



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION
WASHINGTON, DC 20202-6132

January 23, 2023

**CONGRESSIONAL NOTIFICATION OF PRELIMINARY FISCAL YEAR 2023
TITLE I, PART A ALLOCATIONS**

Funds appropriated under the Consolidated Appropriations Act, 2023, for activities authorized by Title I, Part A of the Elementary and Secondary Education Act of 1965 (ESEA).

Recipients

50 States; District of Columbia; Commonwealth of Puerto Rico; the Department of the Interior, Bureau of Indian Education; and the Outlying Areas.

Description

Enclosed is a table that lists **preliminary** fiscal year (FY) 2023 formula allocations (initially available for school year (SY) 2023-2024) for local educational agencies (LEAs) under the Title I, Part A Grants to LEAs program. The U.S. Department of Education (ED) expects to release final allocations in June, which will differ from the preliminary allocations because of updates to the annually collected counts of children in locally operated institutions for neglected or delinquent children, in foster homes, and in families above the Census poverty line that receive assistance under the Temporary Assistance for Needy Families program (non-Census formula children data) and to LEA finance data used in the Education Finance Incentive Grants formula. There may be additional differences if a State were to report revisions to its State Per-Pupil Expenditure (SPPE) data.

The final allocations will be used to make Title I, Part A grant awards on July 1, 2023. Of the \$18.4 billion appropriated for Title I, Part A, approximately \$7.5 billion will become available on July 1, 2023, and the remainder will become available on October 1, 2023.

Title I, Part A Grants to LEAs provide financial assistance to school districts for services that improve the teaching and learning of children at risk of not meeting challenging State academic standards, especially those children who reside in areas with high concentrations of children from low-income families. ED reserves funds to meet the special educational needs of Indian children in schools supported by the Bureau of Indian Education and for the Outlying Areas. In addition, \$5 million from the Title I, Part A Basic Grants appropriation supports the annual updates to the Census poverty data used to calculate Title I, Part A allocations.

ED allocates Title I, Part A funds to LEAs through four statutory formulas—Basic Grants, Concentration Grants, Targeted Grants, and Education Finance Incentive Grants. The following describes the specific allocation provisions of these formulas.

Basic Grants (ESEA section 1124)

ED allocates Basic Grant funds to LEAs through a statutory formula based primarily on the number of children, ages 5 through 17, from low-income families, which the Census Bureau updates annually, and on each State's per-pupil expenditures for education. In addition, the formula includes the non-Census formula children data. In order to receive a Basic Grant, an LEA must have at least 10 formula children and the number of those children must exceed two percent of the LEA's total population of children ages 5 through 17. The statutory formula further requires that no eligible LEA receive less than 85, 90, or 95 percent of the amount it was allocated in the preceding year. This "hold-harmless" guarantee varies according to the percentage of formula children in each LEA.

To determine the preliminary FY 2023 allocations, ED used income year 2021 Census Bureau school district poverty and population estimates (ages 5 to 17), which are based on LEA boundaries as they existed in SY 2021-2022, and on SY 2020-2021 SPPE data. (These data replace the income year 2020 Census data and SY 2019-2020 SPPE data, respectively, that ED used for FY 2022 allocations.) The preliminary allocations are also based on the same October 2021 non-Census formula children data that ED used to calculate FY 2022 allocations. As noted above, ED will use the 2021 Census data, SY 2020-2021 SPPE data, and updated non-Census formula children data to calculate the final FY 2023 allocations and will base the July 1 awards on the final allocations.

Because of the creation of new LEAs since SY 2021-2022 and the existence of special LEAs, such as charter school LEAs that do not have geographic boundaries, the list of LEAs used by ED to determine LEA allocations may not match the current list of LEAs for many States. Thus, each State educational agency (SEA) must adjust ED's LEA allocations to account for eligible LEAs that did not receive a Federal allocation. The ESEA also gives SEAs the flexibility, with ED's approval, to use alternative poverty data to determine eligibility and redistribute ED-determined Title I, Part A Basic Grant allocations for LEAs with less than 20,000 total residents.

Concentration Grants (ESEA section 1124A)

ED allocates Concentration Grant funds to LEAs that meet the Basic Grants eligibility criteria and in which the number of children counted for Basic Grant formula purposes exceeds 6,500 children or 15 percent of the ages 5 through 17 population. The hold-harmless requirement for Concentration Grants operates in the same way as it does for Basic Grants except that an LEA that does not meet the Concentration Grants eligibility criteria is eligible to receive its hold-harmless amount for four consecutive years after it was last eligible. Section 1122(c)(2) of the ESEA provides that an LEA that does not meet the Concentration Grants eligibility threshold after four consecutive years is no longer protected by the hold-harmless provision. As with Basic Grants, each SEA must adjust ED's Concentration Grant allocations to account for differences between State and Federal lists of LEAs and may use alternative poverty data for LEAs with less than 20,000 total residents.

Targeted Grants (ESEA section 1125)

The Targeted Grant formula uses the same data elements as Basic and Concentration Grants. ED then adjusts the number of formula children to give greater weight to those LEAs with higher numbers or percentages of formula children. In order to receive a Targeted Grant, the number of

formula children in an LEA counted for Basic Grant formula purposes must be at least 10 and equal or exceed five percent of the LEA's total population of children ages 5 through 17. As with Basic and Concentration Grants, each SEA must adjust ED's Targeted Grant allocations to account for differences between State and Federal lists of LEAs and may use alternative poverty data for LEAs with less than 20,000 total residents. The hold-harmless requirement for eligible LEAs works the same as it does for Basic Grants. The hold-harmless percentages are based on the unweighted number of children used in the Targeted Grant formula.

Education Finance Incentive Grants (ESEA section 1125A)

The Education Finance Incentive Grant (EFIG) formula, in addition to using the number of Title I, Part A formula children and each State's per-pupil expenditures, distributes funds to States based on (1) an effort factor that measures a State's effort to provide financial support for education compared to its relative wealth as measured by its per capita income, and (2) an equity factor that measures the degree to which education expenditures vary among school districts within a State. The EFIG formula benefits States that spend more money on education relative to their wealth and States that have a greater degree of equalized education expenditures among their LEAs. Once a State's EFIG allocation is determined, ED allocates funds among LEAs within the State using a weighted formula that is similar to the Targeted Grant formula. The within-State weights used for determining LEA allocations, however, vary among States according to the degree to which each State's expenditures are equalized across its school districts. The eligibility criteria used to determine whether an LEA qualifies for an EFIG allocation are the same as for Targeted Grants. The hold-harmless requirement for eligible LEAs works the same as it does for Targeted Grants and is based on the unweighted number of children used in the EFIG formula. As with Basic, Concentration, and Targeted Grants, each SEA must adjust ED's EFIG allocations to account for differences between State and Federal lists of LEAs and may use alternative poverty data for LEAs with less than 20,000 total residents.

ESEA section 1125A(e) further requires that, for the preceding fiscal year, each State maintain either an aggregate or a per-pupil expenditure level for providing free public education that is at least 90 percent of the amount spent on education within the State in the second preceding fiscal year. If a State fails to maintain effort and also failed to maintain effort for one or more of the five immediately preceding fiscal years, ED must reduce the State's EFIG allocation in the exact proportion by which the State failed to maintain effort. ED may waive this reduction (the consequence of a State's failure to meet the maintenance of effort requirement in the EFIG formula) if a waiver would be equitable due to exceptional or uncontrollable circumstances such as a natural disaster or a precipitous and unforeseen decline in the financial resources of the State.

Additional Information

Under section 1003(a) of the ESEA, from the funds allocated to the State under Title I, Part A, the SEA must generally reserve for school improvement activities the greater of:

- Seven percent of the SEA's FY 2023 Title I award; or
- The sum of the total amount that the SEA reserved for school improvement under section 1003(a) from its FY 2016 Title I, Part A award and the amount of the SEA's FY 2016 School Improvement Grants allocation under section 1003(g) of the ESEA, as reauthorized by the No Child Left Behind Act of 2001.

In addition, section 1003(h) of the ESEA requires an SEA, in reserving funds for school improvement, to ensure that no LEA receives less in total under Title I, Part A than it received in the prior year. It is possible that this provision in conjunction with an overall reduction in a State's Title I, Part A allocation may limit the ability of some SEAs to reserve the full amount for school improvement.

Section 1004(a) of the ESEA also allows an SEA to reserve for State administration not more than one percent or \$400,000, whichever is greater, from funds allocated to the State under Part A, Part C (Migrant Education), and Part D (Subpart 1—State Agency Neglected and Delinquent program) of Title I. However, because the total FY 2023 appropriation for Title I, Parts A, C, and D (Subpart 1) exceeds \$14 billion, the cap on State administration in section 1004(b) of the ESEA applies. As a result, the maximum amount each SEA may reserve for the administration of Title I programs this year is based on the amount it would have received if \$14 billion were appropriated for Title I, Parts A, C, and D. As it has in prior years, ED will provide SEAs with a table showing how much would be allocated to each State under Title I, Parts A, C, and D if \$14 billion were appropriated for FY 2023 so that each SEA has a base on which to determine the maximum it may reserve for State administration.

Section 1003A(a)(1) of the ESEA further provides that an SEA may reserve not more than three percent of the funds allocated to the State under Title I, Part A for Direct Student Services.

For specific inquiries about these allocations, please contact ED's Office of Legislation and Congressional Affairs at (202) 401-0020.