classroom teachers, and Title I paraprofessionals; survey administration began in October 2004 and was completed in March 2005. A second wave of data collection was conducted in the 2006–07 school year, but those data are not included in this report. Topics covered in the survey questionnaires were accountability systems, AYP and the identification of schools and districts for improvement, technical assistance, improvement strategies, the use of assessment results, Title I school choice and supplemental educational services, teacher quality, and professional development. Survey data used in this report include responses from districts about the consolidation of funds in schoolwide programs and responses from teachers about their years of experience and academic degrees.

The SSI-*NCLB* relied on extant data and interviews with state education officials. Interviews were conducted in both the 2004–05 and 2006–07 school years and addressed topics related to state assessment and accountability systems, teacher quality and professional development, monitoring of supplemental educational service providers, and implementation of *NCLB* provisions related to English language proficiency. The extant data collection included the compilation of a national database of the 2003–04 AYP status of all schools and of schools identified for improvement in 2004–05 based on data from state education agency Web sites and Consolidated State Performance Reports. This database contains 88,160 schools (including both Title I and non-Title I schools) in 50 states and the District of Columbia. The data on school improvement status were used in the analysis of allocation and expenditure patterns presented in this report.

Analysis of the Uses of Federal Program Funds at the District Level

To examine how local school districts used federal education program funds (Chapter III), the study team developed a federal program resource cost dataset based primarily on district-level year-end revenue and expenditure reports for the 2004–05 school year. In some cases it was necessary to utilize budget information from the districts' 2004–05 consolidated applications for federal program funding to estimate how federal program funds were used.

The district year-end expenditure reports generally included information on revenue sources (e.g., Title I, Reading First), program types (regular education vs. special education), function codes (e.g., administration vs. instruction), objects of expenditure (e.g., salaries, benefits, supplies), and, on occasion, school codes and job titles. The budget sections of the consolidated applications contained information similar to the expenditure files, but at times provided additional specifics on how the district planned to spend the program funds (e.g., number of teachers to be hired for a particular program, types of professional development activities to be implemented).

In developing the resource cost dataset, the study team primarily used the data from district year-end expenditure reports, because they represent “actual” revenues and spending, which may deviate substantially from the budgets that represent revenues and expenditures that are planned or expected at the beginning of the school year. However, for districts that did not provide expenditure data but did

provide budget data, we used the budget data as the best available information on the uses of federal funds in those districts.

Because accounting codes and expenditure classifications differ across states (and sometimes across districts within a state), the study team developed a set of common accounting codes to standardize the revenue, function, and object information. The resulting resource cost dataset was used to produce national estimates of district expenditures of federal funds in major functional categories, such as administration, instruction, and instructional support, as well as in specific areas such as professional development, parental involvement, and student support.

Despite our efforts to develop a standardized dataset of expenditures for our nationally representative sample of school districts, accounting categories and definitions used by individual states and districts did not always clearly align with the functional spending categories examined in this study. For example, in California, the functional category of “supervision of instruction” includes a broad range of instructional support activities such as curriculum development, techniques of instruction, staff training, and providing guidance to teachers in the use of instructional materials. However, this category also includes several administrative and fiscal support activities such as planning and evaluation and salaries of accountants who provide supplemental services above the level provided by the business office. In addition, it may also include some ambiguous items such as “special project administration” and “staff with supervisory responsibilities,” which could either be administrative support or instructional support, depending on the specific responsibilities of those staff. Because most activities classified under “supervision of instruction” seemed more consistent with the definition of instructional support, we coded these expenditures under instructional support rather than under district administration.

Analysis of Local and State Personnel Resources at the School Level

The primary data sources used in the analysis presented in Chapter IV (What Title I Adds to State and Local Resources at the School Level) were the 2004–05 school personnel records collected from sampled school districts. These data files contained individual payroll and personnel information for each certificated and classified staff member in each sample school. Data included staff identification code, school code, job title or code, gross annual pay, percentage of full-time employment or number of paid hours, fringe benefits, and the full account code, including the fund sources that support the staff compensation. Because each district’s accounting and personnel codes may use different classifications and definitions, a set of common codes (e.g., job codes) were developed to standardize the personnel information from all sampled schools. The dataset also incorporated other school-level variables (such as enrollment, grade level, Title I status, and number of low-income students) that were collected through the NLS-*NCLB* principal survey. The resulting resource dataset was used to estimate school-level personnel expenditures from Title I funds and from state and local revenues

SAMPLE WEIGHTS FOR NLS-*NCLB* STUDY DATA

Respondent data were weighted to adjust for differences between the composition of the sample and the composition of the population of interest. These differences arose partly by design—for example, there were different sampling rates for high- and low-poverty districts. However, differences between the composition of the sample and that of the population also arose because of differences in cooperation rates. Not every district agreed to participate. Differences between the composition of the sample and

that of the universe may also have arisen because of various forms of undercoverage. Weights were used to compensate for all these differences between samples and populations.

Two sets of weights were created for districts and schools: A weights and B weights. The A weights were used to compute enrollment weighted estimates (i.e., the percentage of students enrolled in districts or schools that have specific features); the B weights were used to compute estimates of the percentage of districts or schools. The calculation methods for the sets of weights for districts and schools are described below.

District weights

1. Base weights were computed as the reciprocal of the inclusion probability, corresponding to the original sample of 300. The frame included all districts with at least one public, regular school in the 2001 NCES CCD school database. The sample was selected with a probability proportional to size (PPS) scheme, in which the measure of size was district enrollment; however, 36 very large districts were selected with certainty.
2. After the substitution of three noncooperating districts, revised base weights corresponding to the expanded sample of 303 districts were computed.
3. Noncooperation-adjusted weights were computed. Because there were only three noncooperating districts, response rates approached 100 percent. The noncooperating cells were defined by crossing district certainty status (certainty, non-certainty) by region (Northeast, Midwest, South, West) and poverty status (high, low). Because all certainty districts responded, no non-response adjustment was made to them.
4. A second adjustment was made for nonresponse, accounting for the cooperating districts that did not supply data. The nonresponding cells were defined by crossing district certainty status (certainty, non-certainty) by region (Northeast, Midwest, South, West) and poverty status (high, low).
5. A Winsorization adjustment was applied to district outlier weights.
6. The weights were raked to district totals on three dimensions: district size (four categories), region by poverty strata (eight categories), and Metropolitan Status Code 2001 (three categories). With a tolerance level set at 0.001, convergence was satisfied after six iterations. It should be noted that raking of district weights was applied only to the non-certainty districts. The certainty districts maintained their original final weights.
7. For districts that had a raked weight under 1.00, the raked weight was reset to 1.00 to produce the final raked B-weights for districts.
8. The final raked weights were then multiplied by district enrollment.
9. Finally, those weights were raked to enrollment totals on three dimensions: district size (four categories), region by poverty strata (eight categories), and Metropolitan Status Code 2001 (three categories). With a tolerance level set at 0.001, convergence was satisfied after eight iterations. These raked weights are the final raked district A-weights.

School weights

1. School weights began with the Step 3 district weights.
2. The conditional school base weight was computed as the reciprocal of the school inclusion probability after allowing for replacement schools, mergers, splits, and any other status changes.
3. School base weights were computed by multiplying the district weights (Step 1) by the Step 2 school conditional weights.
4. A Winsorization adjustment was applied to the outliers.
5. The conditional school base weight was computed as the reciprocal of the school inclusion probability after allowing for replacement schools, mergers, splits, and any other status changes.
6. The school base weight was computed by multiplying the Step 4 school weights by the Step 5 school conditional weights.
7. Schools that were closed were given a weight of zero.
8. A non-response adjustment was made to the weights for the remaining (open) schools, accounting for noncooperating schools.
9. Using the noncooperating-adjusted school weight from Step 8, a second nonresponse adjustment was made for open schools.
10. A Winsorization adjustment was made for extreme school weights. The result is called the preliminary B-weights.
11. These weights were raked to school totals on four dimensions: school size (four categories), region by poverty strata (eight categories), Metropolitan Status Code 2001 (three categories), and school type (four categories). With a tolerance level set at 0.001, convergence was satisfied after seven iterations. The result is called the preliminary raked B-weight.
12. Within the smallest school size category (fewer than 400 students enrolled), some cases had weights Winsorized. The result is called outlier-adjusted raked B-weight.
13. Finally, for those schools that had a raked weight under 1.00, the raked weights were reset to 1.00, whereas the rest of the school sample maintained its weights from Step 11. The result is the final raked school B-weights.
14. These raked B-weights were multiplied by school enrollment (obtained from the school-level CCD file).
15. A Winsorization adjustment was made for extreme weights. The result is the preliminary A-weights.
16. Finally, these weights were raked to school enrollment on four dimensions: school size (four categories), region by poverty strata (eight categories), Metropolitan Status Code 2001 (three categories), and school type (four categories). With a tolerance level set at 0.001, convergence was satisfied after eight iterations. The resulting weights are the final raked school A-weights.

STANDARD ERRORS

The calculation of standard errors adjusted for the complex sampling design by using SAS statistical software, which makes use of the Taylor expansion method for calculating standard errors.

The standard errors provide an indicator of the reliability of each estimate. For example, if all possible samples of the same size were surveyed under identical conditions, an interval calculated by adding and subtracting 1.96 times the standard error from a particular estimate would include the population value in approximately 95 percent of the samples.

STATISTICAL TESTS AND MODELING

NLS-NCLB study data

Analyses of study data presented in this report are mostly descriptive and involve comparisons of means or ratios between groups or over time. Sample-based comparisons discussed in the text of the report have been tested for statistical significance. Tests of significance for these analyses were conducted using the t statistic and a significance level of 0.05. The significance level, or alpha level, reflects the probability that a difference between groups as large as the one observed could arise simply because of sampling variation, if there were no true difference between groups in the population. The tests were conducted by calculating a t value for the difference between a pair of means and comparing that value with a published table of critical values for t . The following formula can be used to compute the t statistic for the difference between estimates for subgroups:

$$t = \frac{\bar{x}_1 - \bar{x}_2}{\sqrt{SE_1^2 + SE_2^2}}$$

Where \bar{x}_1 and \bar{x}_2 are the estimated means or ratios being compared and SE_1 and SE_2 are their corresponding standard errors.

Regression analysis

District-level ordinary least squares (OLS) regression models were used to explore the association between district and school poverty on Title I allocations per low-income student. Given the small number of cases (districts and schools) in each district model, no control variable was included in these models. These within-district OLS analyses were meant only to supplement the descriptive findings and to allow an overview of possible relationships (positive, negative, or insignificant) that exist in district allocation practices, which could lead to further investigation in future studies.

APPENDIX B. SUPPLEMENTAL EXHIBITS

Exhibit B.1 Total Federal, State, and Local Revenues per Student, by District Poverty Quartile, by State, 2004–05				
	Highest Poverty Quartile	Second- Highest Poverty Quartile	Second- Lowest Poverty Quartile	Lowest Poverty Quartile
Overall	\$10,025	\$9,101	\$10,082	\$10,836
Alabama	\$8,118	\$7,820	\$7,971	\$9,648
Alaska	\$24,391	\$20,015	\$10,301	\$10,493
Arizona	\$8,683	\$8,014	\$7,967	\$7,727
Arkansas	\$8,584	\$8,492	\$8,068	\$7,430
California	\$9,532	\$8,944	\$8,840	\$8,933
Colorado	\$9,415	\$8,609	\$8,977	\$8,879
Connecticut	\$15,733	\$14,847	\$14,131	\$13,252
Delaware	\$11,207	\$11,615	\$12,557	\$14,116
District of Columbia	\$17,809	N/A	N/A	N/A
Florida	\$9,200	\$8,552	\$9,049	N/A
Georgia	\$9,675	\$9,222	\$9,421	\$9,253
Hawaii	N/A	N/A	N/A	\$12,415
Idaho	\$7,495	\$7,068	\$7,034	\$7,123
Illinois	\$9,652	\$9,165	\$9,471	\$10,742
Indiana	\$13,221	\$11,880	\$11,103	\$11,079
Iowa	\$21,201	\$9,959	\$9,393	\$9,146
Kansas	\$9,049	\$8,941	\$9,219	\$8,923
Kentucky	\$8,154	\$8,226	\$7,431	\$7,816
Louisiana	\$8,287	\$8,313	\$8,644	N/A
Maine	\$11,704	\$11,509	\$11,459	\$11,457
Maryland	\$11,707	\$11,112	\$10,744	\$11,993
Massachusetts	\$15,586	\$13,465	\$13,286	\$12,734
Michigan	\$10,863	\$9,541	\$9,384	\$9,996
Minnesota	\$14,989	\$11,746	\$9,792	\$9,996
Mississippi	\$7,633	\$7,046	\$6,863	\$6,807
Missouri	\$9,406	\$7,937	\$8,451	\$9,292
Montana	\$11,275	\$8,101	\$8,403	\$8,234

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Exhibit B.1 (continued)
Total Federal, State, and Local Revenues per Student,
by District Poverty Quartile, by State, 2004–05

	Highest Poverty Quartile	Second-Highest Poverty Quartile	Second-Lowest Poverty Quartile	Lowest Poverty Quartile
Nebraska	\$11,518	\$9,992	\$9,611	\$9,533
Nevada	N/A	\$10,769	\$8,369	\$12,660
New Hampshire	\$14,253	\$10,030	\$11,072	\$11,801
New Jersey	\$20,679	\$18,173	\$15,191	\$14,849
New Mexico	\$9,680	\$8,639	\$11,323	\$8,436
New York	\$16,451	\$15,224	\$16,058	\$15,654
North Carolina	\$8,303	\$7,909	\$8,804	\$7,767
North Dakota	\$12,907	\$9,436	\$8,669	\$8,240
Ohio	\$13,043	\$10,298	\$9,563	\$9,727
Oklahoma	\$7,808	\$7,105	\$6,616	\$6,820
Oregon	\$8,867	\$8,775	\$7,984	\$8,344
Pennsylvania	\$12,395	\$10,851	\$10,892	\$11,913
Rhode Island	\$13,401	\$11,836	\$12,545	\$11,815
South Carolina	\$9,127	\$9,185	\$8,284	\$9,368
South Dakota	\$12,593	\$8,058	\$8,086	\$7,796
Tennessee	\$7,827	\$7,212	\$6,699	\$6,932
Texas	\$8,578	\$8,653	\$8,448	\$8,839
Utah	N/A	\$7,326	\$6,316	\$6,309
Vermont	\$15,585	\$15,243	\$15,545	\$14,886
Virginia	\$10,016	\$9,509	\$9,591	\$10,707
Washington	\$8,977	\$9,526	\$8,629	\$8,883
West Virginia	\$9,729	\$9,661	\$9,230	N/A
Wisconsin	\$12,242	\$11,411	\$11,072	\$10,849
Wyoming	\$27,837	\$15,436	\$13,077	\$12,526

Note: "N/A" indicates that state did not have any districts in that district poverty quartile.

Sources: NCES, Common Core of Data, School District Finance Survey (F-33), 2004–05 ($n=13,754$ districts); U.S. Census Bureau, Census 2000 (2003–04 school district poverty estimates).

Exhibit B.2
Federal, State, and Local Revenues per Student, by State, 2004–05

	Federal Revenues	State Revenues	Local Revenues	Total Revenues
Overall	\$849	\$4,617	\$4,553	\$10,018
Alabama	\$913	\$4,450	\$2,690	\$8,053
Alaska	\$2,284	\$6,629	\$3,154	\$12,067
Arizona	\$975	\$3,560	\$3,597	\$8,133
Arkansas	\$915	\$4,858	\$2,651	\$8,424
California	\$913	\$5,238	\$2,974	\$9,126
Colorado	\$571	\$3,845	\$4,508	\$8,924
Connecticut	\$693	\$5,065	\$8,156	\$13,914
Delaware	\$950	\$7,734	\$3,744	\$12,428
District of Columbia	\$2,695	\$0	\$15,114	\$17,809
Florida	\$880	\$3,758	\$4,138	\$8,777
Georgia	\$868	\$4,128	\$4,428	\$9,424
Hawaii	\$1,294	\$10,845	\$276	\$12,415
Idaho	\$757	\$4,033	\$2,287	\$7,077
Illinois	\$779	\$3,158	\$6,060	\$9,997
Indiana	\$654	\$5,143	\$5,547	\$11,344
Iowa	\$561	\$4,265	\$4,621	\$9,447
Kansas	\$762	\$5,034	\$3,216	\$9,012
Kentucky	\$958	\$4,626	\$2,485	\$8,068
Louisiana	\$1,179	\$3,881	\$3,263	\$8,323
Maine	\$954	\$4,474	\$6,060	\$11,489
Maryland	\$777	\$4,320	\$6,378	\$11,475
Massachusetts	\$792	\$5,656	\$7,038	\$13,486
Michigan	\$591	\$6,115	\$3,202	\$9,908
Minnesota	\$583	\$7,249	\$2,572	\$10,404
Mississippi	\$1,118	\$3,962	\$2,283	\$7,362
Missouri	\$716	\$2,991	\$5,059	\$8,766
Montana	\$1,237	\$3,910	\$3,541	\$8,688

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Exhibit B.2 (continued)
Federal, State, and Local Revenues per Student, by State, 2004–05

	Federal Revenues	State Revenues	Local Revenues	Total Revenues
Nebraska	\$970	\$3,020	\$5,768	\$9,758
Nevada	\$628	\$2,284	\$5,540	\$8,452
New Hampshire	\$622	\$4,326	\$6,539	\$11,487
New Jersey	\$662	\$6,723	\$8,689	\$16,074
New Mexico	\$1,475	\$6,448	\$1,225	\$9,147
New York	\$1,140	\$6,925	\$7,790	\$15,855
North Carolina	\$821	\$4,737	\$2,604	\$8,163
North Dakota	\$1,140	\$3,282	\$4,588	\$9,010
Ohio	\$729	\$4,396	\$5,195	\$10,320
Oklahoma	\$1,050	\$3,746	\$2,409	\$7,205
Oregon	\$806	\$4,133	\$3,514	\$8,452
Pennsylvania	\$658	\$4,097	\$6,825	\$11,580
Rhode Island	\$950	\$4,866	\$6,577	\$12,393
South Carolina	\$910	\$4,033	\$4,056	\$8,999
South Dakota	\$1,415	\$2,794	\$4,221	\$8,429
Tennessee	\$837	\$3,146	\$3,248	\$7,231
Texas	\$895	\$2,990	\$4,733	\$8,617
Utah	\$669	\$3,544	\$2,306	\$6,518
Vermont	\$435	\$11,061	\$3,801	\$15,297
Virginia	\$687	\$4,039	\$5,359	\$10,085
Washington	\$781	\$5,479	\$2,703	\$8,963
West Virginia	\$1,178	\$5,752	\$2,736	\$9,665
Wisconsin	\$653	\$5,539	\$4,924	\$11,116
Wyoming	\$1,265	\$6,962	\$5,228	\$13,455

Sources: NCES, Common Core of Data, School District Finance Survey (F-33), 2004–05 ($n=13,754$ districts); U.S. Census Bureau, Census 2000 (2003–04 school district poverty estimates).

Exhibit B.3
Distribution of Federal, State, and Local Revenues per Student,
by Revenue Source and District Poverty Quartile, 2004–05

	Highest Poverty Quartile	Second-Highest Poverty Quartile	Second-Lowest Poverty Quartile	Lowest Poverty Quartile
School-Age Children (aged 5–17)				
All children	25%	25%	25%	25%
Poor children	49%	27%	16%	7%
Total Revenues				
Federal, state, and local revenues	22%	23%	27%	28%
State and local revenues	21%	22%	27%	30%
Local revenues	15%	20%	28%	37%
State revenues	26%	25%	26%	22%
Federal revenues	38%	28%	23%	12%
Federal Programs Included in This Study				
Title I, Part A	52%	27%	15%	6%
Section 1003	73%	17%	7%	3%
Reading First	58%	28%	10%	3%
Comprehensive School Reform	57%	26%	13%	4%
Title II, Part A	43%	26%	19%	12%
Title III, Part A	45%	24%	19%	12%
Perkins Vocational Education	43%	26%	20%	12%
Sources: NCES, Common Core of Data, School District Finance Survey (F-33), 2004–05 ($n=13,754$ districts); NLS- <i>NCLB</i> , state suballocations, 2004–05 ($n=13,815$ districts, including between 1,048 to 13,653 districts that received various federal program funds); U.S. Census Bureau, Census 2000 (2003–04 school district poverty estimates).				

Exhibit B.4
District Revenues per Student, by Revenue Source
and District Poverty Quartile, 2004–05

	All Districts	Highest Poverty Quartile	Second-Highest Poverty Quartile	Second-Lowest Poverty Quartile	Lowest Poverty Quartile
Total revenues	\$10,082	\$10,025	\$9,101	\$10,082	\$10,836
State and local revenues	\$9,362	\$8,576	\$8,174	\$9,362	\$10,448
Local revenues	\$4,837	\$3,098	\$3,556	\$4,837	\$6,475
State revenues	\$4,525	\$5,478	\$4,618	\$4,525	\$3,973
Federal revenues	\$721	\$1,449	\$928	\$721	\$388

Sources: NCES, Common Core of Data, School District Finance Survey (F-33), 2004–05 ($n=13,754$ districts); U.S. Census Bureau, Census 2000 (2003–04 school district poverty estimates).

Exhibit B.5
Average Amount of Federal Funds per Poor Child by District Poverty Quartile, 2004–05

	Title I, Part A	Title I Section 1003	Reading First	CSR	Title II, Part A	Title III, Part A	Perkins
All districts	\$1,499	\$98	\$228	\$76	\$357	\$78	\$90
Poverty level							
Highest poverty quartile	\$1,579	\$110	\$199	\$61	\$321	\$68	\$75
Second-highest poverty quartile	\$1,475	\$73	\$290	\$98	\$333	\$74	\$86
Second-lowest poverty quartile	\$1,398	\$73	\$252	\$127	\$405	\$97	\$115
Lowest poverty quartile	\$1,256	\$121	\$437	\$232	\$571	\$128	\$169
Urbanicity							
Urban	\$1,699	\$77	\$194	\$64	\$370	\$87	\$91
Suburban	\$1,381	\$94	\$299	\$100	\$364	\$95	\$92
Rural	\$1,452	\$120	\$495	\$218	\$371	\$42	\$100

Source: NLS-*NCLB*, state suballocations ($n=1,048$ to 13,690 districts).

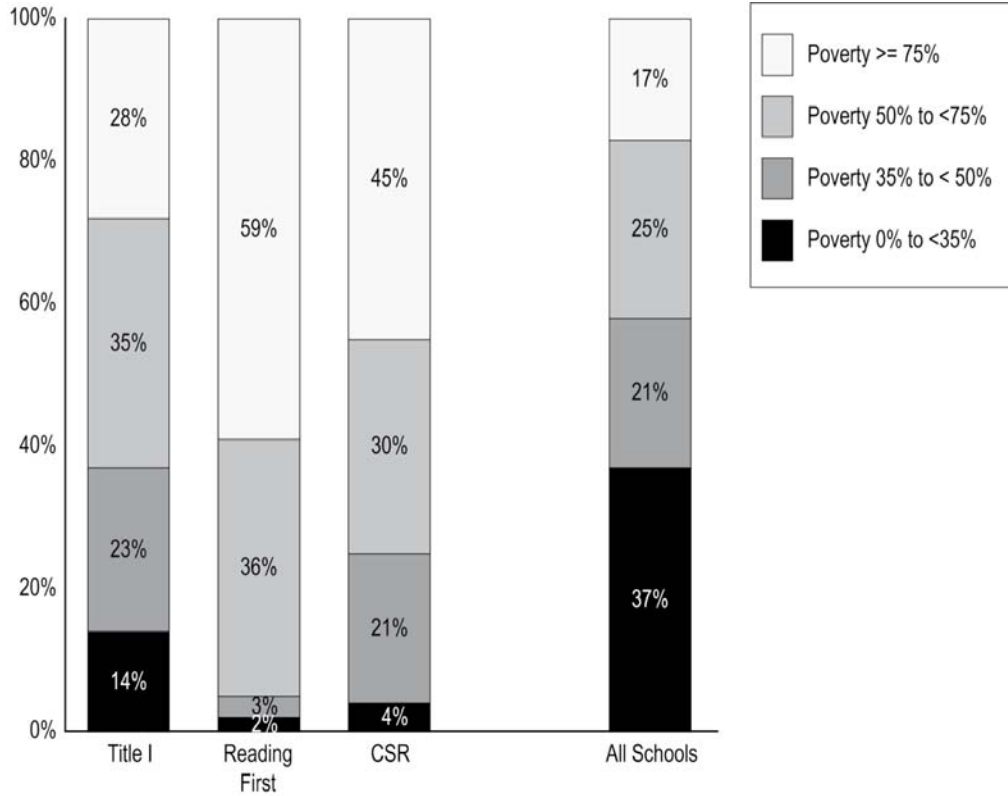
Exhibit B.6						
Alternate Calculations of Per-Pupil Funding for Selected Federal Programs by District Poverty Level and Urbanicity, 2004–05						
	Reading First		Perkins		Title III, Part A	
	Average Allocation Per Poor Child	Average Allocation Per Poor Child in Grades K–3	Average Allocation Per Poor Child	Average Allocation Per Poor Child in Grades 9–12	Average Allocation Per Poor Child	Average Allocation Per LEP Child
All districts	\$228	\$743	\$90	\$308	\$78	\$108
Poverty level						
Highest poverty quartile	\$199	\$651	\$75	\$275	\$68	\$108
Second-highest poverty quartile	\$290	\$944	\$86	\$289	\$74	\$111
Second-lowest poverty quartile	\$252	\$823	\$115	\$362	\$97	\$106
Lowest poverty quartile	\$437	\$1,543	\$169	\$503	\$128	\$106
Urbanicity						
Urban	\$194	\$639	\$91	\$346	\$87	\$120
Suburban	\$299	\$972	\$93	\$316	\$95	\$133
Rural	\$495	\$1,662	\$100	\$343	\$42	\$120
Source: NLS- <i>NCLB</i> , state suballocations ($n=1,048$ to 13,690 districts).						

Exhibit B.7
Percentage of Districts Receiving Federal Program Funds, by Poverty Quartile and Urbanicity, 2004–05

	Title I, Part A	Title I Section 1003	Reading First	CSR	Title II, Part A	Title III, Part A	Perkins
All districts	93%	11%	8%	8%	99%	41%	51%
Poverty level							
Highest poverty quartile	96%	25%	19%	16%	99%	44%	61%
Second-highest poverty quartile	96%	12%	11%	10%	99%	38%	55%
Second-lowest poverty quartile	96%	8%	5%	6%	99%	37%	50%
Lowest poverty quartile	85%	5%	1%	2%	99%	47%	40%
Urbanicity							
Urban	98%	40%	27%	31%	99%	85%	69%
Suburban	93%	11%	6%	6%	100%	50%	46%
Rural	93%	8%	8%	6%	99%	27%	52%

Source: NLS-*NCLB*, state suballocations ($n=13,815$ districts).

Exhibit B.8
Distribution of Title I, Reading First, and CSR Schools,
by School Poverty Level, 2004–05



Note: Totals may not add to 100 percent due to rounding.

Source: NLS-*NCLB*, school allocations ($n=12,528$ schools, including 8,640 Title I schools, 456 Reading First schools, and 290 CSR schools).

Exhibit B.9
Within-District Targeting for Title I Part A, Reading First, and CSR

	Title I	Reading First	CSR
Average school allocation per low-income student			
All schools	\$598	\$337	\$283
Higher-poverty schools (above district's median poverty rate for funded schools)	\$634	\$314	\$277
Lower-poverty schools (below district's median poverty rate for funded schools)	\$558	\$362	\$287
% difference	+14%	-13%	-5%
Distribution of districts by degree of within-district targeting			
Larger allocations in higher-poverty schools	47%	36%	55%
Similar allocations in higher- and lower-poverty schools	36%	0%	4%
Smaller allocations in higher-poverty schools	18%	64%	41%
Districts with larger allocations in higher-poverty schools			
n of districts	136	13	15
Average school allocation per low-income student	\$584	\$329	\$306
Higher-poverty schools	\$661	\$345	\$345
Lower-poverty schools	\$499	\$314	\$275
% difference	+32%	+10%	+26%
Districts with smaller allocations in higher-poverty schools			
n of districts	42	20	16
Average school allocation per low-income student	\$537	\$340	\$277
Higher-poverty schools	\$482	\$305	\$243
Lower-poverty schools	\$601	\$379	\$307
% difference	-20%	-20%	-21%
Average poverty rate in funded schools			
All funded schools	60%	80%	80%
Average poverty rate in higher-poverty schools	69%	86%	86%
Average poverty rate in lower-poverty schools	52%	75%	74%
Sample size			
n of districts	242	33	33
n of funded schools	8,536	410	246

Note (1): This analysis examines the targeting of Title I, Reading First, and CSR within district boundaries, using data on school allocations reported by school districts that had two or more schools receiving grants in each grant program.

Note (2): "Higher-poverty schools" are those that are above their district's median poverty rate for schools funded under each grant program, and "lower-poverty schools" are those that are below their district's median poverty rate for funded schools.

Source: NLS-*NCLB*, school allocations.

Exhibit B.10
Title I Allocations After Application of Various Steps in the Title I Formula Process,
by State, FY 2007

	Before Application of SPPE, Hold Harmless, or State Minimum Provisions	After Application of State Per Pupil Expenditure (SPPE) Factor	After Application of Hold Harmless Provision	After Application of State Minimum Provision	After Final Adjustments (Final Allocations)
Overall	\$12,706,341,397	\$12,706,341,397	\$12,706,341,397	\$12,706,341,397	\$12,706,341,397
Alabama	229,792,601	196,542,927	195,568,084	194,741,756	194,727,971
Alaska	19,567,456	25,050,786	27,896,137	33,914,024	33,914,024
Arizona	313,425,719	265,849,087	265,170,287	264,056,588	264,053,219
Arkansas	130,749,581	121,925,564	122,752,746	122,234,238	122,255,292
California	1,802,803,435	1,636,601,373	1,636,420,173	1,629,560,954	1,629,665,897
Colorado	130,060,609	124,220,137	124,884,634	124,362,216	124,364,148
Connecticut	88,969,375	112,438,172	112,160,687	111,694,627	111,703,572
Delaware	19,697,864	25,288,386	28,192,248	34,116,719	34,116,719
District of Columbia	35,549,079	46,083,980	46,165,829	45,965,991	46,075,788
Florida	675,845,449	589,965,120	592,638,262	590,100,907	590,494,575
Georgia	425,860,878	416,324,345	413,062,330	411,299,099	411,285,118
Hawaii	28,862,221	33,405,289	38,071,798	39,677,808	39,731,536
Idaho	43,432,199	36,660,026	38,750,242	41,329,313	41,330,996
Illinois	534,174,740	605,047,119	598,176,131	595,678,634	595,506,081
Indiana	209,627,851	234,229,766	230,868,975	229,881,823	229,808,389
Iowa	72,990,350	69,958,246	69,467,049	69,174,529	69,161,932
Kansas	82,692,556	86,209,482	85,790,749	85,425,396	85,406,090
Kentucky	191,715,213	185,082,683	184,673,184	183,889,616	183,919,762
Louisiana	293,297,320	278,550,506	278,769,557	277,577,686	277,658,941
Maine	31,443,332	40,138,562	42,754,398	43,781,402	43,783,841
Maryland	156,355,356	191,754,454	189,247,012	188,451,565	188,390,322
Massachusetts	168,528,886	212,540,783	213,128,780	212,246,871	212,227,584
Michigan	391,172,723	469,933,211	463,687,577	461,707,952	461,587,384
Minnesota	111,712,368	116,961,944	116,051,377	115,570,244	115,545,095
Mississippi	201,013,427	172,119,837	173,861,237	173,131,474	173,147,156
Missouri	221,265,002	205,304,413	203,392,785	202,554,409	202,517,452
Montana	30,916,759	31,100,623	35,653,465	38,680,895	38,707,284

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Exhibit B.10 (Continued)
Title I Allocations After Application of Various Steps in the Title I Formula Process,
by State, FY 2007

	Before Application of SPPE, Hold Harmless, or State Minimum Provisions	After Application of State Per Pupil Expenditure (SPPE) Factor	After Application of Hold Harmless Provision	After Application of State Minimum Provision	After Final Adjustments (Final Allocations)
Nebraska	\$19,567,456	\$25,050,786	\$27,896,137	\$33,914,024	\$33,914,024
Nevada	313,425,719	265,849,087	265,170,287	264,056,588	264,053,219
New Hampshire	130,749,581	121,925,564	122,752,746	122,234,238	122,255,292
New Jersey	1,802,803,435	1,636,601,373	1,636,420,173	1,629,560,954	1,629,665,897
New Mexico	130,060,609	124,220,137	124,884,634	124,362,216	124,364,148
New York	88,969,375	112,438,172	112,160,687	111,694,627	111,703,572
North Carolina	19,697,864	25,288,386	28,192,248	34,116,719	34,116,719
North Dakota	35,549,079	46,083,980	46,165,829	45,965,991	46,075,788
Ohio	675,845,449	589,965,120	592,638,262	590,100,907	590,494,575
Oklahoma	425,860,878	416,324,345	413,062,330	411,299,099	411,285,118
Oregon	28,862,221	33,405,289	38,071,798	39,677,808	39,731,536
Pennsylvania	43,432,199	36,660,026	38,750,242	41,329,313	41,330,996
Puerto Rico	534,174,740	605,047,119	598,176,131	595,678,634	595,506,081
Rhode Island	209,627,851	234,229,766	230,868,975	229,881,823	229,808,389
South Carolina	72,990,350	69,958,246	69,467,049	69,174,529	69,161,932
South Dakota	82,692,556	86,209,482	85,790,749	85,425,396	85,406,090
Tennessee	191,715,213	185,082,683	184,673,184	183,889,616	183,919,762
Texas	293,297,320	278,550,506	278,769,557	277,577,686	277,658,941
Utah	31,443,332	40,138,562	42,754,398	43,781,402	43,783,841
Vermont	156,355,356	191,754,454	189,247,012	188,451,565	188,390,322
Virginia	168,528,886	212,540,783	213,128,780	212,246,871	212,227,584
Washington	391,172,723	469,933,211	463,687,577	461,707,952	461,587,384
West Virginia	111,712,368	116,961,944	116,051,377	115,570,244	115,545,095
Wisconsin	201,013,427	172,119,837	173,861,237	173,131,474	173,147,156
Wyoming	221,265,002	205,304,413	203,392,785	202,554,409	202,517,452

Source: U.S. Department of Education, Office of Elementary and Secondary Education, formula allocations for Title I, Part A, for FY 2007.

Exhibit B.11
Title I Allocations per Formula Child After Application of Various Steps in the
Title I Formula Process, by State, FY 2007

	Before Application of SPPE, Hold Harmless, or State Minimum Provisions	After Application of State Per Pupil Expenditure (SPPE) Factor	After Application of Hold Harmless Provision	After Application of State Minimum Provision	After Final Adjustments (Final Allocations)
Overall	\$1,382	\$1,382	\$1,382	\$1,382	\$1,382
Alabama	1,380	1,181	1,175	1,170	1,170
Alaska	1,233	1,579	1,758	2,138	2,138
Arizona	1,402	1,189	1,186	1,181	1,181
Arkansas	1,337	1,247	1,255	1,250	1,250
California	1,408	1,279	1,278	1,273	1,273
Colorado	1,309	1,251	1,257	1,252	1,252
Connecticut	1,288	1,627	1,623	1,617	1,617
Delaware	1,201	1,542	1,719	2,080	2,080
District of Columbia	1,501	1,946	1,949	1,941	1,945
Florida	1,462	1,276	1,282	1,276	1,277
Georgia	1,391	1,360	1,349	1,343	1,343
Hawaii	1,384	1,602	1,826	1,903	1,905
Idaho	1,234	1,042	1,101	1,174	1,174
Illinois	1,407	1,594	1,576	1,569	1,569
Indiana	1,297	1,449	1,429	1,422	1,422
Iowa	1,241	1,189	1,181	1,176	1,176
Kansas	1,292	1,347	1,340	1,334	1,334
Kentucky	1,374	1,326	1,323	1,318	1,318
Louisiana	1,429	1,357	1,358	1,352	1,353
Maine	1,223	1,561	1,663	1,703	1,703
Maryland	1,409	1,728	1,706	1,699	1,698
Massachusetts	1,303	1,643	1,647	1,640	1,640
Michigan	1,351	1,623	1,601	1,595	1,594
Minnesota	1,247	1,306	1,296	1,290	1,290
Mississippi	1,400	1,199	1,211	1,206	1,206
Missouri	1,331	1,235	1,224	1,219	1,218
Montana	1,262	1,270	1,456	1,579	1,580

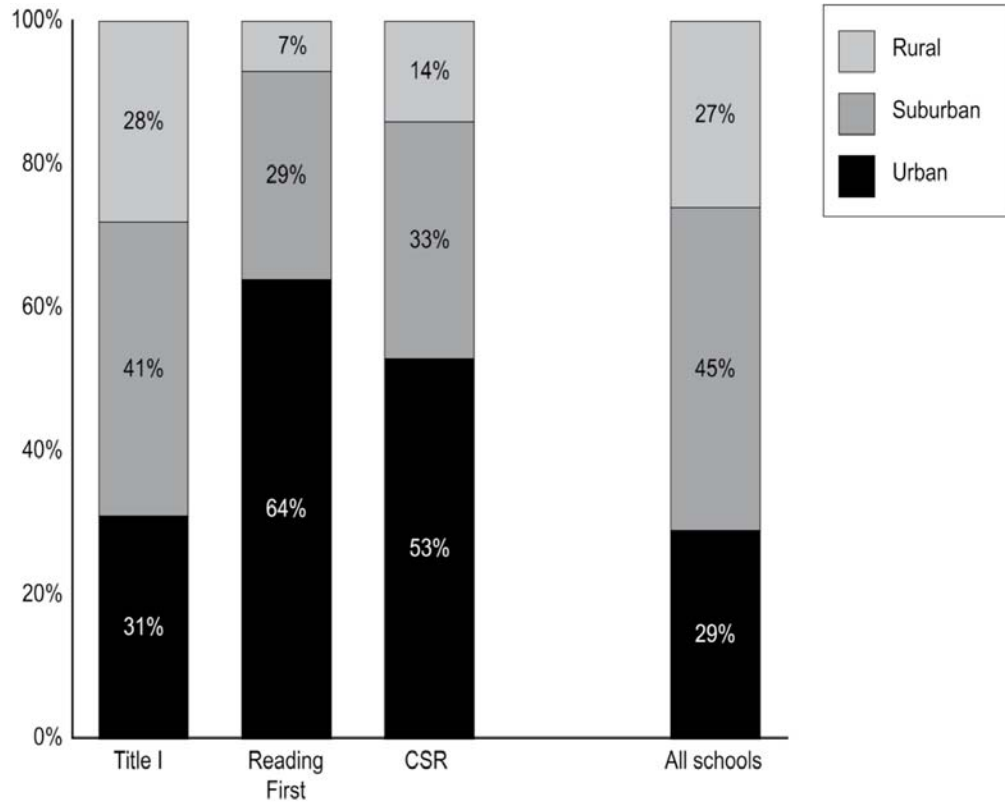
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Exhibit B.11 (Continued)
Title I Allocations per Formula Child After Application of Various Steps in the
Title I Formula Process, by State, FY 2007

	Before Application of SPPE, Hold Harmless, or State Minimum Provisions	After Application of State Per Pupil Expenditure (SPPE) Factor	After Application of Hold Harmless Provision	After Application of State Minimum Provision	After Final Adjustments (Final Allocations)
Nebraska	\$1,252	1,366	1,371	1,369	1,369
Nevada	1,485	1,265	1,247	1,242	1,241
New Hampshire	1,150	1,329	1,504	1,879	1,879
New Jersey	1,267	1,608	1,626	1,620	1,620
New Mexico	1,409	1,282	1,335	1,329	1,331
New York	1,464	1,855	1,833	1,825	1,824
North Carolina	1,384	1,185	1,173	1,168	1,167
North Dakota	1,190	1,057	1,962	2,553	2,553
Ohio	1,332	1,509	1,489	1,483	1,483
Oklahoma	1,342	1,143	1,179	1,174	1,175
Oregon	1,298	1,303	1,310	1,304	1,305
Pennsylvania	1,342	1,692	1,669	1,662	1,661
Puerto Rico	1,436	1,151	1,133	1,128	1,128
Rhode Island	1,348	1,726	1,700	1,693	1,693
South Carolina	1,382	1,301	1,281	1,275	1,275
South Dakota	1,285	1,134	1,407	1,744	1,744
Tennessee	1,379	1,175	1,163	1,158	1,158
Texas	1,418	1,253	1,254	1,248	1,249
Utah	1,292	1,096	1,085	1,080	1,080
Vermont	1,134	1,431	2,328	2,922	2,922
Virginia	1,308	1,400	1,395	1,389	1,389
Washington	1,291	1,220	1,211	1,206	1,206
West Virginia	1,352	1,476	1,562	1,555	1,558
Wisconsin	1,321	1,563	1,543	1,536	1,535
Wyoming	1,162	1,463	2,304	2,845	2,845

Source: U.S. Department of Education, Office of Elementary and Secondary Education, formula allocations for Title I, Part A, for FY 2007.

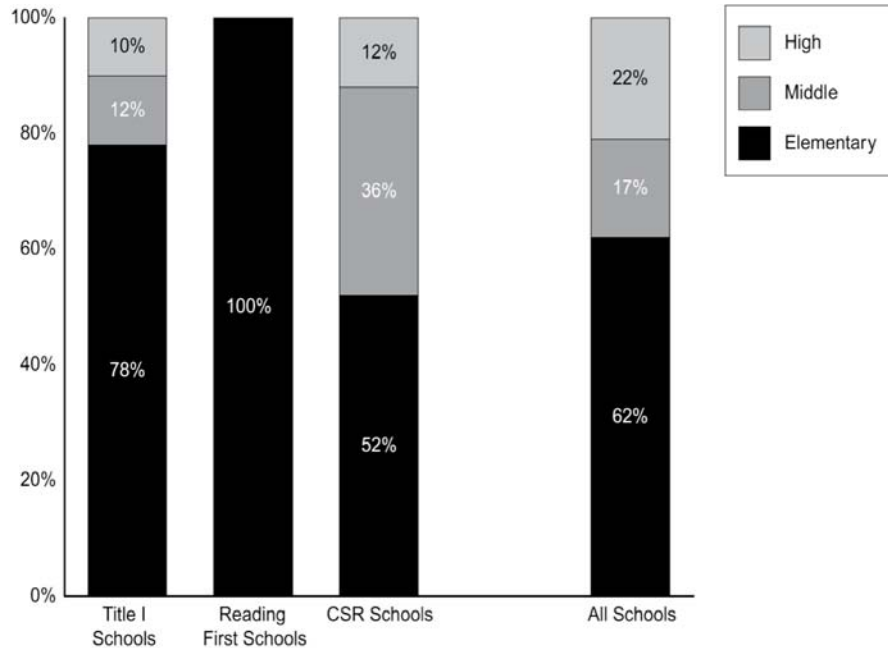
Exhibit B.12
Distribution of Title I, Reading First, and CSR Schools, by School Urbanicity, 2004–05



Note: Totals may not add to 100 percent due to rounding.

Source: NLS-*NCLB*, school allocations ($n=12,528$ schools, 8,640 Title I schools, 456 Reading First schools, and 290 CSR schools).

Exhibit B.13
Distribution of Title I, Reading First, and CSR Schools,
by School Grade Level, 2004–05



Note: Totals may not add to 100 percent due to rounding.

Source: NLS-*NCLB*, school allocations ($n=12,288$ schools, including 8,393 Title I schools, 457 Reading First schools, and 288 CSR schools).

Exhibit B.14
Distribution of Federal Program Funds,
by School Grade Level (\$ in Millions), 2004–05

	Title I (Including Section 1003)	Reading First	CSR	Title II	Title III	Perkins
Elementary	\$6,200	\$1,024	\$127	\$1,471	\$345	\$0
Middle	\$2,607	\$0	\$46	\$620	\$144	\$307
High	\$3,537	\$0	\$61	\$839	\$191	\$434
Total	\$12,343	\$1,024	\$234	\$2930	\$681	\$741

Note: Subtotals may not add to total due to rounding.

Source: U.S. Department of Education, Budget Service.

Exhibit B.15
Average Title I School Allocations per Low-Income Student by School Poverty Level,
1997–98 and 2004–05, in Constant 2004–05 Dollars

	School Poverty Level			
	75% or More	50% to <75%	35% to <50%	Less than 35%
Actual funding per low-income student				
1997–98	\$475	\$400	\$408	\$771
2004–05	\$558	\$611	\$671	\$763
CPI-adjusted funding per low-income student (constant 2004–05 dollars)				
1997–98	\$563	\$474	\$484	\$914
2004–05	\$558	\$611	\$653	\$815
Percentage change	-1%	29%	35%	-11%
Sources: Study of Education Resources and Federal Funding, 1997–98 ($n=4,563$ Title I schools); NLS- <i>NCLB</i> , school allocations, 2004–05 ($n=8,564$ Title I schools).				

Exhibit B.16			
Title I Total District Allocations, Number of Poor Children, and Average Title I Allocation per Poor Child, by District Poverty Quartile, 1997–98 and 2004–05, in Constant 2004–05 Dollars			
District Poverty Level	Total Title I Allocations		
	1997–98 (\$ in Millions)	2004–05 (\$ in Millions)	Percent Change
Highest poverty quartile	\$3,847	\$6,053	+57%
Second-highest poverty quartile	\$2,059	\$3,134	+52%
Second-lowest poverty quartile	\$1,213	\$1,755	+45%
Lowest poverty quartile	\$600	\$678	+13%
All Title I districts	\$7,719	\$11,619	+51%
	Total Number of Poor Children		
	1997–98 (in Thousands)	2004–05 (in Thousands)	Percent Change
Highest poverty quartile	3,684	3,833	+4%
Second-highest poverty quartile	1,967	2,123	+8%
Second-lowest poverty quartile	1,131	1,257	+11%
Lowest poverty quartile	502	539	+7%
All Title I districts	7,286	7,752	+6%
	Average Title I Allocation per Poor Child		
	1997–98	2004–05	Percent Change
Highest poverty quartile	\$1,044	\$1,579	+51%
Second-highest poverty quartile	\$1,047	\$1,475	+41%
Second-lowest poverty quartile	\$1,072	\$1,398	+30%
Lowest poverty quartile	\$1,194	\$1,256	+5%
All Title I districts	\$1,059	\$1,499	+41%
Sources: Study of Education Resources and Federal Funding, 1997–98 (<i>n</i> =12,903 Title I districts); NLS- <i>NCLB</i> , district allocations, 2004–05 (<i>n</i> =12,856 Title I districts).			

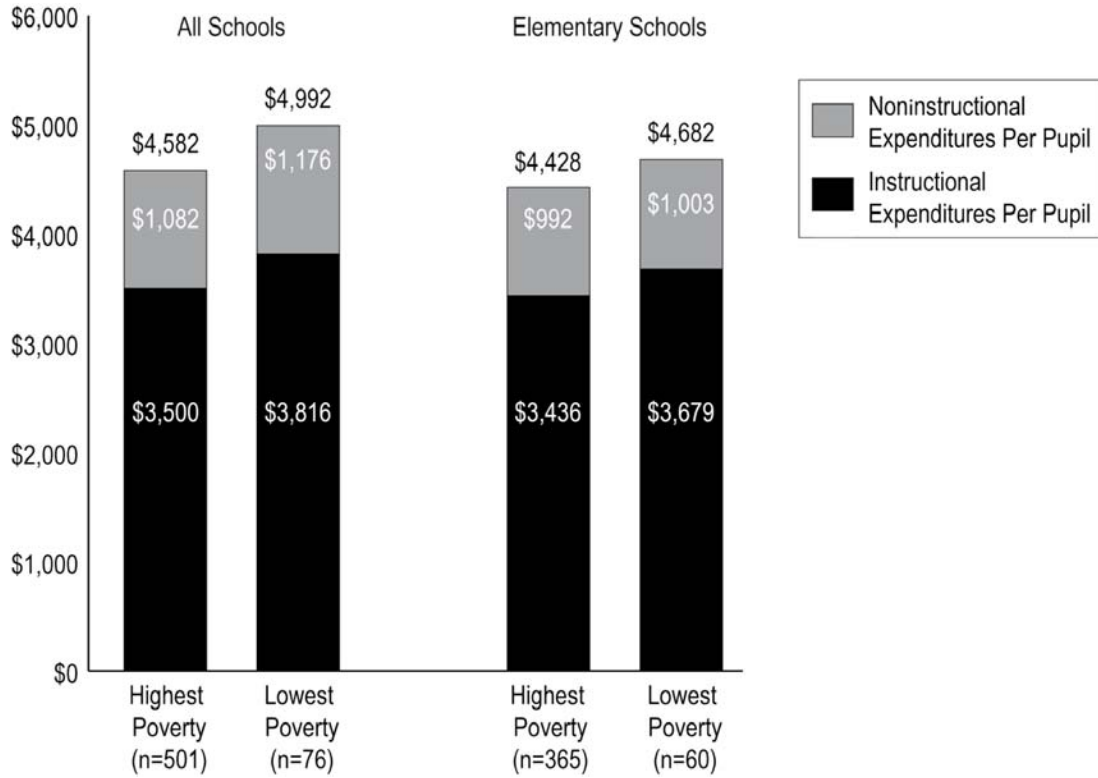
Exhibit B.17			
Title I Total School Allocations, Number of Low-Income Students, and Average Title I Allocation per Low-Income Student, by School Poverty Level, 1997–98 and 2004–05, in Constant 2004–05 Dollars			
School Poverty Level	Total Title I School Allocations		
	1997–98 (\$ in Millions)	2004–05 (\$ in Millions)	Percent Change
75% or more	\$2,999	\$3,761	+25%
50% to <75%	\$1,780	\$3,684	+107%
35% to <50%	\$612	\$1,737	+184%
Less than 35%	\$1,011	\$584	-42%
All Title I schools	\$6,402	\$9,766	+53%
	Total Number of Low-Income Students		
	1997–98 (in Thousands)	2004–05 (in Thousands)	Percent Change
75% or more	5,331	6,744	+27%
50% to <75%	3,752	6,025	+61%
35% to <50%	1,260	2,590	+105%
Less than 35%	1,103	765	-31%
All Title I schools	11,446	16,124	+41%
	Average Title I Allocation per Low-Income Student		
	1997–98	2004–05	Percent Change
75% or more	\$563	\$558	-1%
50% to <75%	\$474	\$611	+29%
35% to <50%	\$486	\$671	+38%
Less than 35%	\$917	\$763	-17%
All Title I schools	\$559	\$606	+8%
Sources: Study of Education Resources and Federal Funding, 1997–98 (<i>n</i> =4,563 Title I schools); NLS- <i>NCLB</i> , school allocations, 2004–05 (<i>n</i> =8,564 Title I schools).			

Exhibit B.18
Use of Total Current Educational Expenditures for Instruction, Instructional and Student Support, and Administration and Other Support, 2004–05

	Total (\$ in Millions)	Percent
Instruction	\$259,614	61%
Instructional support		
Instructional staff services	\$20,347	5%
Student support	\$22,106	5%
Administration and other support		
School administration	\$24,149	6%
General administration	\$8,499	2%
Operation and maintenance	\$40,894	10%
Transportation	\$17,454	4%
Food services	\$16,424	4%
Other support services	\$14,117	3%
Enterprise operations	\$960	0%
Total current expenditures	\$424,564	100%

Source: National Center for Education Statistics (2007), *Digest of Education Statistics: 2007* (Washington, D.C.: National Center for Education Statistics), Table 167.

Exhibit B.19
Comparison of State and Local Resources: School-Level Personnel Expenditures per Student in High- and Low-Poverty Title I Schools, 2004–05



Source: NLS-NCLB, district personnel records.

APPENDIX C. STANDARD ERROR TABLES

(Standard error estimates are reported in parentheses in all tables presented below.)

Exhibit C.1 Percentage of Schools That Received Title I Funds, 2004–05	
	Percent
All schools	56% (1.76)
School poverty level	
75% or more	93% (1.71)
50%-<75%	80% (2.38)
35%-<50%	62% (4.38)
Less than 35%	22% (2.54)
Grade level	
Elementary schools	71% (1.81)
Middle schools	40% (3.37)
High schools	27% (5.32)
Secondary schools*	32% (3.22)
Urbanicity	
Urban	59% (1.96)
Suburban	53% (2.42)
Rural	59% (4.99)
School improvement status	
Schools identified for improvement	84% (2.77)
75% or more	95% (3.91)
Less than 35%	19% (6.62)
Non-identified schools	54% (2.05)
* Includes high schools and middle schools.	
Source: NLS- <i>NCLB</i> , school allocations ($n=12,284$ schools).	

Exhibit C.2
Percentage of Schools That Received CSR
Funds, 2004–05

	Percent
All schools	1% (0.17)
School poverty level	
75% or more	3% (0.42)
50%-<75%	1% (0.26)
35%-<50%	1% (0.69)
Less than 35%	0% (0.07)
Grade level	
Elementary schools	1% (0.13)
Middle schools	2% (0.91)
High schools	1% (0.17)
Secondary schools*	1% (0.43)
School improvement status	
Schools identified for improvement	5% (1.30)
Non-identified schools	1% (0.10)
* Includes high schools and middle schools.	
Source: NLS- <i>NCLB</i> , school allocations (<i>n</i> =12,284 schools).	

Exhibit C.3
Percentage of Schools That Received Reading First
Funds, 2004–05

	Percent
All schools	2% (0.21)
School poverty level	
75% or more	8% (0.81)
50%-<75%	3% (0.72)
35%-<50%	0% (0.13)
Less than 35%	0% (0.05)
Grade level	
Elementary schools	4% (0.38)
School improvement status	
Schools identified for improvement	4% (0.74)
Non-identified schools	2% (0.22)
Source: NLS- <i>NCLB</i> , school allocations (<i>n</i> =12,284 schools).	

Exhibit C.4
Poverty Measures That Districts Used to Determine
Title I School Allocations, 2004–05

	Percent of Districts*
Children eligible for free and reduced-price lunches	87% (4.37)
Children eligible for free lunches only	5% (2.45)
Children in families receiving assistance under the state program funded under Title IV, Part A, of the Social Security Act ("Temporary Assistance to Needy Families")	3% (2.47)
Children eligible to receive medical assistance under the Medicaid program	4% (2.46)
Missing responses**	5% (2.7)
* Does not add to 100 percent because the survey question allows multiple responses.	
** Districts did not respond to this survey item.	
Source: NLS- <i>NCLB</i> , district request for documents ($n=281$ Title I districts).	

Exhibit C.5
Methods that Districts Used in Making Title I School Allocations, 2004–05

	Percent of Districts*
Applied 125% minimum per-child allocation rule	12% (3.29)
Placed schools in rank order by poverty within each grade span	30% (5.67)
Served schools without regard to grade span	10% (2.73)
Used feeder patterns to determine eligibility for secondary schools	4% (2.44)
Did not apply rank-order requirement because district has fewer than 1,000 students or only one school per grade span	40% (6.36)
Other	4% (1.83)
* Does not add to 100 percent because the survey question allows multiple responses.	
Source: NLS- <i>NCLB</i> , district request for documents ($n=281$ Title I districts).	

Exhibit C.6
Average Title I School Allocation per Low-Income Student,
by School Poverty Level, 1997–98

School Poverty	All Schools	Elementary Schools	Secondary Schools	Targeted Assistance Programs	Schoolwide Programs
Overall	\$472 (13.99)	\$495 (17.72)	\$372 (14.64)	\$511 (24.20)	\$457 (19.17)
Over 75%	\$475 (17.60)	\$479 (21.07)	\$446 (15.75)	\$468 (10.15)	\$470 (22.62)
50-<75%	\$400 (12.40)	\$432 (14.42)	\$322 (19.82)	\$416 (26.81)	\$399 (17.03)
35-<50%	\$410 (17.31)	\$428 (19.47)	\$302 (31.36)	\$416 (19.33)	\$458 (39.30)
Less than 35%	\$773 (78.04)	\$824 (87.36)	\$442 (52.12)	\$753 (68.00)	*

* Results are not shown due to small sample sizes.

Source: Study of Education Resources and Federal Funding ($n=8,564$ Title I schools).

Exhibit C.7
Distribution of Schools Receiving Title I Funds, by School Type, 2004–05

	All Schools	Title I Schools		
		All Title I Schools	Schoolwide Programs	Targeted Assistance Programs
Grade level				
Elementary schools	62% (1.85)	78% (2.52)	74% (3.69)	84% (3.39)
Middle schools	17% (1.14)	12% (1.02)	14% (1.34)	9% (1.61)
High schools	22% (1.76)	10% (2.20)	13% (3.75)	7% (1.67)
Secondary schools	39% (1.82)	22% (2.23)	26% (3.47)	16% (2.32)
School poverty level				
75% or more	17% (1.10)	28% (1.87)	39% (2.71)	13% (2.59)
50% to <75%	24% (1.46)	35% (2.26)	48% (3.04)	17% (2.62)
35% to <50%	21% (1.73)	23% (2.57)	13% (2.59)	37% (4.57)
Less than 35%	37% (1.72)	14% (1.74)	0% (0.0)	34% (3.84)
Minority rate				
50% or more	34% (1.55)	47% (2.38)	67% (2.78)	22% (2.71)
Less than 50%	66% (1.61)	53% (2.42)	34% (2.60)	78% (3.04)
Urbanicity				
Urban	29% (1.28)	31% (1.76)	35% (2.21)	24% (2.87)
Suburban	45% (1.76)	41% (2.47)	42% (3.26)	40% (3.92)
Rural	27% (2.03)	28% (2.65)	23% (2.41)	36% (4.90)
Title I status				
Non–Title I	45% (1.77)	0% (0.02)	0% (0.00)	0% (0.00)
Title I schoolwide programs	31% (1.56)	56% (2.43)	100% (0.00)	0% (0.00)
Title I targeted assistance programs	25% (1.74)	44% (2.47)	0% (0.00)	100% (0.00)
School improvement status				
Identified schools	13% (0.92)	19% (1.51)	22% (1.58)	15% (2.96)
Non-identified schools	87% (1.29)	81% (1.73)	78% (1.79)	85% (3.36)

Note: Percents may not add to 100 due to rounding.

Source: NLS-*NCLB*, school allocations ($n=$ 12,986 schools including 8,716 Title I schools).

Exhibit C.8
Distribution of Students, Low-Income Students, and Title I Funds Among Schools, 2004–05

	Low-Income Students	All Students	Low-Income Students in Title I Schools	All Students in Title I Schools	Title I Funds
Grade level					
Elementary schools	57% (1.64)	49% (1.57)	69% (2.29)	67% (2.54)	76% (2.08)
Middle schools	20% (1.04)	20% (1.08)	17% (1.05)	16% (1.15)	14% (0.98)
High schools	22% (1.87)	31% (1.84)	14% (2.60)	16% (2.86)	10% (2.15)
Secondary schools	43% (1.68)	51% (1.61)	31% (2.32)	33% (2.57)	25% (2.08)
School poverty level					
75% or more	30% (1.15)	14% (0.60)	42% (1.76)	27% (1.38)	38% (1.69)
50% to <75%	33% (1.71)	23% (1.43)	37% (2.19)	36% (2.34)	38% (2.13)
35% to <50%	20% (1.39)	20% (1.40)	16% (1.66)	22% (2.16)	18% (1.89)
Less than 35%	17% (0.93)	43% (1.57)	5% (0.58)	14% (1.50)	6% (0.71)
Minority rate					
50% or more	56% (1.54)	36% (1.47)	67% (1.82)	56% (2.19)	60% (2.04)
Less than 50%	44% (1.52)	64% (1.50)	33% (1.80)	44% (2.16)	40% (2.05)
Urbanicity					
Urban	41% (1.38)	34% (1.36)	45% (1.85)	39% (1.89)	44% (1.85)
Suburban	41% (1.66)	48% (1.60)	38% (2.22)	44% (2.38)	38% (2.13)
Rural	18% (1.31)	17% (1.44)	17% (1.50)	17% (1.66)	18% (1.82)
Title I status					
Non–Title I schools	30% (1.30)	51% (1.60)	0% (0.03)	0% (0.03)	0% (0.02)
Title I schoolwide programs	52% (1.57)	30% (1.48)	73% (1.64)	61% (2.10)	71% (1.89)
Title I targeted assistance programs	19% (1.14)	19% (1.21)	27% (1.58)	39% (2.08)	30% (1.89)
School improvement status					
Identified schools	24% (0.99)	15% (0.78)	30% (1.38)	24% (1.28)	27% (1.31)
Non-identified schools	76% (1.12)	85% (0.96)	70% (1.49)	76% (1.44)	73% (1.45)

Note: Percents may not add to 100 due to rounding.

Source: NLS-*NCLB*, school allocations ($n=$ 12,986 schools including 8,716 Title I schools).

Exhibit C.9
Average Title I School Allocations per Low-Income Student, by School Type, 2004–05

	All Schools	Elementary Schools	Middle Schools	High Schools	Secondary Schools	Schoolwide Programs	Targeted Assistance Programs
All schools	\$606 (9.66)	\$664 (11.55)	\$502 (15.36)	\$451 (17.06)	\$479 (11.04)	\$584 (10.43)	\$683 (21.50)
School poverty level							
75% or more	\$558 (8.08)	\$576 (9.49)	\$530 (14.65)	\$456 (31.54)	\$507 (15.07)	\$552 (8.16)	\$592 (35.66)
50% to <75%	\$611 (18.15)	\$688 (22.69)	\$483 (31.50)	\$471 (17.30)	\$477 (17.53)	\$610 (21.18)	\$657 (36.84)
35% to <50%	\$671 (34.26)	\$806 (34.07)	\$462 (38.15)	\$378 (56.51)	\$418 (30.72)	\$648 (58.73)	\$703 (42.00)
Less than 35%	\$763 (54.30)	\$858 (77.77)	\$592 (87.32)	\$514 (81.57)	\$542 (61.78)	*	\$764 (54.40)
School percent minority							
50% or more	\$542 (5.94)	\$574 (7.20)	\$508 (11.73)	\$470 (12.22)	\$489 (8.11)	\$546 (6.88)	\$545 (14.41)
Less than 50%	\$744 (24.22)	\$815 (26.25)	\$501 (44.90)	\$325 (75.02)	\$458 (43.09)	\$737 (39.70)	\$768 (31.25)
Urbanicity							
Urban	\$589 (9.11)	\$620 (10.44)	\$543 (23.00)	\$473 (22.58)	\$514 (17.15)	\$572 (7.87)	\$662 (27.37)
Suburban	\$593 (14.75)	\$671 (15.30)	\$456 (21.20)	\$454 (24.52)	\$455 (16.32)	\$582 (16.05)	\$643 (32.43)
Rural	\$679 (39.39)	\$765 (50.15)	\$487 (35.98)	\$317 (62.69)	\$437 (34.33)	\$622 (46.95)	\$810 (59.77)
School improvement status							
Identified schools	\$556 (9.79)	\$582 (12.84)	\$549 (15.48)	\$467 (24.98)	\$519 (14.00)	\$552 (10.42)	\$597 (33.71)
Non-identified schools	\$624 (13.51)	\$686 (14.57)	\$461 (29.03)	\$443 (24.59)	\$451 (18.41)	\$601 (15.75)	\$693 (24.65)

* Results are not shown due to small sample sizes.
Source: NLS-*NCLB*, school allocations ($n=8,564$ Title I schools).

Exhibit C.10
Average Title I School Allocations per Low-Income Student
by School Poverty Level and District Poverty Quartile, 2004–05

School Poverty Level	District Poverty Quartile				
	Lowest Poverty Quartile	Second-Lowest Poverty Quartile	Second-Highest Poverty Quartile	Highest Poverty Quartile	All Districts
Overall	\$910 (56.83)	\$653 (26.12)	\$649 (19.44)	\$547 (9.16)	\$606 (9.57)
75% or more	\$1,273 (145.89)	\$505 (24.30)	\$656 (23.58)	\$535 (6.72)	\$558 (7.89)
50 to <75%	\$861 (68.17)	\$606 (29.15)	\$652 (30.47)	\$573 (19.03)	\$611 (17.99)
35 to <50%	\$798 (64.52)	\$754 (45.00)	\$637 (44.26)	\$549 (83.71)	\$671 (33.98)
Less than 35%	\$935 (79.91)	\$703 (109.43)	\$598 (19.49)	\$399 (19.70)	\$763 (53.14)

Source: NLS-*NCLB*, school allocations ($n=8,564$ Title I schools).

Exhibit C.11
Average Poverty Rate of Title I Schools, by School Poverty Level and
District Poverty Quartile, 2004–05

School Poverty Level	District Poverty Quartile				
	Lowest Poverty Quartile	Second-Lowest Poverty Quartile	Second-Highest Poverty Quartile	Highest Poverty Quartile	Overall
Overall	21% (1.62)	46% (1.97)	63% (1.24)	72% (1.29)	58% (1.05)
75% or more	79% (1.61)	87% (1.86)	86% (0.92)	88% (0.33)	87% (0.63)
50 to <75%	57% (1.42)	61% (0.88)	62% (0.66)	62% (0.71)	62% (0.50)
35 to <50%	41% (0.74)	42% (0.92)	44% (0.67)	43% (0.24)	43% (0.51)
Less than 35%	16% (1.48)	21% (1.77)	27% (2.08)	27% (0.59)	19% (1.12)

Source: NLS-*NCLB*, school allocations ($n=8,564$ Title I schools).

Exhibit C.12
Average Poverty Rate of Title I Schools, by Type of School, 2004–05

Overall	School Poverty Rate
Overall	58% (1.07)
Grade level	
Elementary schools	57% (1.17)
Middle schools	62% (0.52)
High schools	51% (2.25)
School poverty level	
75% or more	87% (0.63)
50% to <75%	62% (0.52)
35% to <50%	43% (0.51)
Less than 35%	19% (1.13)
Minority rate	
50% or more	73% (1.33)
Less than 50%	44% (1.22)
Urbanicity	
Urban	69% (1.19)
Suburban	51% (1.62)
Rural	56% (2.08)
Type of Title I program	
Schoolwide programs	69% (1.05)
Targeted assistance programs	46% (1.77)
School improvement status	
Identified schools	74% (1.87)
Non-identified schools	54% (1.18)
Source: NLS- <i>NCLB</i> , school allocations (<i>n</i> =8,564 Title I schools).	

Exhibit C.13
Percentage of Schools Receiving Title I Funds, by School Poverty Level and District Poverty Quartile, 2004–05

School Poverty Level	District Poverty Quartile				
	Lowest Poverty Quartile	Second-Lowest Poverty Quartile	Second-Highest Poverty Quartile	Highest Poverty Quartile	Overall
Overall	37% (3.61)	42% (4.41)	59% (2.60)	82% (1.31)	56% (1.77)
75% or more	66% (17.85)	95% (1.70)	87% (5.09)	96% (0.46)	93% (1.71)
50 to <75%	80% (6.92)	68% (8.88)	81% (3.29)	83% (1.92)	80% (2.37)
35 to <50%	74% (5.75)	72% (8.09)	52% (5.22)	61% (6.29)	62% (4.32)
Less than 35%	34% (3.85)	15% (4.53)	6% (1.83)	28% (3.25)	22% (2.53)

Source: NLS-*NCLB*, school allocations ($n=8,564$ Title I schools).

Exhibit C.14
Distribution of Schools Receiving Reading First Funds, 2004–05

	All Schools	Reading First Schools	Reading First Funds
Grade level			
Elementary schools	60% (1.85)	100% (0.22)	100% (0.21)
Middle schools	18% (1.17)	0% (0.00)	0% (0.00)
High schools	22% (1.77)	0% (0.00)	0% (0.00)
School poverty level			
75% or more	16% (1.11)	59% (3.54)	57% (4.45)
50% to <75%	25% (1.53)	36% (3.62)	39% (4.42)
35% to <50%	20% (1.69)	3% (1.19)	3% (1.47)
Less than 35%	39% (1.70)	2% (0.82)	2% (1.16)
Urbanicity			
Urban	28% (1.24)	64% (3.45)	62% (4.18)
Suburban	46% (1.78)	29% (2.74)	29% (3.02)
Rural	26% (1.98)	7% (3.35)	9% (4.35)

Note: Percents may not add to 100 due to rounding.

Source: NLS-*NCLB*, school allocations ($n=12,986$ schools including 457 Reading First schools).

Exhibit C.15		
Reading First Allocations per Low-Income Student, by School Poverty Level and Urbanicity, 2004–05		
	Based on All Low-Income Students in Reading First Schools	Based on K–3 Low-Income Students in Reading First Schools
All schools	\$342 (19.22)	\$662 (60.83)
School poverty level		
75% or more	\$311 (23.38)	\$559 (43.74)
50% to <75%	\$425 (28.96)	\$851 (165.94)
35% to <50%	*	*
Less than 35%	*	*
Urbanicity		
Urban	\$320 (21.01)	\$605 (39.47)
Suburban	\$378 (57.57)	\$861 (241.54)
Rural	*	*
* Results are not shown due to small sample sizes. Source: NLS- <i>NCLB</i> , school allocations (<i>n</i> =397 Reading First schools).		

Exhibit C.16					
Distribution of CSR Schools and Funds, by School Grade Level, Poverty Level, and Urbanicity, 2004–05					
	All Schools	All CSR Schools	Low-Income Students	All Students	CSR Funds
Grade level					
Elementary schools	61% (1.91)	52% (7.57)	56% (1.75)	49% (1.62)	48% (5.88)
Middle schools	18% (1.20)	36% (8.90)	21% (1.13)	21% (1.16)	34% (6.98)
High schools	21% (1.83)	12% (3.02)	23% (2.03)	31% (1.91)	19% (4.09)
School poverty level					
75% or more	16% (1.14)	44% (6.81)	29% (1.16)	14% (0.59)	49% (6.03)
50% to <75%	25% (1.57)	30% (5.60)	33% (1.83)	23% (1.52)	33% (5.20)
35% to <50%	21% (1.79)	21% (10.19)	20% (1.52)	20% (1.53)	13% (7.67)
Less than 35%	37% (1.74)	5% (2.26)	17% (0.99)	43% (1.59)	4% (2.05)
Urbanicity					
Urban	23% (1.04)	53% (7.59)	36% (1.28)	28% (1.12)	61% (6.66)
Suburban	49% (1.84)	32% (8.97)	45% (1.73)	54% (1.61)	26% (7.09)
Rural	28% (2.08)	14% (4.16)	19% (1.42)	19% (1.52)	13% (4.15)
Note: Percents may not add to 100 due to rounding. Source: NLS- <i>NCLB</i> , school allocations (<i>n</i> =12,986 schools including 291 CSR schools).					

Exhibit C.17
CSR Allocations per Low-Income Student, by School Poverty Level
and Grade Level, 2004–05

School Poverty Level	All Schools	Elementary Schools	Middle Schools	High Schools
All	\$280 (13.33)	\$291 (19.36)	\$281 (22.61)	\$249 (37.03)
75% or more	\$259 (12.71)	\$266 (14.74)	\$247 (28.74)	*
50% to <75%	\$320 (33.18)	\$382 (67.08)	*	*
35% to <50%	*	*	*	*
Less than 35%	*	*	*	*

* Results are not shown due to small sample sizes.

Source: NLS-*NCLB*, school allocations.

Exhibit C.18
District Allocations of Title I, Reading First, and CSR Funds
to Public Schools, 2004–05

	Amount (\$ in Millions)	Percent
Title I	\$8,916	74% (1.61)
Reading First	\$693	85% (7.53)
CSR	\$167	79% (5.62)

Source: NLS-*NCLB*, school allocations ($n=208$ to 271 districts).

Exhibit C.19
Percentage of Title I Schoolwide-Eligible Schools That Operated
Schoolwide Programs, by School Poverty Level, 2004–05

School Poverty Level	Percent
Overall	71% (2.77)
75% or more	79% (3.75)
50% to <75%	78% (3.09)
35% to <50%	43% (7.51)

Source: NLS-*NCLB*, school allocations ($n=7,444$ Title I schools).

Exhibit C.20
Use of Title I, Part A, Funds for Instruction, Instructional and Student Support, and Program Administration, 2004–05

	Expenditure (\$ in Millions)	Percent
Instruction	\$8,778	73% (2.57)
<i>Instructional staff</i>	\$7,069	59% (3.31)
Teachers	\$5,816	48% (3.75)
Aides	\$1,253	10% (1.30)
<i>Instructional materials and equipment</i>	\$1,443	12% (2.00)
Instructional materials	\$1,159	10% (1.87)
Student computers and other technology	\$284	2% (0.73)
<i>Other instructional expenditures</i>	\$266	2% (0.66)
Instructional support	\$2,122	18% (2.16)
Professional development	\$1,009	8% (1.62)
Student support staff	\$406	3% (0.80)
Other instructional support	\$533	4% (1.10)
Parent involvement and community services	\$175	1% (0.34)
Administration	\$1,149	10% (1.17)
School administration	\$223	2% (0.33)
District administration	\$622	5% (0.85)
Transportation	\$155	1% (0.42)
Facilities	\$149	1% (0.38)
Total	\$12,049	100%

Note: Subtotals may not add to total due to rounding.

Source: NLS-*NCLB*, district fiscal records ($n=267$ districts).

Exhibit C.21		
Use of Title I, Section 1003, Funds for Instruction, Instructional and Student Support, and Program Administration, 2004–05		
	Expenditure (\$ in Millions)	Percent
Instruction	\$256	51% (8.96)
<i>Instructional staff</i>	\$100	20% (6.28)
Teachers	\$83	17% (6.07)
Aides	\$17	3% (1.66)
<i>Instructional materials and equipment</i>	\$135	27% (6.71)
Instructional materials	\$123	25% (6.56)
Student computers and other technology	\$12	2% (1.00)
<i>Other instructional expenditures</i>	\$21	4% (1.88)
Instructional and student support	\$208	42% (9.48)
Professional development	\$199	40% (9.65)
Student support staff	\$1	0% (0.13)
Instructional support	\$6	1% (0.47)
Parent involvement and community services	\$2	0% (0.24)
Administration	\$34	7% (2.23)
School administration	\$4	1% (0.42)
District administration	\$11	2% (0.81)
Transportation	\$6	1% (0.82)
Facilities	\$13	3% (1.68)
Total	\$498	100%
Note: Subtotals may not add to total due to rounding.		
Source: NLS- <i>NCLB</i> , district fiscal records (<i>n</i> =97 districts).		

Exhibit C.22
Use of Title II, Part A, Funds for Instruction, Instructional and Student Support, and Program Administration, 2004–05

	Expenditure (\$ in Millions)	Percent
Instruction	\$1,857	67% (3.07)
<i>Instructional staff</i>	\$1,745	63% (3.19)
Teachers	\$1,567	56% (3.42)
Aides	\$178	6% (1.04)
<i>Instructional materials and equipment</i>	\$77	3% (0.49)
Instructional materials	\$55	2% (0.4)
Student computers and other technology	\$22	1% (0.26)
<i>Other instructional expenditures</i>	\$34	1% (0.34)
Instructional and student support	\$670	24% (2.68)
Professional development	\$518	19% (2.49)
Student support staff	\$31	1% (0.47)
Instructional support	\$121	4% (0.87)
Parent involvement and community services	\$0	0% (0.01)
Administration	\$259	9% (1.59)
School administration	\$31	1% (0.27)
District administration	\$178	6% (1.36)
Transportation	\$0	0% (0.00)
Facilities	\$50	2% (0.78)
Total	\$2,786	100%

Note: Subtotals may not add to total due to rounding.
Source: NLS-*NCLB*, district fiscal records (*n*=266 districts).

Exhibit C.23
Use of Title III, Part A, Funds for Instruction, Instructional and Student Support, and Program Administration, 2004–05

	Expenditure (\$ in Millions)	Percent
Instruction	\$386	75% (4.19)
<i>Instructional staff</i>	\$283	55% (6.57)
Teachers	\$212	41% (8.02)
Aides	\$70	14% (3.99)
<i>Instructional materials and equipment</i>	\$94	18% (3.54)
Instructional materials	\$84	16% (3.37)
Student computers and other technology	\$10	2% (0.63)
<i>Other instructional expenditures</i>	\$10	2% (0.62)
Instructional and student support	\$100	19% (3.5)
Professional development	\$45	9% (2.05)
Student support staff	\$12	2% (0.80)
Instructional support	\$40	8% (2.09)
Parent involvement and community services	\$4	1% (0.41)
Administration	\$31	6% (1.44)
School administration	\$7	1% (0.70)
District administration	\$15	3% (0.90)
Transportation	\$1	0% (0.06)
Facilities	\$8	2% (0.65)
Total	\$517	100%

Note: Subtotals may not add to total due to rounding.

Source: NLS-*NCLB*, district fiscal records (*n*=180 districts).

Exhibit C.24
Use of Perkins Funds for Instruction, Instructional and Student Support, and Program Administration, 2004–05

	Expenditure (\$ in Millions)	Percent
Instruction	\$462	72% (4.39)
<i>Instructional staff</i>	\$176	27% (5.90)
Teachers	\$128	20% (5.64)
Aides	\$48	7% (2.80)
<i>Instructional materials and equipment</i>	\$283	44% (6.83)
Instructional materials	\$248	39% (6.97)
Student computers and other technology	\$35	5% (3.51)
<i>Other instructional expenditures</i>	\$3	1% (0.29)
Instructional and student support	\$129	20% (3.60)
Professional development	\$44	7% (1.63)
Student support staff	\$53	8% (2.40)
Instructional support	\$31	5% (1.53)
Parent involvement and community services	\$0	0% (0.01)
Administration	\$51	8% (1.76)
School administration	\$8	1% (0.50)
District administration	\$19	3% (0.81)
Transportation	\$1	0% (0.06)
Facilities	\$23	4% (1.32)
Total	\$641	100%

Note: Subtotals may not add to total due to rounding.

Source: NLS-*NCLB*, district fiscal records ($n=140$ districts).

Exhibit C.25
Use of Reading First Funds for Instruction, Instructional and Student Support, and Program Administration, 2004–05

	Expenditure (\$ in Millions)	Percent
Instruction	\$530	65% (5.17)
<i>Instructional staff</i>	\$342	42% (6.06)
Teachers	\$310	38% (6.20)
Aides	\$32	4% (1.72)
<i>Instructional materials and equipment</i>	\$179	22% (3.88)
Instructional materials	\$147	18% (3.66)
Student computers and other technology	\$32	4% (1.20)
<i>Other instructional expenditures</i>	\$9	1% (0.32)
Instructional and student support	\$251	31% (5.06)
Professional development	\$103	13% (2.86)
Student support staff	\$27	3% (1.75)
Instructional support	\$120	15% (4.42)
Parent involvement and community services	\$0	0% (0.01)
Administration	\$34	4% (1.07)
School administration	\$3	0% (0.16)
District administration	\$23	3% (0.87)
Transportation	\$0	0% (0.01)
Facilities	\$7	1% (0.55)
Total	\$815	100%

Note: Subtotals may not add to total due to rounding.

Source: NLS-*NCLB*, district fiscal records ($n=84$ districts).

Exhibit C.26
Use of CSR Funds for Instruction, Instructional and Student Support, and Program Administration, 2004–05

	Expenditure (\$ in Millions)	Percent
Instruction	\$114	54% (6.36)
<i>Instructional staff</i>	\$66	31% (5.84)
Teachers	\$57	27% (5.81)
Aides	\$9	4% (1.32)
<i>Instructional materials and equipment</i>	\$45	21% (5.00)
Instructional materials	\$33	16% (3.71)
Student computers and other technology	\$12	6% (3.89)
<i>Other instructional expenditures</i>	\$3	2% (0.84)
Instructional and student support	\$84	39% (6.38)
Professional development	\$64	30% (6.03)
Student support staff	\$2	1% (0.39)
Instructional support	\$18	8% (4.17)
Parent involvement and community services	\$0	0% (0.05)
Administration	\$14	7% (2.26)
School administration	\$6	3% (1.87)
District administration	\$7	3% (1.21)
Transportation	\$0	0% (0.00)
Facilities	\$2	1% (0.37)
Total	\$212	100%

Note: Subtotals may not add to total due to rounding.

Source: NLS-*NCLB*, district fiscal records ($n=82$ districts).

Exhibit C.27
Uses of Federal Funds for Instruction, Instructional and Student Support, and Administration, by District Poverty Level and Urbanicity, 2004–05

	<i>n</i>	Distribution of District Expenditures			
		Instructional Staff	Other Instructional Expenditures	Instructional and Student Support	Administration and Other Support
Title I, Part A					
Overall	267	59 (3.31)	14 (2.11)	18 (2.16)	10 (1.17)
District Poverty Level					
Highest poverty quartile	112	51 (6.32)	16 (3.91)	23 (4.38)	11 (2.06)
Second-highest poverty quartile	64	66 (4.75)	13 (3.00)	14 (2.42)	8 (1.77)
Second-lowest poverty quartile	41	63 (5.05)	13 (3.50)	14 (2.81)	9 (2.15)
Lowest poverty quartile	49	78 (4.05)	7 (2.07)	8 (2.07)	7 (1.95)
Urbanicity					
Urban	91	55 (6.02)	14 (2.81)	21 (4.08)	10 (2.04)
Suburban	118	60 (4.58)	17 (4.35)	15 (2.36)	8 (1.37)
Rural	57	70 (4.31)	8 (1.81)	13 (2.94)	10 (1.64)
Title I, Section 1003					
Overall	79	20 (6.28)	31 (7.05)	42 (9.48)	7 (2.23)
District Poverty Level					
Highest poverty quartile	49	14 (3.67)	29 (6.98)	50 (8.45)	7 (3.31)
Second-highest poverty quartile	17	26 (17.59)	29 (16.76)	41 (23.75)	5 (3.27)
Second-lowest poverty quartile	9	34 (13.98)	45 (14.93)	11 (5.78)	10 (5.76)
Lowest poverty quartile	4	9 (9.22)	66 (25.49)	24 (21.0)	1 (0.74)
Urbanicity					
Urban	44	24 (5.92)	31 (7.17)	37 (6.77)	8 (2.37)
Suburban	23	11 (4.65)	40 (14.01)	45 (16.98)	5 (3.44)
Rural	12	22 (13.94)	27 (13.79)	44 (19.31)	7 (4.44)
Reading First					
Overall	84	42 (6.06)	23 (3.93)	31 (5.06)	4 (1.07)
District Poverty Level					
Highest poverty quartile	55	46 (7.86)	24 (5.24)	26 (5.23)	4 (1.32)
Second-highest poverty quartile	19	28 (7.65)	22 (6.98)	46 (9.87)	4 (2.42)
Second-lowest poverty quartile	6	49 (19.09)	14 (7.81)	34 (20.50)	4 (3.27)
Lowest poverty quartile	3	30 (21.48)	45 (28.18)	17 (16.42)	7 (5.95)
Urbanicity					
Urban	51	43 (7.85)	18 (4.31)	35 (6.84)	4 (1.40)
Suburban	23	30 (7.51)	40 (9.01)	27 (8.79)	4 (2.27)
Rural	9	57 (15.47)	27 (12.75)	13 (6.74)	3 (1.73)
CSR					
Overall	82	31 (5.84)	23 (5.04)	39 (6.38)	7 (2.26)
District Poverty Level					
Highest poverty quartile	59	25 (6.87)	26 (6.84)	45 (8.00)	4 (1.16)
Second-highest poverty quartile	13	42 (15.23)	15 (6.17)	38 (17.01)	5 (2.73)
Second-lowest poverty quartile	7	32 (16.46)	24 (11.81)	17 (8.69)	27 (16.06)
Lowest poverty quartile	3	71 (21.04)	7 (6.46)	22 (18.36)	0 (0.10)

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Exhibit C.27 (continued)
Uses of Federal Funds for Instruction, Instructional Support, and Administration,
by District Poverty Level and Urbanicity, 2004–05

	<i>n</i>	Distribution of District Expenditures			
		Instructional Staff	Other Instructional Expenditures	Instructional and Student Support	Administration and Other Support
CSR (continued)					
Urbanicity					
Urban	57	30 (7.35)	20 (5.03)	43 (7.97)	8 (3.19)
Suburban	19	33 (11.06)	35 (13.02)	27 (10.99)	4 (2.07)
Rural	6	36 (18.76)	9 (5.24)	48 (18.42)	7 (4.79)
Title II					
Overall	266	63 (3.19)	4 (0.62)	24 (2.68)	9 (1.59)
District Poverty Level					
Highest poverty quartile	109	65 (5.17)	5 (1.16)	23 (4.34)	7 (1.74)
Second-highest poverty quartile	63	67 (5.61)	2 (0.56)	17 (3.70)	13 (4.16)
Second-lowest poverty quartile	41	55 (6.79)	4 (1.45)	32 (6.36)	9 (2.36)
Lowest poverty quartile	53	52 (6.99)	6 (2.69)	37 (6.98)	4 (1.57)
Urbanicity					
Urban	90	66 (5.45)	5 (1.17)	23 (4.67)	7 (1.50)
Suburban	119	58 (4.63)	3 (0.76)	27 (3.94)	12 (3.25)
Rural	57	65 (5.89)	3 (1.27)	22 (4.95)	10 (3.72)
Title III					
Overall	180	55 (6.57)	20 (3.72)	19 (3.50)	6 (1.44)
District Poverty Level					
Highest poverty quartile	78	39 (6.65)	26 (5.34)	30 (5.59)	5 (1.43)
Second-highest poverty quartile	38	52 (7.43)	24 (6.88)	21 (5.33)	4 (1.39)
Second-lowest poverty quartile	30	70 (11.59)	11 (4.84)	10 (4.50)	9 (4.39)
Lowest poverty quartile	34	66 (12.35)	21 (9.60)	10 (4.28)	3 (1.71)
Urbanicity					
Urban	80	47 (5.80)	21 (4.38)	28 (4.79)	5 (1.20)
Suburban	82	46 (6.67)	25 (5.33)	20 (3.91)	10 (3.03)
Rural	18	81 (11.25)	12 (7.15)	4 (2.69)	3 (3.63)
Perkins					
Overall	140	27 (5.90)	45 (6.80)	20 (3.60)	8 (1.76)
District Poverty Level					
Highest poverty quartile	68	17 (2.98)	54 (4.15)	19 (3.34)	10 (2.97)
Second-highest poverty quartile	38	29 (6.80)	33 (7.41)	31 (7.61)	8 (2.72)
Second-lowest poverty quartile	20	39 (14.56)	43 (13.00)	12 (4.20)	6 (2.76)
Lowest poverty quartile	14	29 (18.85)	45 (12.55)	20 (8.44)	7 (4.02)
Urbanicity					
Urban	58	26 (5.95)	40 (7.97)	21 (4.28)	13 (3.82)
Suburban	52	15 (4.86)	59 (10.04)	21 (6.71)	4 (1.79)
Rural	30	48 (13.99)	27 (9.64)	18 (6.35)	7 (2.94)

Source: NLS-NCLB, district fiscal reports.

Exhibit C.28
District Expenditures for Title I School Choice-Related Transportation and Supplemental Educational Services, 2003–04 and 2005–06

	Choice-Related Transportation		Supplemental Educational Services	
	2003–04	2005–06	2003–04	2005–06
Total district expenditures	\$24,176,157	\$56,432,306	\$192,360,300	\$375,041,512
Number of participating students	38,000 (6,205)	58,482 (8,333)	233,000 (15,269)	448,829 (50,384)
Average expenditures per participant	\$643 (281.39)	\$965 (187.42)	\$875 (115.86)	\$838 (148.53)
Maximum funds allocated per participant			\$1,225 (48.30)	\$1,134 (106.76)

Source: NLS-*NCLB*, 2003–04 district surveys ($n=61$ to 103 districts); 2005–06 district surveys ($n=62$ to 116 districts).

Exhibit C.29
Percentage of Districts That Used Federal Program Funds for Professional Development, 2004–05

	Percent
Title I, Part A	80% (6.80)
Title I, Section 1003	93% (3.50)
Title II, Part A	75% (6.68)
Title III, Part A	42% (9.85)
Perkins	43% (9.35)
Reading First	57% (20.53)
CSR	83% (9.57)
Total	100%

Source: NLS-*NCLB*, district fiscal records ($n=79$ to 266 districts).

Exhibit C.30
Financial Contributions of Six Federal Programs to
Professional Development, 2004–05

	Expenditure (\$ in Millions)	Percent
Title I	\$1,009	57% (5.46)
Title II	\$518	29% (4.37)
Title III	\$45	3% (0.59)
Perkins	\$45	3% (0.58)
Reading First	\$103	6% (1.39)
CSR	\$64	4% (0.95)
Total	\$1,784	100%

Source: NLS-*NCLB*, district fiscal records ($n=76$ to 239 districts).

Exhibit C.31
Share of Title II Funds Designated for Professional Development,
by Content Area, 2004–05

	Share of Funds Designated for Professional Development
Reading/English/Language Arts	29% (3.61)
Mathematics	25% (4.00)
Science	11% (2.22)
History/Social Studies	6% (1.68)
Other academic subjects (including technology)	13% (2.76)
Other nonacademic subjects	15% (3.46)
Total	100%

Source: NLS-*NCLB*, district survey on uses of Title II funds ($n=165$ districts).

Exhibit C.32
**Percentage of Districts That Used Title II Funds for Recruitment,
Professional Development, and Other Activities, 2004–05**

Title II Activities	Percent
Teacher salaries to reduce class size	70% (7.64)
Professional development activities for teachers and paraprofessionals	66% (7.63)
Professional development/leadership programs for principals	27% (6.93)
Initiatives that promote professional growth and emphasize multiple career paths for teachers	8% (2.54)
Programs and initiatives to help schools reward quality teaching	1% (0.42)
Programs and initiatives to help schools recruit personnel	8% (2.41)
Programs and initiatives to help schools retain personnel	13% (3.55)
Tenure system reform	1% (0.88)
Teacher testing in academic areas	2% (0.96)
Private school professional development activities	14% (3.32)
Administrative expenditures	26% (6.23)

Source: NLS-*NCLB*, district survey on uses of Title II funds ($n=215$ districts).

Exhibit C.33
**Total Spending on Title II Funds for Recruitment, Professional Development,
and Other Activities, 2004–05**

Title II Activities	\$ in Millions	Percent of Total
Teacher salaries to reduce class size	\$1,387	50% (3.95)
Professional development activities for teachers and paraprofessionals	\$853	31% (3.85)
Professional development/leadership programs for principals	\$70	3% (0.70)
Initiatives that promote professional growth and emphasize multiple career paths for teachers	\$33	1% (0.33)
Programs and initiatives to help schools reward quality teaching	\$17	1% (0.29)
Programs and initiatives to help schools recruit personnel	\$64	2% (0.78)
Programs and initiatives to help schools retain personnel	\$84	3% (0.92)
Tenure system reform	\$0	0% (0.03)
Teacher testing in academic areas	\$3	0% (0.06)
Private school professional development activities	\$36	1% (0.25)
Administrative expenditures	\$78	3% (0.45)
Title II, Part A, funds combined with other federal program funds under the provisions of the Rural Education Achievement Program (REAP)	\$22	1% (0.41)
Title II, Part A, funds transferred to another title through the <i>NCLB</i> funding transferability provision	\$139	5% (1.92)
Total	\$2,786	100%

Note: Percents may not add to 100 due to rounding.

Source: NLS-*NCLB*, district survey on uses of Title II funds ($n=215$ districts).

Exhibit C.34				
Composition of FTE Title I Staff in the Nation, 1997–98 and 2004–05				
Types of Staff	1997–98		2004–05	
	FTE	Percent	FTE	Percent
Teachers	66,002	45% (5.34)	98,206	55% (7.34)
Teacher aides	68,724	47% (5.97)	61,952	35% (7.62)
Administrative staff (certified)	2,675	2% (0.80)	3,965	2% (0.98)
Support staff (certified)	4,005	3% (0.78)	7,145	4% (1.17)
Other staff (noncertified)	4,199	3% (1.47)	8,280	5% (1.20)
Total	145,604	100%	179,547	100%

Sources: Study of Education Resources and Federal Funding, 1997–98 ($n=269$ Title I schools); NLS-*NCLB*, district personnel records, 2004–05 ($n=885$ Title I schools).

Exhibit C.35	
Consolidation of Program Funding in Districts With Schoolwide Programs, 2004–05	
	Percent
Most schoolwide programs coordinate funds from Title I with funds from other federal, state, and local sources.	62% (7.74)
Most schoolwide programs consolidate funds from Title I and other sources into a single pot of funds that is used to support activities under the schoolwide program.	6% (2.57)
Most schoolwide programs use Title I funds more flexibly than targeted assistance programs but do not coordinate or consolidate funds from other programs.	23% (7.45)
Most schoolwide programs use Title I funds in a similar manner as targeted assistance programs.	9% (3.69)
Total	100%

Source: NLS-*NCLB*, district survey ($n=209$ districts).

Exhibit C.36	
Barriers to Consolidation of Funding in Title I Schoolwide Programs, 2004–05	
	Percentage of Districts That Indicated Issue Posed a “Major Challenge” or a “Moderate Challenge” to Consolidating Funds in Title I Schoolwide Programs
State accounting rules require separate accounting for federal program funds	44% (7.95)
District accounting rules require separate accounting for federal program funds	36% (7.90)
Concern about potential audit exceptions	42% (7.84)
Lack of information about how to consolidate funds	24% (8.04)
Turf-related issues between staff on programs that have been identified for transfer	10% (3.15)
Need for more training and understanding of program issues by district finance staff	28% (7.98)
Need for more training and understanding of finance issues by district program staff	27% (8.09)
Other	13% (7.64)
Source: NLS- <i>NCLB</i> , district survey ($n=132$ districts).	

Exhibit C.37
Uses of Title I Funds for Personnel Expenditures at the School Level, by
School Grade Level, Title I Status, and School Poverty Level, 2004–05

	Teachers	Teacher Aides	Instructional and Student Support Staff	Other Staff (Including Program Administration)
All Title I schools				
All Title I schools (<i>n</i> =872)	71% (1.58)	17% (1.45)	7% (0.68)	5% (0.71)
Highest-poverty schools (<i>n</i> =497)	68% (2.36)	15% (1.81)	10% (1.23)	7% (1.27)
Lowest-poverty schools (<i>n</i> =74)	75% (4.92)	21% (4.99)	2% (1.02)	2% (1.70)
Schoolwide programs (<i>n</i> =609)	71% (1.78)	16% (1.65)	8% (0.94)	5% (0.82)
Targeted assistance schools (<i>n</i> =185)	76% (2.70)	18% (2.59)	3% (0.88)	4% (1.03)
Title I schools identified for improvement (<i>n</i> =350)	76% (1.83)	9% (1.15)	8% (1.06)	7% (1.29)
Title I non-identified schools (<i>n</i> =474)	70% (2.12)	20% (2.03)	6% (0.91)	4% (0.91)
Title I elementary schools				
All Title I schools (<i>n</i> =606)	70% (1.91)	19% (1.77)	6% (0.76)	5% (0.89)
Highest-poverty schools (<i>n</i> =363)	66% (2.86)	16% (2.16)	10% (1.46)	7% (1.57)
Lowest-poverty schools (<i>n</i> =59)	72% (5.78)	25% (5.71)	0% (0.01)	3% (2.05)
Schoolwide programs (<i>n</i> =421)	69% (2.19)	18% (2.06)	8% (1.12)	5% (1.04)
Targeted assistance schools (<i>n</i> =132)	76% (3.07)	19% (3.04)	2% (0.51)	3% (1.21)
Title I schools identified for improvement (<i>n</i> =192)	73% (2.76)	11% (1.69)	7% (1.42)	9% (2.13)
Title I non-identified schools (<i>n</i> =381)	69% (2.34)	21% (2.26)	5% (0.91)	4% (1.02)
Title I middle schools				
All Title I schools (<i>n</i> =145)	78% (2.53)	9% (1.57)	9% (1.81)	5% (1.02)
Highest-poverty schools (<i>n</i> =77)	75% (3.12)	8% (1.72)	11% (2.41)	7% (1.77)
Lowest-poverty schools (<i>n</i> =7)	92% (4.09)	0% (0.00)	6% (3.90)	2% (0.60)
Schoolwide programs (<i>n</i> =99)	80% (2.39)	7% (1.64)	9% (1.74)	4% (1.28)
Targeted assistance schools (<i>n</i> =31)	70% (7.89)	9% (2.94)	8% (5.92)	3% (1.34)
Title I schools identified for improvement (<i>n</i> =88)	79% (2.57)	6% (1.55)	8% (1.70)	6% (1.50)
Title I non-identified schools (<i>n</i> =51)	76% (5.26)	14% (3.36)	7% (4.29)	2% (0.81)
Title I high schools				
All Title I schools (<i>n</i> =98)	72% (3.42)	7% (1.61)	15% (3.00)	5% (1.21)
Highest-poverty schools (<i>n</i> =44)	70% (4.39)	9% (2.46)	14% (3.11)	7% (2.04)
Lowest-poverty schools (<i>n</i> =6)	81% (4.46)	7% (3.72)	11% (6.61)	2% (1.89)
Schoolwide programs (<i>n</i> =71)	77% (4.16)	4% (1.27)	15% (3.73)	4% (1.15)
Targeted assistance schools (<i>n</i> =19)	60% (4.91)	18% (6.26)	13% (4.61)	9% (3.81)
Title I schools identified for improvement (<i>n</i> =61)	80% (3.18)	4% (1.49)	11% (2.64)	5% (1.35)
Title I non-identified schools (<i>n</i> =31)	51% (5.51)	16% (3.19)	25% (6.61)	8% (2.53)

Note: Percents may not add to 100 due to rounding.

Source: NLS-*NCLB*, district personnel records.

Exhibit C.38
Amount That Title I Added to School-Level Personnel Expenditure in Title I Schools, by Title I Status and School Poverty Level, 2004–05

Expenditures per Low-Income Student	Base School-Level Personnel Expenditures	Amount Added Through Title I	Total Resources
All Title I schools (<i>n</i> =885)	\$4,559 (88.40)	\$408 (17.90)	\$4,967 (90.19)
Schoolwide programs (<i>n</i> =616)	\$4,478 (113.04)	\$395 (21.52)	\$4,873 (115.07)
Targeted assistance schools (<i>n</i> =189)	\$4,718 (155.13)	\$464 (38.94)	\$5,182 (159.94)
Title I highest-poverty schools (<i>n</i> =365)	\$4,582 (151.73)	\$402 (21.53)	\$4,984 (153.25)
Title I lowest-poverty schools (<i>n</i> =60)	\$4,992 (238.93)	\$475 (83.52)	\$5,467 (253.11)
Title I schools identified for improvement (<i>n</i> =354)	\$4,806 (170.16)	\$387 (23.83)	\$5,193 (171.82)
Title I non-identified schools (<i>n</i> =482)	\$4,417 (80.70)	\$421 (27.48)	\$4,838 (85.25)

Source: NLS-*NCLB*, district personnel records.

Exhibit C.39
Amount That Title I Added to School-Level Personnel Expenditures in Title I Schools, by School Grade Level, 2004–05

Expenditures per Low-Income Student	Base School-Level Personnel Expenditures	Amount Added Through Title I	Total Resources
Elementary schools (<i>n</i> =609)	\$4,486 (74.78)	\$523 (19.11)	\$5,009 (77.18)
Middle schools (<i>n</i> =148)	\$4,137 (84.53)	\$354 (37.43)	\$4,491 (92.45)
High schools (<i>n</i> =104)	\$4,931 (229.72)	\$229 (24.27)	\$5,160 (231.00)

Source: NLS-*NCLB*, district personnel records.

Exhibit C.40
Amount That Title I Added to School-Level Personnel Expenditures in Title I Schools,
by School Grade Level and Title I Status, 2004–05

Expenditures per Low-Income Student	Base School-Level Personnel Expenditures	Amount Added Through Title I	Total Resources
Elementary schools			
Schoolwide programs (<i>n</i> =422)	\$4,381 (89.85)	\$493 (21.76)	\$4,874 (92.45)
Targeted assistance schools (<i>n</i> =134)	\$4,597 (136.41)	\$640 (36.04)	\$5,237 (141.09)
Schools identified for improvement (<i>n</i> =193)	\$4,594 (151.88)	\$445 (25.76)	\$5,039 (154.05)
Non-identified schools (<i>n</i> =383)	\$4,475 (87.35)	\$556 (26.75)	\$5,031 (91.35)
Middle Schools			
Schoolwide programs (<i>n</i> =100)	\$4,162 (81.77)	\$359 (50.81)	\$4,521 (96.27)
Targeted assistance schools (<i>n</i> =32)	\$4,236 (215.31)	\$400 (38.09)	\$4,636 (218.65)
Schools identified for improvement (<i>n</i> =89)	\$4,058 (127.02)	\$423 (38.21)	\$4,481 (132.64)
Non-identified schools (<i>n</i> =53)	\$4,243 (94.47)	\$221 (28.83)	\$4,464 (98.77)
High schools			
Schoolwide programs (<i>n</i> =75)	\$4,876 (331.94)	\$247 (34.54)	\$5,123 (333.73)
Targeted assistance schools (<i>n</i> =20)	\$5,040 (278.38)	\$183 (13.70)	\$5,223 (278.72)
Schools identified for improvement (<i>n</i> =63)	\$5,520 (246.19)	\$299 (38.06)	\$5,819 (249.11)
Non-identified schools (<i>n</i> =35)	\$4,211 (119.41)	\$120 (15.59)	\$4,331 (120.42)

Source: NLS-*NCLB*, district personnel records.

Exhibit C.41
Amount That Title I Added to School-Level Personnel Expenditures in the
Highest- and Lowest-Poverty Elementary Title I Schools, 2004–05

Expenditures per Low-Income Student	Base School-Level Personnel Expenditures	Amount Added Through Title I	Total Resources
Elementary schools			
Title I - highest poverty (<i>n</i> =365)	\$4,428 (90.89)	\$449 (22.17)	\$4,877 (93.55)
Title I - lowest poverty (<i>n</i> =60)	\$4,682 (235.19)	\$825 (107.66)	\$5,507 (258.66)

Source: NLS-*NCLB*, district personnel records.

Exhibit C.42
Number of FTE Staff per School of 500 Students in Title I Schools, Before and After
the Addition of Title I Funds, by School Poverty Level, 2004–05

	Total Staff	Teachers	Teacher Aides	Non-Instructional Staff
Base staffing levels				
All Title I schools (<i>n</i> =885)	46.4 (0.76)	28.8 (0.36)	5.0 (0.26)	12.6 (0.40)
Elementary schools (<i>n</i> =609)	48.2 (0.97)	29.4 (0.40)	6.0 (0.34)	12.8 (0.48)
Middle schools (<i>n</i> =148)	43.0 (1.01)	28.1 (0.73)	3.6 (0.56)	11.3 (0.49)
High schools (<i>n</i> =104)	42.0 (2.15)	26.8 (1.33)	2.4 (0.35)	12.8 (1.36)
Highest poverty (75% or more) (<i>n</i> =501)	46.9 (0.85)	29.2 (0.39)	5.1 (0.33)	12.6 (0.50)
Lowest poverty (less than 35%) (<i>n</i> =76)	46.1 (1.93)	28.6 (1.20)	4.9 (0.62)	12.6 (1.09)
Schoolwide programs (<i>n</i> =616)	47.7 (1.00)	29.5 (0.45)	5.3 (0.37)	12.9 (0.57)
Targeted assistance programs (<i>n</i> =189)	45.0 (1.22)	28.2 (0.64)	4.7 (0.38)	12.1 (0.59)
Title I schools identified for improvement (<i>n</i> =354)	44.8 (1.30)	27.8 (0.59)	3.8 (0.36)	13.2 (0.69)
Title I non-identified schools (<i>n</i> =482)	47.2 (0.97)	29.5 (0.41)	5.7 (0.34)	12.0 (0.47)
Amount added through Title I				
All Title I schools	3.5 (0.17)	1.9 (0.10)	1.2 (0.12)	0.4 (0.03)
Elementary schools	4.3 (0.20)	2.3 (0.13)	1.6 (0.17)	0.4 (0.04)
Middle schools	2.4 (0.22)	1.6 (0.18)	0.5 (0.08)	0.3 (0.06)
High schools	1.1 (0.13)	0.7 (0.10)	0.2 (0.05)	0.2 (0.03)
Highest poverty (75% or more)	4.4 (0.25)	2.4 (0.15)	1.3 (0.19)	0.7 (0.06)
Lowest poverty (less than 35%)	1.7 (0.21)	0.9 (0.13)	0.7 (0.18)	0.1 (0.02)
Schoolwide programs	4.0 (0.23)	2.2 (0.15)	1.3 (0.17)	0.5 (0.05)
Targeted assistance programs	2.6 (0.21)	1.5 (0.15)	0.9 (0.12)	0.2 (0.03)
Title I schools identified for improvement	3.2 (0.24)	2.1 (0.16)	0.6 (0.09)	0.5 (0.04)
Title I non-identified schools	3.6 (0.22)	1.9 (0.14)	1.4 (0.16)	0.3 (0.04)
Total staff				
All Title I schools	49.9 (0.83)	30.7 (0.39)	6.2 (0.32)	13.0 (0.40)
Elementary schools	52.5 (1.04)	31.7 (0.44)	7.6 (0.40)	13.2 (0.48)
Middle schools	45.4 (1.02)	29.7 (0.70)	4.1 (0.57)	11.6 (0.53)
High schools	43.1 (2.20)	27.5 (1.35)	2.6 (0.35)	13.0 (1.36)
Highest poverty (75% or more)	51.3 (0.94)	31.6 (0.44)	6.4 (0.40)	13.3 (0.49)
Lowest poverty (less than 35%)	47.8 (2.06)	29.5 (1.25)	5.6 (0.72)	12.7 (1.09)
Schoolwide programs	51.7 (1.07)	31.7 (0.46)	6.6 (0.45)	13.4 (0.57)
Targeted assistance programs	47.6 (1.34)	29.7 (0.71)	5.6 (0.44)	12.3 (0.60)
Title I schools identified for improvement	48.0 (1.44)	29.9 (0.68)	4.4 (0.39)	13.7 (0.70)
Title I non-identified schools	50.8 (1.05)	31.4 (0.43)	7.1 (0.42)	12.3 (0.48)

Source: NLS-*NCLB*, district personnel records.

Exhibit C.43
Distribution of FTE Staff Added Through Title I Funds,
by Type of School, 2004–05

	Teachers	Teacher Aides	Noninstructional Staff
All Title I schools (<i>n</i> =885)	56% (2.93)	34% (3.54)	11% (0.89)
School grade level			
Elementary schools (<i>n</i> =609)	53% (2.96)	37% (3.91)	10% (1.00)
Middle schools (<i>n</i> =148)	67% (7.51)	19% (3.33)	14% (2.38)
High schools (<i>n</i> =104)	62% (8.85)	19% (4.67)	19% (2.89)
School poverty level			
Highest poverty (75% or more) (<i>n</i> =501)	54% (3.41)	30% (4.37)	16% (1.44)
Lowest poverty (less than 35%) (<i>n</i> =76)	56% (7.62)	41% (10.7)	4% (1.17)
Type of Title I program			
Schoolwide programs (<i>n</i> =616)	55% (3.61)	33% (4.26)	12% (1.14)
Targeted assistance programs (<i>n</i> =189)	60% (5.98)	34% (4.86)	6% (1.33)
School identification status			
Title I schools identified for improvement (<i>n</i> =354)	65% (5.21)	19% (2.93)	16% (1.71)
Title I non-identified schools (<i>n</i> =482)	53% (3.76)	38% (4.55)	9% (1.10)
Note: Row totals may not add to 100 percent due to rounding			
Source: NLS- <i>NCLB</i> , district personnel records.			

Exhibit C.44
Number of FTE Staff per School of 500 Students in Title I Schools, Before and After the Addition of Title I Funds, by School Grade Level and Title I Status, 2004–05

	Total Staff	Teachers	Teacher Aides	Non-Instructional Staff
Elementary schools				
Base staffing level				
Schoolwide programs (n=422)	49.5 (1.36)	29.9 (0.46)	6.4 (0.48)	13.1 (0.74)
Targeted assistance (n=134)	46.5 (1.37)	28.9 (0.75)	5.5 (0.48)	11.9 (0.46)
Schools identified for improvement (n=193)	49.2 (1.49)	29.4 (0.68)	5.4 (0.62)	14.3 (0.40)
Non-identified schools (n=383)	48.1 (1.17)	29.5 (0.46)	6.2 (0.40)	12.2 (0.56)
Staff added through Title I				
Schoolwide programs	5.2 (0.23)	2.7 (0.18)	1.9 (0.24)	0.6 (0.07)
Targeted assistance	2.9 (0.24)	1.7 (0.19)	1.0 (0.15)	0.4 (0.04)
Schools identified for improvement	4.3 (0.27)	2.6 (0.18)	1.0 (0.16)	0.6 (0.10)
Non-identified schools	4.2 (0.23)	2.2 (0.16)	1.6 (0.20)	0.3 (0.05)
Middle schools				
Base staffing level				
Schoolwide programs (n=100)	44.2 (1.30)	29.0 (0.89)	4.3 (0.81)	10.9 (0.65)
Targeted assistance (n=32)	42.6 (1.71)	27.6 (1.59)	2.6 (0.74)	12.2 (0.82)
Schools identified for improvement (n=89)	40.2 (1.34)	25.7 (0.93)	2.7 (0.40)	11.7 (0.49)
Non-identified schools (n=53)	45.5 (1.59)	30.3 (0.99)	4.5 (1.07)	10.5 (0.63)
Staff added through Title I				
Schoolwide programs	2.6 (0.32)	1.8 (0.27)	0.4 (0.10)	0.3 (0.06)
Targeted assistance	2.1 (0.34)	1.4 (0.26)	0.4 (0.16)	0.2 (0.14)
Schools identified for improvement	2.9 (0.24)	2.1 (0.19)	0.4 (0.11)	0.4 (0.07)
Non-identified schools	1.9 (0.23)	1.2 (0.19)	0.5 (0.11)	0.1 (0.08)
High schools				
Base staffing level				
Schoolwide programs (n=75)	43.9 (2.72)	28.2 (1.89)	2.4 (0.48)	13.1 (1.70)
Targeted assistance (n=20)	39.1 (3.15)	24.5 (1.26)	2.1 (0.47)	12.3 (2.35)
Schools identified for improvement (n=63)	42.4 (2.37)	27.3 (1.16)	2.2 (0.22)	12.8 (1.67)
Non-identified schools (n=35)	41.4 (1.85)	27.7 (0.81)	2.7 (0.27)	10.9 (1.07)
Staff added through Title I				
Schoolwide programs	1.2 (0.21)	0.8 (0.16)	0.1 (0.04)	0.2 (0.05)
Targeted assistance	0.8 (0.16)	0.3 (0.11)	0.3 (0.12)	0.1 (0.03)
Schools identified for improvement	1.4 (0.23)	1.0 (0.18)	0.1 (0.05)	0.2 (0.05)
Non-identified schools	0.8 (0.17)	0.3 (0.08)	0.2 (0.09)	0.2 (0.04)

Source: NLS-NCLB, district personnel records.

Exhibit C.45
Comparison of State and Local Resources: School-Level Personnel Expenditures per Student, by Title I Status and School Poverty Level, 2004–05

	Total Expenditures per Student	Instructional Expenditures per Student	Instructional and Student Support Expenditures per Student	Administration Expenditures per Student
All schools				
All schools (<i>n</i> =1,127)	\$4,603 (79.52)	\$3,527 (60.23)	\$327 (12.01)	\$748 (22.29)
Title I schools (<i>n</i> =885)	\$4,559 (88.40)	\$3,485 (68.83)	\$338 (12.00)	\$736 (28.93)
Non–Title I schools (<i>n</i> =242)	\$4,642 (125.90)	\$3,565 (94.30)	\$317 (19.47)	\$759 (32.69)
All schools: highest-poverty (75% or more) (<i>n</i> =505)	\$4,583 (150.96)	\$3,502 (112.08)	\$316 (10.60)	\$765 (39.26)
All schools: moderate-poverty (35-75%) (<i>n</i> =394)	\$4,450 (101.09)	\$3,394 (77.26)	\$332 (17.14)	\$724 (23.80)
All schools: lowest-poverty (less than 35%) (<i>n</i> =228)	\$4,708 (131.89)	\$3,622 (101.12)	\$327 (20.71)	\$759 (37.62)
Title I schools: highest-poverty (75% or more) (<i>n</i> =501)	\$4,582 (151.73)	\$3,500 (112.70)	\$317 (10.63)	\$765 (39.46)
Title I schools: moderate-poverty (35-75%) (<i>n</i> =308)	\$4,353 (96.14)	\$3,329 (69.83)	\$325 (15.15)	\$700 (26.86)
Title I schools: lowest-poverty (less than 35%) (<i>n</i> =76)	\$4,992 (238.93)	\$3,816 (206.59)	\$406 (40.43)	\$771 (111.39)
Title I schools identified for improvement (<i>n</i> =354)	\$4,806 (170.16)	\$3,608 (141.21)	\$360 (19.26)	\$838 (63.33)
Title I non-identified schools (<i>n</i> =482)	\$4,417 (80.70)	\$3,444 (56.27)	\$313 (13.96)	\$661 (22.63)

Source: NLS-*NCLB*, district personnel records.

Exhibit C.46
Comparison of State and Local Resources: School-Level Personnel Expenditures per Student, by School Grade Level, Title I Status, and School Poverty Level, 2004–05

	Total Expenditures per Student	Instructional Expenditures per Student	Instructional and Student Support Expenditures per Student	Administration Expenditures per Student
Elementary schools				
All schools (n=694)	\$4,461 (70.37)	\$3,489 (54.06)	\$310 (11.57)	\$662 (18.08)
All Title I schools (n=609)	\$4,486 (74.78)	\$3,495 (54.52)	\$310 (11.77)	\$680 (21.84)
Non-Title I schools (n=65)	\$4,385 (154.72)	\$3,470 (131.16)	\$308 (31.56)	\$607 (29.93)
All schools: highest poverty (n=367)	\$4,426 (90.48)	\$3,435 (66.94)	\$300 (13.18)	\$691 (31.51)
All schools: lowest poverty (n=104)	\$4,657 (133.25)	\$3,679 (113.08)	\$357 (18.47)	\$621 (24.65)
Title I schools: highest poverty (n=365)	\$4,428 (90.89)	\$3,436 (67.25)	\$300 (13.24)	\$692 (31.69)
Title I schools: lowest poverty (n=60)	\$4,682 (235.19)	\$3,679 (186.73)	\$384 (31.90)	\$619 (42.98)
Title I schools identified for improvement (n=193)	\$4,594 (151.88)	\$3,493 (115.37)	\$327 (21.70)	\$774 (43.63)
Title I non-identified schools (n=383)	\$4,475 (87.35)	\$3,523 (62.00)	\$302 (14.02)	\$650 (24.90)
Middle schools				
All schools (n=223)	\$4,531 (95.42)	\$3,460 (80.78)	\$339 (16.30)	\$731 (25.21)
All Title I schools (n=148)	\$4,137 (84.53)	\$3,115 (77.32)	\$333 (15.05)	\$688 (29.06)
Non-Title I schools (n=75)	\$4,902 (159.40)	\$3,785 (129.59)	\$345 (28.97)	\$772 (41.46)
All schools: highest-poverty (n=80)	\$4,377 (120.69)	\$3,226 (97.21)	\$320 (26.77)	\$831 (43.83)
All schools: lowest-poverty (n=54)	\$5,057 (173.41)	\$3,967 (137.12)	\$358 (35.43)	\$732 (40.42)
Title I schools: highest-poverty (n=78)	\$4,362 (121.88)	\$3,212 (97.94)	\$320 (27.07)	\$830 (44.32)
Title I schools: lowest-poverty (n=7)	\$4,505 (156.15)	\$3,654 (106.12)	\$317 (72.77)	\$533 (24.10)
Title I schools identified for improvement (n=89)	\$4,058 (127.02)	\$2,983 (104.71)	\$324 (20.24)	\$752 (33.79)
Title I non-identified schools (n=53)	\$4,243 (94.47)	\$3,315 (84.60)	\$333 (24.04)	\$596 (23.86)
High schools				
All schools (n=201)	\$4,698 (150.29)	\$3,564 (113.26)	\$329 (22.70)	\$805 (41.51)
All Title I schools (n=104)	\$4,931 (229.72)	\$3,688 (199.51)	\$379 (36.65)	\$863 (76.98)
Non-Title I schools (n=97)	\$4,610 (174.74)	\$3,518 (131.08)	\$309 (25.17)	\$783 (44.85)
All schools: highest-poverty (n=44)	\$5,370 (619.45)	\$4,061 (465.61)	\$365 (16.25)	\$944 (147.86)
All schools: lowest-poverty (n=66)	\$4,608 (187.84)	\$3,497 (142.55)	\$306 (29.10)	\$805 (54.22)
Title I schools: highest-poverty (n=44)	\$5,370 (619.45)	\$4,061 (465.61)	\$365 (16.25)	\$944 (147.86)
Title I schools: lowest-poverty (n=7)	\$5,288 (307.97)	\$3,862 (411.89)	\$432 (108.42)	\$993 (239.51)
Title I schools identified for improvement (n=63)	\$5,520 (246.19)	\$4,155 (228.67)	\$410 (41.48)	\$954 (130.34)
Title I non-identified schools (n=35)	\$4,211 (119.41)	\$3,185 (94.47)	\$313 (13.58)	\$713 (33.29)

Source: NLS-NCLB, district personnel records.

Exhibit C.47
**Comparison of State and Local Resources: Number of FTE Staff per School of 500 Students,
by School Grade Level, Title I Status, and School Poverty Level, 2004–05**

	All Staff	Total Instructional Staff	Non-Instructional Staff	Teacher Aides	Teachers
All schools					
All Title I schools (<i>n</i> =1,160)	46.4 (0.76)	33.8 (0.52)	12.6 (0.40)	5.0 (0.26)	28.8 (0.36)
Non–Title I schools (<i>n</i> =885)	46.9 (0.99)	33.7 (0.67)	13.2 (0.46)	3.5 (0.22)	30.2 (0.58)
All schools: highest-poverty (<i>n</i> =242)	46.9 (0.84)	34.3 (0.54)	12.6 (0.50)	5.1 (0.32)	29.2 (0.39)
All schools: lowest-poverty (<i>n</i> =505)	45.2 (0.90)	32.8 (0.69)	12.4 (0.43)	3.8 (0.24)	29.0 (0.57)
Title I identified schools (<i>n</i> =228)	44.8 (1.31)	31.6 (0.81)	13.2 (0.69)	3.8 (0.36)	27.8 (0.59)
Title I non-identified schools (<i>n</i> =482)	47.2 (0.96)	35.2 (0.61)	12.0 (0.47)	5.7 (0.34)	29.5 (0.41)
Elementary schools					
All Title I schools (<i>n</i> =609)	48.2 (0.96)	35.5 (0.61)	12.8 (0.48)	6.0 (0.34)	29.4 (0.40)
Non–Title I schools (<i>n</i> =65)	48.9 (2.38)	36.7 (1.56)	12.3 (1.02)	6.1 (0.59)	30.5 (1.24)
All schools: highest-poverty (<i>n</i> =367)	47.9 (1.03)	35.2 (0.63)	12.6 (0.65)	5.7 (0.42)	29.6 (0.42)
All schools: lowest-poverty (<i>n</i> =104)	47.1 (1.46)	35.5 (1.12)	11.6 (0.55)	6.0 (0.51)	29.5 (0.78)
Title I identified schools (<i>n</i> =193)	49.3 (1.49)	34.9 (0.92)	14.4 (0.89)	5.4 (0.62)	29.5 (0.68)
Title I non-identified schools (<i>n</i> =383)	48.1 (1.17)	35.8 (0.72)	12.3 (0.56)	6.3 (0.40)	29.5 (0.46)
Middle schools					
All Title I schools (<i>n</i> =148)	43.0 (1.01)	31.6 (1.10)	11.3 (0.49)	3.6 (0.56)	28.1 (0.73)
Non–Title I schools (<i>n</i> =75)	48.1 (1.41)	34.4 (0.90)	13.7 (0.79)	3.4 (0.37)	31.0 (0.82)
All schools: highest-poverty (<i>n</i> =80)	43.4 (1.68)	31.6 (1.41)	11.8 (0.63)	3.8 (0.47)	27.8 (1.11)
All schools: lowest-poverty (<i>n</i> =54)	47.7 (1.49)	34.7 (1.01)	13.0 (0.77)	3.4 (0.45)	31.3 (0.98)
Title I identified schools (<i>n</i> =89)	40.2 (1.33)	28.5 (1.22)	11.7 (0.49)	2.7 (0.40)	25.8 (0.93)
Title I non-identified schools (<i>n</i> =53)	45.6 (1.59)	35.0 (1.57)	10.6 (0.63)	4.6 (1.07)	30.4 (0.99)
High schools					
All Title I schools (<i>n</i> =104)	42.0 (2.17)	29.1 (1.63)	12.8 (1.36)	2.4 (0.35)	26.8 (1.33)
Non–Title I schools (<i>n</i> =97)	45.6 (1.38)	32.3 (0.96)	13.3 (0.64)	2.6 (0.23)	29.7 (0.87)
All schools: highest-poverty (<i>n</i> =44)	42.3 (2.53)	30.8 (1.92)	11.5 (0.69)	2.2 (0.37)	28.6 (1.85)
All schools: lowest-poverty (<i>n</i> =66)	42.9 (1.37)	30.3 (0.97)	12.6 (0.66)	2.5 (0.22)	27.8 (0.87)
Title I identified schools (<i>n</i> =63)	42.3 (2.42)	29.5 (1.23)	12.8 (1.67)	2.2 (0.22)	27.3 (1.16)
Title I non-identified schools (<i>n</i> =35)	41.3 (1.82)	30.4 (0.95)	10.9 (1.07)	2.7 (0.27)	27.7 (0.81)

Source: NLS-*NCLB*, district personnel records.

Exhibit C.48
Comparison of Non–Title I Resources: Instructional Expenditures, Student-Teacher Ratio, and Average Teacher Salary in Highest- and Lowest-Poverty Schools, 2004–05

	Instructional Expenditures	Student-Teacher Ratio	Average Teacher Salary
Highest-poverty schools (<i>n</i> =493)	\$3,502 (112.08)	19.0 (0.34)	\$43,170 (734.74)
Lowest-poverty schools (<i>n</i> =245)	\$3,622 (101.12)	18.6 (0.38)	\$47,910 (902.05)

Source: NLS-*NCLB*, district personnel records.

Exhibit C.49
Comparison of Non–Title I Resources: Teacher Characteristics in Highest- and Lowest-Poverty Schools, 2004–05

	Average Years of Teaching Experience	Percent of Teachers With Fewer Than Three Years Experience	Percent of Teachers With Master's Degree or Higher
Highest-poverty schools (<i>n</i> = 298 to 627)	12.4 (0.47)	14% (0.90)	44% (2.71)
Lowest-poverty schools (<i>n</i> =93 to 288)	14.7 (0.42)	7% (1.47)	58% (2.46)

Source: NLS-*NCLB*, teacher surveys.

Exhibit C.50
Comparison of Non–Title I Resources: Secondary Teachers and Degree in the Field They Teach, 2004–05

	Percentage of Secondary Teachers With a Degree in Math or English	Percent of Secondary English Teachers With a Degree in the Field They Teach	Percent of Secondary Math Teachers With a Degree in the Field They Teach
Highest-poverty schools (<i>n</i> =78 to 92)	56% (4.24)	59% (5.73)	47% (5.51)
Lowest-poverty schools (<i>n</i> =43 to 58)	60% (3.18)	63% (4.54)	55% (4.43)

Source: NLS-*NCLB*, teacher surveys.

APPENDIX D.

DISTRIBUTION OF TITLE I SCHOOLS IN NLS AND CCD DATASETS

In Chapter II, the analysis of the percentages of schools receiving Title I funds shows differences in the percentages of high- and low-poverty schools classified as Title I when different data sources are used for the same year. In theory, the NLS and the CCD datasets, which both include large samples of schools (indeed, the CCD is intended to be a universe of all public elementary and secondary schools), might be expected to yield similar estimates of the percentages of schools that receive Title I funds. To further explore this issue, we examined the set of 13,184 schools that were included in both the NLS and CCD data sets, including 8,780 Title I schools that were included in both data sets, to compare the Title I status and school poverty level indicated for each school in each of the two data sets.

Overall, among the schools that districts reported to the NLS as Title I schools, 86 percent were classified in the 2003–04 CCD data set (reported by states) as Title I schools, while 10 percent were classified in the CCD as non–Title I schools; a small number (36) were missing Title I status, and 302 schools (3 percent) were not included in the CCD database (see Exhibit D.1).

Exhibit D.1									
Distribution of Title I Schools Included in the NLS Study Sample for 2004–05, by School Poverty Level and by Their Title I Status as Reported in the NCES Common Core of Data (CCD) for 2003–04									
School Poverty Level	NLS Study Sample of Title I Schools	Title I Status as Reported in the 2003–04 CCD							
		Title I Schools		Non–Title I Schools		Title I Status Missing		Schools Not Included in CCD	
	N	N	%	N	%	N	%	N	%
All	8,780	7,589	86%	853	10%	36	0%	302	3%
75% or more	5,095	4,763	93%	242	5%	7	0%	83	2%
50% to <75%	2,566	2,106	82%	313	12%	7	0%	140	5%
35% to <50%	687	503	73%	161	23%	6	1%	17	2%
Less than 35%	374	212	57%	136	36%	16	4%	10	3%
Missing poverty	58	5	9%	1	2%	*	0%	52	90%

Note: Percentages within each row may not add to 100 percent due to rounding.

Source: NCES Common Core of Data, 2003–04; NLS-*NCLB*, school allocations, 2004–05 ($n=8,780$ Title I schools).

Among the highest-poverty schools, Title I status was mostly consistent across the two data sources (93 percent), while low-poverty schools showed larger discrepancies between the two data sources. For example, of the 374 lowest-poverty schools in the NLS study sample that districts identified as Title I schools for the NLS 2004–05 data collection, only 57 percent were classified in the 2003–04 CCD as Title I schools, and 36 percent were classified as non–Title I schools.⁵¹ The two data sources also

⁵¹ The 2003–04 CCD data were used in these analyses as it corresponded to the school year when district federal program consolidated applications were submitted for the FY 2004 federal funding. It is important to recognize that the only data available at the time these applications were submitted would have been from the previous year, because the

contained inconsistent school poverty rates for some of the individual schools that were included in both data sets. Among the 13,184 schools included in the both the NLS and CCD data sets (including both Title I and non–Title I schools), 76 percent were classified in both data sets as being in the same school poverty category. For example, among schools that the NLS classified in the highest poverty group (with poverty levels of 75 percent or higher), 77 percent were classified by the CCD as being in the highest poverty category, 6 percent were classified as being in lower poverty groups, and 17 percent were missing school poverty level in the CCD (see Exhibit D.2).

Exhibit D.2
Distribution of Title I Schools Included in the NLS Study Sample for 2004–05,
by School Poverty Level as Reported in the NCES Common Core of Data (CCD) for 2003–04

School Poverty Level	NLS Study Sample	School Poverty Level as Reported in the 2003–04 CCD									
		75% or More		50%–<75%		35%–<50%		Less than 35%		Missing Poverty	
	N	N	%	N	%	N	%	N	%	N	%
All	13,184	4,315	33%	2,632	20%	1,297	10%	2,662	20%	2,278	17%
75% or more	5,325	4,114	77%	179	3%	31	1%	91	2%	910	17%
50% to <75%	3,275	180	6%	2317	71%	74	2%	41	1%	663	20%
35% to <50%	1,442	6	0%	106	7%	1103	76%	48	3%	179	12%
Less than 35%	2,950	15	1%	30	1%	89	3%	2,482	84%	334	11%
Missing poverty	192	0	0%	0	0%	0	0%	0	0%	192	100%

Note: Percentages within each row may not add to 100 percent due to rounding.
Source: NCES Common Core of Data, 2003–04; NLS-*NCLB*, school allocations, 2004–05 ($n=13,184$).

In most cases, schools without a consistent school poverty level classification between the two data sources were due to missing school poverty data in the CCD data set. Across all schools that were in both the NLS and CCD data sets, 17 percent were missing poverty level information (2,278 schools). Among schools that had school poverty data in both data sets, 92 percent were classified in the same school poverty category in both data sets.

Given the discrepancies discussed above, which of the two data sets provide more reliable data on the percentage of schools receiving Title I funds? The CCD data were collected from states, while the NLS data were collected from districts. The CCD data set includes a fairly sizable amount of missing data on school poverty rates. The NLS study team, after noting discrepancies between the two data sources, rechecked the numbers with some of the sample districts, and these districts generally verified the numbers originally obtained during the NLS data collection. However, for comparing trends over time, the CCD data may provide a more reliable indicator of change, because they provide a relatively consistent data collection methodology across different years.

applications were submitted prior to the year for which the funding was to be received. Therefore, it is expected that school poverty data would have been from 2003–04.



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