Analysis of State Use of Title IV-A Funds – Formula, Competition, and Hybrid Models

The Student Support and Academic Enrichment (SSAE) grant under Title IV-A of ESSA, a flexible formula block grant program meant to support well-rounded academic programs, health and safety programs, and the effective use of technology, is authorized at $1.6 billion for FY 2018. However, in FY17 (its first year of funding), the program only received $400 million. Due to this low appropriations level, Congress included language that allowed states to allocate money to districts on a competitive basis so that they could receive larger allocations and make meaningful investments in the three areas the program is meant to support. Because Congress was so late in finalizing its appropriations bill for FY17, most states had not decided on whether to distribute by formula or by competition by the time their ESSA plans were due. Many ESSA plans simply reflected a Title IV-A formula distribution scheme and provided some details on priorities.

With states now having had a few months to consider their Title IV-A distribution options, Bernstein Strategy Group, on behalf of the Title IV-A Coalition, reached out to state education department officials to find out how they planned to distribute their FY17 allocations. Our efforts yielded information from 48 states, with only Colorado and Minnesota failing to respond. Of the 48 that responded, 39 states are distributing by formula, 8 indicated they are distributing competitively (IN, NE, NV, NH, NM, NY, OK and UT), and Massachusetts is distributing via a hybrid method.

Below are the detailed results of our research:

Formula
ESSA authorizes Title IV-A funds to be distributed by formula with the requirement that every district receives an allocation of at least $10,0000. In addition, districts receiving over $30,000 are required to perform needs assessments and spend 20% of their funds on well-rounded programs and 20% on safe and healthy schools, with the remaining 60% available for spending on all three buckets, including some on educational technology. A 15% cap on infrastructure applies to all spending. Of the 48 states that responded to our outreach, 39 states have indicated they will distribute funds using the statutory formula.

Competition
Because Congress appropriated only $400 million in FY17 for Title IV-A, approximately 25% of the $1.65 billion authorization level for that year, the FY17 Appropriations law included language that allowed states the option to distribute their Title IV-A funds competitively for one year only.

This language also included some rules for states electing to run grant competitions:

- State competitions must preserve the integrity of the buckets. For instance, a state receiving $1 million would have to ensure that at least $200,000 in funds is distributed to districts for safe and healthy programs, $200,000 for well-rounded programs, and the remaining 600,000 for any or all three of the buckets.
- States have discretion in deciding what to do with the 3rd bucket: they can choose to be very specific about what districts apply for, or they can be vague and allow districts to determine what they would like to spend the money on.
- Districts can apply for one, two, or all three of the buckets and must complete a needs assessment prior to applying to receive funds from the state.
- States must give priority to high-need districts and ensure geographic diversity among subgrant recipients representing rural, suburban, and urban areas. This will ensure that rural districts are able to receive some of the grants as well as high-density urban areas.
- States can increase the technology infrastructure cap by 10 points to 25%. (A 15% cap on infrastructure spending remains if states allocate the dollars by formula).
- The minimum competitive grant award is $10,000 and the award duration is one year.

Currently there are 8 states that have indicated they will allocate the funds competitively: Indiana, Nebraska[1], Nevada, New Hampshire, New Mexico, New York, Oklahoma, and Utah.

These states attach different weights to the buckets, though. Nebraska did not indicate which bucket it would prioritize but a majority of the 11 districts that received grant awards had prioritized well-rounded programs in their applications. The second largest number of awards went to those districts that prioritized technology professional development in their applications. Applications focused on safe and healthy programs received the fewest awards. The largest award provided was for $418,000 while the smallest equaled $30,000. Five districts received funds for all three buckets. Currently, the state is re-reviewing applications from three of the eleven awardees and has not yet distributed their funds.

Allowing for slightly less flexibility in district applications, Oklahoma decided to structure its competition with an emphasis on well-rounded academic programs. The state told the districts that 50% of funding would go for well-rounded academic programs, 30% for health and safety programs, and the remaining 20% for any of the three categories. Thus, in Oklahoma, districts could apply to spend up to 70% of their grants on well-rounded academic programs. The state plans to issue funds in the first quarter of the year as applications for funding opened recently.

In a similar vein, New Mexico decided that safe and healthy programs should be the largest beneficiary of its competitions. Thus, the state will award its Title IV-A funding to districts in

[1] Nebraska gave the following rationale for opting to distribute funds competitively in their ESSA plan: "Due to the recent decreases in overall Title IV-A funds becoming available to the SEA, Nebraska has chosen to distribute Title IV-A funds at the LEA level on a competitive grant basis. The small amount of funding available for each LEA to use would otherwise result in very small grants if distributed on a formula basis and would likely not be sufficient to result in any identifiable improvement in Well-rounded education, School conditions for student learning or use of technology to improve student achievement and digital literacy".

accordance with the following parameters: at least 20% for well-rounded programs, at least 65% for safe and healthy programs, and the remainder split between the three buckets. The state has already reviewed the applications for awards and is in the process of notifying districts, with the hope of disseminating all funds by the end of November.

Indiana just completed its competition, making 82 awards to school districts and charters within the state. While the bulk of overall awards went to well-rounded academic programs, health and safety programs did receive a decent amount of funding.

New York and Nevada have not yet issued their RFPs for funds to their districts but plan to issue them in the next several weeks. Nevada has indicated that it will likely stick to the 20%, 20% rule and then allocate the remaining money across the three buckets based on the greatest need. New York is still early in its process of developing the RFP and was unable to provide details about how the funds would be prioritized in the competition.

Lastly, Indiana, New Hampshire, and Utah are in the process of reviewing applications for funding and indicated that the state's RFPs adhered to the 20%, 20%, and remainder on all three buckets rule.

Hybrid

To date, only one state has opted for a hybrid option when distributing funds. Massachusetts will operate its program this way: 1) distribute funds first using the formula system; 2) if any funds remain unclaimed then districts may apply to the state for some or all of the unclaimed funds; and 3) the state will select which districts receive additional funding in the same way other states plan to operate their competitions.

Expected Date for Distribution of Funds

The states had varied responses as to when they plan to get their dollars out the door to districts. The one factor that severely affected the timing of state distributions was Congress' failure to finalize funding on time—as the final FY 2017 appropriations bill was 8 months late.

Some states, such as Alaska, Georgia, Missouri and Vermont, have already distributed funds for FY17 while other states, like Louisiana, Maine, South Dakota, Texas, and Washington, are currently in the process of distributing funds. In addition, a few states, including Connecticut, Florida, Michigan, and New Hampshire, are planning to distribute funds to districts between now and by the end of the year. Others, like Oklahoma, South Carolina, Utah, and Nevada, will begin to distribute in early to mid 2018.

Arizona, California, Illinois, New Jersey, North Carolina, Tennessee, and Virginia have not decided or are unsure of when they will start distributing funds to districts. When asked, department officials indicated that there are two main reasons for this: 1) districts are still submitting applications to receive funding, which has created a backlog of paperwork that state departments are still trying to process; and 2) some states were simply late in opening the grant process to local districts. According to the law, states have until September of 2018 to distribute funds to districts.

Below is a breakdown on distribution timing for most of the states:

Already Distributed	AK, GA, KS, ND, PA, MO, VT (7)
In Progress Now	LA, ME, MA, MD, OH, SD, TX, WA (2/3 districts received) (8)
Process by Year's End	CT, DE, FL, IN, MI, MS, NM, NE, NH (9)
January-June 2018	OK, SC, UT, NV (4)
July-September 2018	AR (1)
No Data	CO, NY, MN, RI (4)
No Distribution Date Yet	AL, AZ, CA, IL, IA, ID, KY, MT, NJ, NC, OR, TN, VA, WV, WI, WY (16)
Transferring Funds	HI (1)[2]

[2] Department personnel stated that because the state has only one district, Hawaii is transferring all of its funds to Title II and clarified that these funds will still be used for both Title II and Title IV-A purposes.