



Steady as She Goes

The Case for Maintaining Title I Funding at Current Levels for Fiscal Year 2011

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President Barack Obama's budget for fiscal year 2011 requests a net increase of \$3 billion for elementary and secondary education.¹ Yet none of the funding increase targets the largest program, College and Career Ready Students, which is known more familiarly as Title I, Part A of the Elementary and Secondary Education Act, or Title I. This facet of the president's request does not sit well with some education groups,² but as this brief will show, the president's \$14.492 billion request for Title I is right on target.

Many critics of the president's request would prefer that Title I receive increased funding for FY 2011, and this point of view is understandable. Title I is the chief vehicle that drives federal education funds to elementary and secondary schools that serve significant numbers of low-income children. It represents a small but reliable stream of funds reaching at least some schools in 95 percent of all public school districts.³ This is a recipe for political popularity if there ever was one, and popularity pays off. Annual appropriations for Title I have increased by 60 percent, accounting for inflation, since 1994.⁴

One should expect the usual clamor for increased Title I funding, but three complaints merit special rebuke. First, some critics bemoan Congress's failure to appropriate funds sufficient to cover the approximately \$25 billion in grants authorized by the funding formulas specified in the Elementary and Secondary Education Act.⁵ The "full funding" complaint ignores that the formulas—exceedingly complicated recipes specifying how funds flow to school districts—include some completely arbitrary factors.⁶ Congress simply scales the recipe to the ingredients available.

Second, some critics cite pressure to improve student achievement as a reason to increase the federal investment in Title I. This argument may have had merit at one time, and it certainly won the day in the immediate wake of No Child Left Behind, the current authorization of the Elementary and Secondary Education Act. Title I appropriations increased by 32 percent between 2001 and 2004 after accounting for inflation.⁷ But at this point, the school districts that need to improve student achievement the most are exactly those that

have not demonstrated the ability to use additional Title I funds productively. Yielding to this complaint defeats the purpose of accountability.

The final complaint of those seeking increased Title I appropriations invokes fiscal stress caused by the recent economic recession. Budget shortfalls due to sagging state and local revenues militate for increased Title I funds so that budget cuts do not fall on the backs of low-income children, or so the story goes. Yet this story completely ignores a fundamental statutory requirement for receipt of Title I funds. The law's maintenance of effort provision has penalized states and school districts for reducing nonfederal expenditures by more than 10 percent from year to year for over 40 years. Increasing Title I appropriations in response to reduced nonfederal expenditures would clearly undercut the maintenance of effort requirement, which evidence suggests needs strengthening, if anything.⁸

Those promoting an increase in Title I funds as a fiscal stabilization measure may not understand the purpose of the maintenance of effort provision—to prevent the substitution of federal funds for state and local funds. And they should be forgiven for conflating the purposes of fiscal stabilization and Title I funds. The American Recovery and Reinvestment Act injected substantial one-time funds of both types into school districts. The act's special waivers allowing school districts to treat State Fiscal Stabilization Funds as though they were nonfederal funds for purposes of Title I maintenance of effort were bound to create some confusion. But the idea was to avoid penalizing districts for failing to maintain effort in the immediate aftermath of the recession, not to dismantle permanently a crucial safeguard in Title I.

There are three arguments to keep Title I funding at \$14.492 billion. First, estimates of inflation for 2011 hover closer to zero than to historic averages,⁹ so holding Title I appropriations at current levels accords with the overall economic atmosphere. Second, the great majority of school districts received supplemental Title I funds for FY 2009 under ARRA. These supplemental funds were meant to allow districts to make one-time purchases of goods and services, not only to help stimulate the economy, but to brace for lean times to come. Districts were urged to request waivers of ordinary carryover provisions, with up to 15 percent of funds eligible for use in FY 2011. It makes little sense to pile new increases through appropriations on top of temporary ones still in play.

The third reason is not economic; it rests in the Title I program itself. The Elementary and Secondary Education Act is already overdue for reauthorization, and a hue and cry for future increases in appropriations is highly predictable almost irrespective of how Congress changes the law. If Congress were to collapse the Title I funding formulas into a single, simpler, and fairer one,¹⁰ for example, increased appropriations could finance a transitional period that would allow the new formula to take effect gradually.¹¹ It would therefore be prudent for Congress to delay any increase to Title I appropriations until the increase serves a specific purpose, such as improved targeting of funds to schools serving high concentrations of low-income children.

Common complaints about the president's proposal to level-fund Title I boil down to specious reasoning. The proposal rests on solid ground from an economic and educational perspective. There may be aspects of the president's budget request that get caught in quicksand, but Title I should not be one of them.

Endnotes

- 1 Office of Management and Budget, "Budget of the United States Government, Fiscal Year 2011" (Government Printing Office, 2010), available at <http://www.whitehouse.gov/omb/budget/fy2011/assets/education.pdf>.
- 2 See American Federation of Teachers, "Statement by Randi Weingarten, President, American Federation of Teachers On President Obama's Education Budget Proposal," Press Release, February 2, 2010, available at <http://www.aft.org/newspubs/press/2010/020210.cfm>.
- 3 The number of school districts receiving Title I funds matches the number eligible for the Basic Aid Grant, just one of the four tributaries of the Title I funding stream. Raegen Miller, "Secret Recipes Revealed: Demystifying the Title I, Part A Funding Formulas" (Washington: Center for American Progress, 2009), available at http://www.americanprogress.org/issues/2009/08/title_one.html.
- 4 Author's calculation based on historic appropriations figures obtained from the Department of Education, available at <http://www.ed.gov/about/overview/budget/>, and inflation data (Consumer Price Index—All Urban Consumers) obtained from the Department of Labor, available at <ftp://ftp.bls.gov/pub/special.requests/cpi/cpiait.txt>.
- 5 Title I did not authorize a specific amount before the current authorization of the Elementary and Secondary Schools Act, also known as No Child Left Behind. Rather, the program received "such funds as" Congress appropriated. The precise authorized amount varies from year to year based on a variety of measures, including the number and geographic distribution of eligible children, primarily those from low-income families. For a discussion of the relationship between authorized Title I allocations and funded amounts, see Thomas W. Fagan and Nancy L. Kober, "Title I Funds—Who's Gaining, Who's Losing & Why" (Washington: Center on Education Policy, 2004), available at <http://www.cep-dc.org>.
- 6 In particular, each of the four formulas uses the number 0.4 as a factor. It would make no difference for a given level of appropriations if the 0.4 were replaced with 0.5, for instance. The substitution would, however, change the amount of funding authorized by the legislation. See Miller, "Secret Recipes Revealed: Demystifying the Title I, Part A Funding Formulas."
- 7 Author's calculation, as in note 4.
- 8 Nora Gordon, "Do Federal Grants Boost School Spending? Evidence from Title I," *Journal of Public Economics* 88 (9-10) (2004): 1771-1792, available at <http://escholarship.org/uc/item/88p0q4q4>.
- 9 See, for example, The Economic Outlook produced by the Congressional Budget Office, available at <http://cbo.gov/ftpdocs/108xx/doc10871/01-26-Outlook.pdf>.
- 10 Raegen Miller and Cynthia Brown, "Bitter Pill, Better Formula" (Washington: Center for American Progress, 2010), available at http://www.americanprogress.org/issues/2010/02/bitter_pill.html.
- 11 Cynthia Brown and Raegen Miller, "Spoonful of Sugar" (Washington: Center for American Progress, 2010), available at http://www.americanprogress.org/issues/2010/02/equity_fund.html.