

Division: Federal Finance
Program/Procedure: Allocation Procedures for Formula Grants – Title I
Updated: July 2025

The U.S. Department of Education (ED) determines the Title I, Part A allocations for all states and territories. Reports are downloaded and reviewed to determine the information for Arkansas, which includes census data and federal allocations for each Local Education Agency (LEA) for Basic, Concentration, Targeted, and Education Finance Incentive Grants (EFIG) funds.

Because of the creation of new LEAs and special LEAs, such as charter schools that do not have geographic boundaries, the list of LEAs used by ED to determine LEA allocations does not match the list provided by ED. Thus the Office of Finance must adjust ED's LEA allocation to account for eligible LEAs that did not receive federal allocation.

Additionally, the Office of Finance must further adjust the federal allocation list to provide for state level set-aside amounts for school improvement, state administration, maintenance of effort and hold harmless.

Cycle 2 data is retrieved from APSCN-SIS via data request. The dataset will include student state-ID, meal status indicator, date of birth, attending LEA and resident LEA by building. This data will be used to arrive at enrollment and poverty data by:

- 1) Calculating student age as of Oct 1 of the reporting year
- 2) Filtering list for appropriate ages (5 – 17 for ESSA programs)
- 3) Counting students by LEA for enrollment total
- 4) Counting students with meal status 4 & 5 (direct certification) for initial poverty total
- 5) Calculate funding poverty total by multiplying initial poverty total by prescribed multiplier for the funding year as designated by USDA-FNS. By law, the multiplier can be a number between 1.3 and 1.6 and is set on an annual basis by USDA-FNS. For 2018-19, multiplier is 1.6. Any changes will be communicated in advance by USDA-FNS through the Federal Register.
 - a. If applying the multiplier to the direct certification count results in a total above enrollment, the funding poverty total is limited to enrollment total.
- 6) For charter schools, enrollment and poverty data is calculated with subtotals by resident LEA. This subtotaled data will be used to re-assign funding from regular LEAs to the attending charter as required by each funding formula.
- 7) Data errors are removed from the formula.

Preliminary Current Year Population & Poverty Data-new or significantly expanding charter schools, as determined by the Charter School Program Advisor, provide preliminary data for students attending in the current year summarized by resident LEA and direct certification status.

At least twice a year or as needed to keep all revision contained in the same year, ADE uses the following method for adjusting ED allocations to LEA allocations:

TITLE I, Part A:

Step 1: Census counts received from ED are adjusted to account for new, consolidated, closed or special LEAs.

Consolidation:

If two or more districts are combined, add student counts together.

If district is split between multiple districts, divide the census student counts of the sending LEA by the percentage of receiving students each receiving LEA gains

New LEA:

If districts are combined to create a new LEA not on the census list the sum of formula children and the sum of population in sending LEAs make up new LEA. A new percentage of formula children is calculated by dividing formula children by population.

Special LEA:

Charter schools without significant expansion are funded based on the prior year October 1 student count data (with resident districts).

Charters with significant expansion; are funded based on current year student data provided in July (preliminary estimated funding) and submitted Cycle 2 data (final allocations).

Using the correct charter data based on significant expansion - determine number of Enrolled and Poverty students in each special LEA and the number of students from each sending LEA (Pivot Table)

1. Determine equating factors and apply to enrollment and poverty data to convert to census data
 - a. Population Equating Factor: $\frac{\# \text{ enrolled adjusted}}{\text{total enrollment original}} = \% \text{ enrolled adjusted}$
 - b. Formula Equating Factor: $\frac{\# \text{ poverty adjusted}}{\text{total poverty}} = \% \text{ poverty adjusted}$
2. Apply equating factors to census data to determine updated census population and formula counts
 - a. Census population adjusted = original district census population count * population equating factor
 - b. Census formula adjusted = original district formula count * formula equating factor

Step 2: Determine whether LEAs are eligible for Basic, Concentration, Targeted and EFIG component grants based on adjusted formula counts.

1. Using newly adjusted census information find a percentage of formula students at each school (census population divided by census formula count)
2. Using ED defined eligibility criteria determine if LEAs are eligible for grants
 - a. Basic: formula count of at least 10 and 2% of population are census formula students

- b. Concentrated: formula count of at least 6,500 or 15% of population are census formula students
- c. Targeted and EFIG: formula count of at least 10 and at least 5% of population are census formula students

Step 3: Adjust initial allocations for each component grant type based on adjusted formula counts

- 1. LEAs unaffected by consolidation or creation of new/special LEAs remain unchanged
- 2. Consolidation
 - a. If two or more districts are combined add the district allotments for each component grant type
 - b. If districts splits between multiple districts find the per formula student amount for each component grant type for the sending LEA and distribute based on the division of students to each receiving LEA
- 3. New/Special LEAs
 - a. Determine initial amount per formula count for each sending LEA (divide total allocation by the total original formula count)
 - b. Subtract from the sending LEA's allocation the amount equal to the number of formula children moving multiplied by the per formula count amount in 4a.
 - c. Add to the receiving LEA's allocation the amount equal to the number of formula children from each sending LEA multiplied by that associated sending LEA's per formula count amount in 4a.

Note on Ineligible LEAs:

- 1. Any amount of Basic, Targeted, EFIG going to an LEA that is no longer eligible may be reserved for School Improvement, State Admin or State Academic Achievement
- 2. Any amount of Concentration Grants going to an LEA that is no longer eligible but received a Concentration Grant in the last four years remains with the LEA

Step 4: Evaluate Hold Harmless (HH) for each Basic, Targeted, Concentrated, EFIG

This provision, when it applies, prevents an LEA from a significant decrease in their current year allocation from the previous year's allocation at this same stage of the calculation due to state level adjustments in the calculation. The less poverty an LEA has, the lower its HH percentage.

- 1. Determine Hold Harmless percentage - If the percent formula for an LEA (Formula Child/District Total Population):
 - a. is not less than 30%, this means it has high concentrations of poverty, it will be held harmless for 95% of its funding.
 - b. is greater than or equal to 15% and less than 30%, it will be held harmless for 90% of its funding.
 - c. is below 15%, it will be held harmless for 85% of its funding.
- 2. Determine Hold Harmless Amount - Multiply LEA's previous year's allocation by appropriation HH percentage
- 3. Adjust for Hold Harmless - If allocation is determined under Hold Harmless, proportionately reduce allocation for LEAs above their hold harmless amount until no LEA

falls below hold harmless. If state total grant amount does not allow for these HH percentages, ratably reduce all HH amounts accordingly.

- a. Set districts less than HH at their HH level
- b. Add allocations for all LEAs over hold harmless
- c. Determine what percentage of allocation each LEA above hold harmless received
 - i. Find the amount available to redistribute (Total Amount less the amounts found in a)
- d. Multiply c and d to proportionately distribute amounts
- e. Continue steps a-d until each LEA is above HH amount

Step 6: Calculate School Improvement

1. Combine each grant section (basic, target, concentrated, EFIG) for each LEA
2. Find School Improvement Amount (7% of state total grant)
3. Hold Harmless – do not let any school receive less money than in previous year (100% HH in this step)
 - a. Determine LEAs who are receiving more funding compared to last year
 - b. Ratably reduce allocations of LEAs identified as receiving more funding than in previous year
 - i. Use same method as used with Step 4 – Adjust for Hold Harmless
4. If impossible to take full 7% and keep every district above previous years allotment reduce percentage reserved for school improvement

Step 7: Calculate Administration Costs

State administration set-aside is prescribed as 1% of state total award or 1% of alternative total given by ED. Every LEA assigned an allocation is subject to this set-aside. Arkansas does not elect to use any hold harmless mechanisms in this step of the calculation.

1. Determine amount to be set aside – 1% of total or alternative total given by ED
2. Calculate percentage of total allocation each LEA is receiving
3. Multiply each LEA's percentage, found in step 2, by the total set-aside amount in number 1 to determine each LEA's contribution to the administration costs
4. Subtract each LEA's contribution in step 3 from its allocation

Step 8: Maintenance of Effort

1. Reduce allocation for MOE when necessary
2. Add amount taken away from LEA because of MOE ratably between other LEAs

Step 9: Reallocation of Funds

Funds can be reallocated for a variety of reasons (see section: Reallocation of Funds). In the case of reallocation funds are distributed to all other districts on a percentage basis (the same method used for HH).

FINAL STEPS FOR ALL GRANTS:

Step 1: Round final numbers to two decimal places; if allocation is over the total take the overage out of state set-aside

Step 2: Publish allocation to ADE Federal Finance Website

Step 3: Publish a Commissioners Memo

Step 4: Email allocations to Federal Program unit for upload to FGMS system

Step 5: When final allocations are made publish grant award notifications to Federal Finance Website

***This document is not to be used as the sole source for calculating allocations for the Arkansas Department of Education. To calculate allocations refer to legislation, ED guidance, and any other updates provided by ED.*