

## **FACT SHEET: CALIFORNIA SHORTED BY TITLE I EDUCATION FUNDING GAMESMANSHIP**

**Summary:** The Title I program, the largest federal K-12 education program and the fourth largest formula grant of any kind, is intended to help schools educate poor and disadvantaged children. A longstanding problem, distributing Title I money using outdated counts of poor children, was ostensibly remedied in 1994 when California delegation members won passage of language creating an update of poor child counts every two years. Unfortunately, Senators from states which have less acute needs than does California (and thus would lose

funds) have successfully inserted language, known as the "100% special hold harmless", into education appropriations bills thereby preventing the use of these updated counts for distributing most Title I dollars.

**California's Needs are Relatively High, Compared to Other States:** Because Title I is focused on poor K-12 children, California's high child poverty figures would lead one to expect a high Title I funding share for the state. In 1994, the state's child poverty rate of 24.1% was well above the national rate of 20.4%.

**But California's Actual Receipts Are Lower:** Yet California receives fewer Title I dollars than its share of eligible children. With 14.1% of the nation's eligible children, the state receive only 11.7% of the Title I dollars. California receives \$601 in Title I funds per poor child, below the national average of \$717 and well below some states whose receipts exceed \$1,300 per poor child.

**Poverty Data Lag:** A key reason for the state's low share of Title I funds is that poverty figures historically have been only updated every 10 years. As late as 1992, the program was funded based on 1980 census numbers for poverty. The result has been that many Title I dollars are sent where needy children *used to be*, instead of where they are now. California's additional poor children were not being served.

**An Update Fix the Problem, or So We Thought:** A partial remedy was devised during the 1994 rewrite of the Elementary and Secondary Education Act, when Californians successfully pushed to require updating of poverty data, specifically for Title I, in between censuses. If fully implemented, these new data would have vastly improved California's share of funds, bringing them much closer to parity.

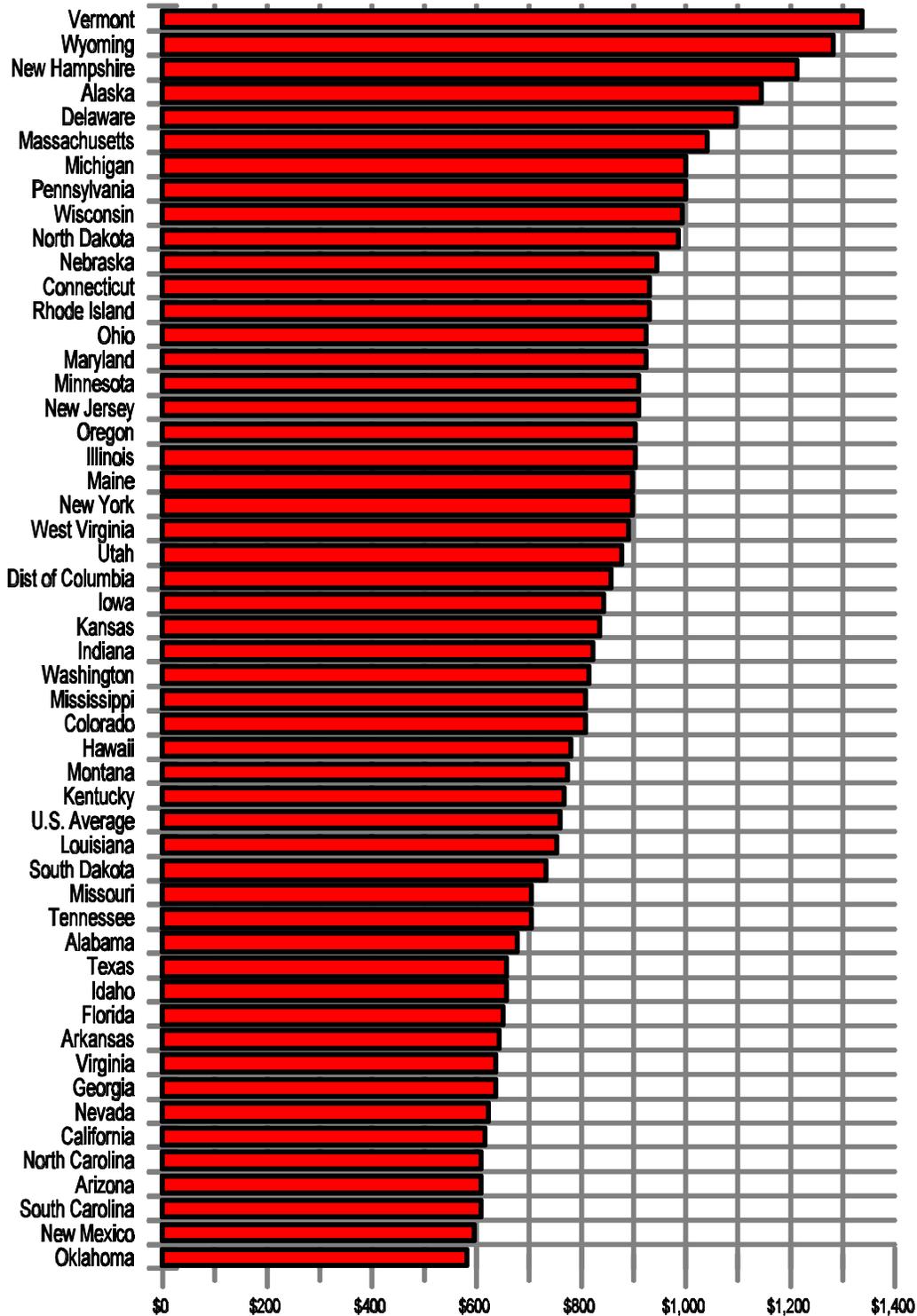
**But Senators from Shrinking States Intervened:** However, Senate appropriators from losing states have stepped in and blunted the shifts. In 1997, a 100% "special hold harmless" provision was inserted stating that no school district in FY98 could receive less than it had in FY97. The "special hold harmless" provision, added by Senator Tom Harkin (Iowa stood to lose funding) and other Senators, effectively school districts in California and other growth states from receiving the further gains to which they are entitled. Rather than having funds follow poor children, the hold harmless kept funding levels static, regardless of where needs were greatest. Money was sent where children *used to be*, not where they are.

**Growth States' Goal:** California and its growth state colleagues are not necessarily seeking more funds, but rather a fair allocation of the funds based on where the children are -- as was intended by the law.

**Recent Developments:** Last fall's FY99 appropriations for Labor-HHS-Education included \$300 million in additional Title I funds, of which \$60 million went to California. This boosted the state's Title I funds from \$830 million to \$892 million, or from 11.37% to 11.73% of total funds. But the bill retained the excessive "special hold harmless" which harms California and other states with growing poor populations.

A bipartisan team of California members of Congress and Senators with seats on education authorizing and appropriating committees have been working closely together in these early months of 1999 to further the state's K-12 education interests and to combat the Title I "special hold harmless provisions."

## Title One Receipts, FY 1998 Per Poor Child -- By State



Title I actual funds for FY 1998 compared to 1996 Census Bureau estimates of children in poverty as identified by the small area income and poverty estimates program. Funds are for Title I basic and concentration grants and include 100% special hold harmless. Source: California Institute. Data Sources: U.S. Census Bureau; Congressional Research Service, Ca. Institute.