

October 24, 2024

Congress has Failed to Address the Inequities of Title I, So Michigan Lawmakers Should Step In

In a Nutshell

- Federal Title I funding might appear progressive and equitable, but there remains substantial variation in the amount of per-student dollars that similarly-situated districts receive.
- Michigan policymakers have no control over how the federal program operates and splits funds among the state’s 840 individual local school districts, but they do control other funding streams that can be used to address the inequities inherent in Title I.
- Michigan lawmakers should address what Congress has gotten wrong over the past six decades and prioritize state budget resources to partially equalize the per-student allocations dictated by the federal formula.

This school year, the federal government will direct nearly a half billion dollars to Michigan public schools to address the learning needs of children from low-income backgrounds. But, the federal Title I program makes little effort to ensure that ALL low-income students are treated fairly. The federal funding formula results in huge per-student inequities, even among school districts that educate similar student populations. This leaves some schools under-resourced when it comes to serving Michigan’s highest-need students.

To date, Michigan policymakers have been reluctant to use state funding to address the inherent inequities in the distribution of these federal resources. That should change. Lawmakers should look to use some of the recent increases in state “at-risk” funding to at least partially equalize the per-student allocations dictated by federal law.

Federal Title I Drives Wide Per-pupil Funding Variations

Nearly six decades ago, as part of his “War on Poverty”, President Lyndon B. Johnson signed the Elementary and Secondary Education Act (ESEA), the main federal K-12 education law. Since its enactment in 1965, Title I of ESEA has served as the primary source of federal aid to schools with high concentrations of children from low-income families with the goal of enabling these students to meet state achievement standards. Michigan public school districts, both traditional and charter schools, will share in an estimated \$482 million in Title I funding for the 2024-25 school year.

Like other federal funding streams flowing to public K-12 schools (e.g., special education, school meals), Title I funds are distributed to states, then to local school districts, and finally, to individual schools to provide services to low-income students. Annual state and district-level allocation amounts are based on Congressional appropriations and determined through multiple clunky, complex, and complicated formulas, making it one of the most difficult school funding streams to understand.

Initially, Title I funding was provided to states and districts through a single formula (Basic Grant); however, over time Congress created three more formulas, each with its own federal appropriation amount and unique

allocation factors. These modifications recognized that the initial formula insufficiently targeted poverty as originally intended and aimed to improve support for low-income students by directing additional funding to school districts with the greatest need. However, most evaluations of the 60-year-old federal education program demonstrate that the subsequent formula changes have yet to do much to ensure public schools are equitably resourced. Several national studies have concluded that Title I funds are not distributed equitably across districts and, in many instances, across the individual schools operated by the same district.

Today, Title I funding inequities are clearly apparent across Michigan districts. The table below presents estimated 2024-25 Title I allocation amounts for each economically disadvantaged student enrolled across districts with different concentrations of poverty. Districts are grouped into "bands" based on their opportunity index, basically the percentage of students identified as "economically disadvantaged" (ED) in state law. Using Michigan's opportunity index for this district-by-district analysis is appropriate because one objective of the Title I formula is to direct more dollars to districts and schools with higher concentrations of student poverty.

Estimated 2024-25 Title I District Per-student Funding by Opportunity Index

Opportunity Index Band	% of District Students Considered Economically Disadvantaged (ED)	Median (per ED student)	Minimum (per ED student)	Maximum (per ED student)
1	0 to 19.9%	\$211	\$103	\$571
2	20% to 43.9%	\$206	\$78	\$2,811
3	44% to 58.9%	\$406	\$83	\$4,276
4	59% to 72.9%	\$504	\$141	\$7,010
5	73% to 84.9%	\$559	\$25	\$2,848
6	85% and greater	\$621	\$17	\$5,501

Source: Michigan Department of Education, 2024-25 Program Allocations; CRC calculations

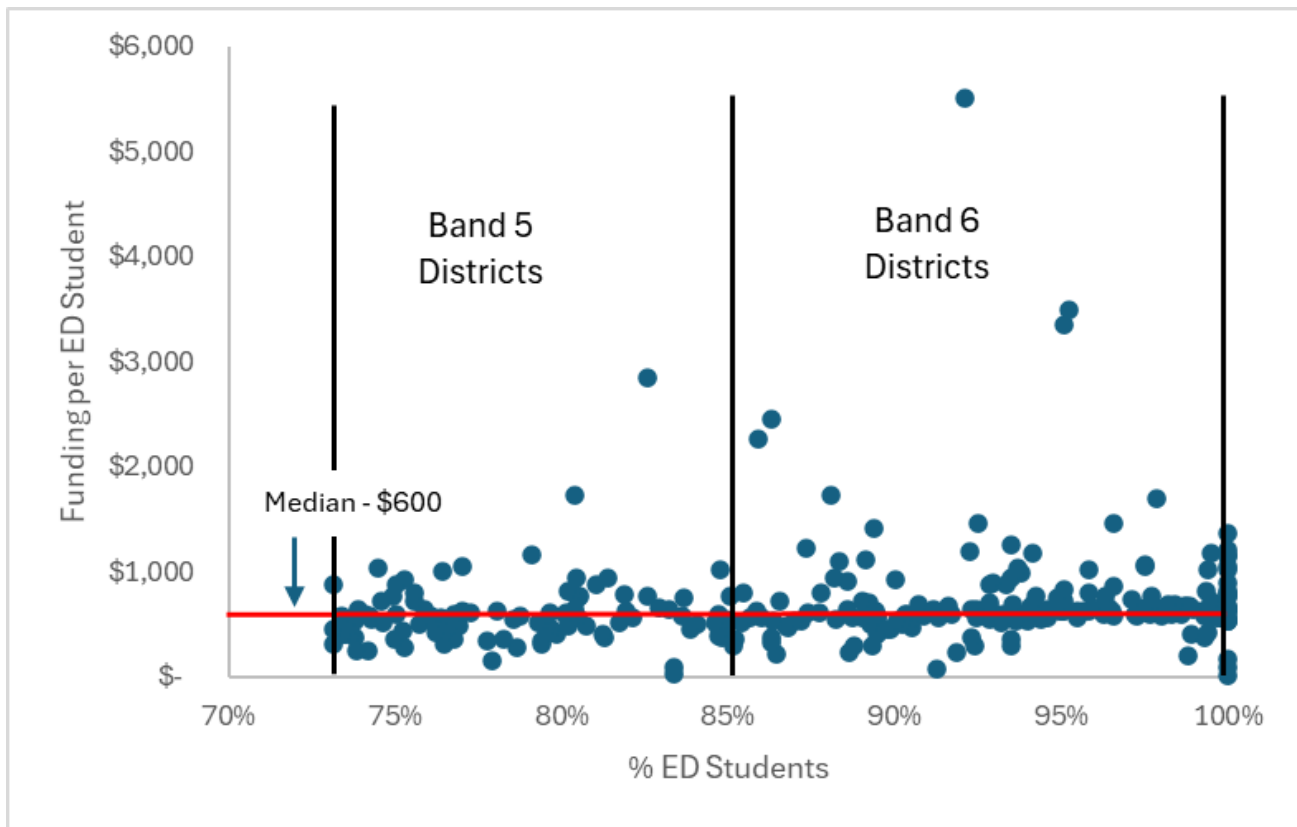
It is generally the case that districts with higher percentages of low-income students receive larger per-student allocations (table above). Across all Michigan districts, the median amount of Title I funding increases as the concentration of poverty increases. This suggests that funding is distributed equitably as districts with larger concentrations of high-need students are receiving more money. For this school year, a typical low-poverty Michigan district (band 1) will receive \$211 per student in Title I funds, compared to \$621 per student for a typical high-poverty district (band 6). Overall, the median per-student funding in the highest-poverty districts is almost three times that of the lowest-poverty districts.

However, while Title I funding might appear progressive and equitable, similarly -situated districts receive substantially different amounts of per-student funding. This is a particular criticism of the Title I program and how the various funding formulas operate together to produce inequities. It fails to ensure that ALL high-poverty districts and schools are equitably resourced.

This is clear from the wildly divergent funding ranges across several subgroups of Michigan districts. Take for example two similar-sized districts (about 3,000 students) with nearly the same student demographics from the highest poverty band. Flint's Title I allocation is estimated to be \$5,501 per student, while the Muskegon Heights district will receive \$1,111 per student. Flint's poverty concentration is slightly higher (92 percent) than Muskegon Heights (89 percent), but it will receive nearly five times more Title I per-student funding.

To highlight this variability within Michigan's highest poverty districts, the chart below is a scatterplot of Title I allocations for the 300 public school districts in bands 5 and 6 (districts with at least 73 percent ED students). Each dot represents a district's estimated 2024-25 Title I funding (y-axis) and its percentage of ED students (x-axis), compared to the median amount of per-pupil funding (\$600) for this cohort of districts (red line in chart).

Estimated 2024-25 Title I Per-student Funding for Band 5 and 6 Districts



Source: Michigan Department of Education, 2024-25 Program Allocations; CRC calculations

Districts with similar student demographics are receiving wildly different amounts of per-pupil funding under the Title I program. Further, these district-level disparities drive school-level funding disparities across districts. In several states, many schools with a low incidence of low-income students receive Title I funds, when at the same time there are schools with the highest concentrations of poverty (90 percent) in the state that do not receive any Title I funds. Nationwide, 1,188 schools with fewer than 10 percent of students from low-income families receive Title I funds, while 1,144 schools serving 90 percent or more students from low-income families do not.

These within-district inequities are present in Michigan too and Title I allocations may be to blame. Our previous research shows that districts are not allocating more resources per student to the schools that enroll higher percentages of low-income students. Just over one-half of the schools operated by the 15 largest "high-poverty" districts showed equitable per-pupil spending; meaning greater spending to reflect the higher concentrations of "at-risk" students relative to the parent district's average.

Michigan Could Step Up to Address Title I's Inequities

Discussions around Title I reforms to address funding inequities arise each time the main federal education law (ESEA) comes up for Congressional reauthorization, including the most recent reauthorization in 2015. Despite the many criticisms levied against it, there has been little appetite for major reforms to Title I. The lack of significant policy modifications over the decades has allowed Title I's hard-wired funding inequities to persist. Unlike other school funding streams that allocate resources based on student enrollments, rigid minimum funding guarantees and several "hold harmless" provisions baked into Title I formulas prevent large decreases in district allocations from year to year.

Although Michigan policymakers have no control over how the federal Title I program operates and splits funds among the state's 840 individual local school districts, they do have responsibility over the state's school funding system. Generally, state leaders have direct control over the use and distribution of several streams

of state and local funding (collectively, accounting for \$9 of \$10 spent by public schools yearly). Policymakers might want to consider tapping into some of these financial resources to address Title I's shortcomings in future state budgets.

One area they should examine is the \$1 billion School Aid Fund appropriation targeted to address the learning needs of students from low-income backgrounds. This is the same student population served by federal Title I. Districts receive supplemental "at-risk" dollars on top of their base per-pupil foundation grant (\$9,608); however, unlike the Title I funding, these investments are shared among districts in a much more equitable manner. Recent state budgets doubled this appropriation from \$500 million in the 2018-19 school year to \$1 billion this school year, guaranteeing each district a minimum of \$1,100 per economically disadvantaged student. Students attending the highest poverty districts (band 6 opportunity index) receive almost \$1,500, one-third more than the minimum, to account for higher poverty concentration.

Unfortunately, these increased state investments were not made with an eye toward the existing Title I funding inequities. Policymakers should consider how they might make future adjustments to state "at-risk" distributions to partially account for the Title I shortcomings. This might involve re-programming how a portion of the current \$1 billion is allocated among Michigan districts or earmarking all future "at-risk" increases to equalize per-student funding disparities through a combination of federal and state funds. The policy objective should be to ensure that every high-poverty district is guaranteed a minimum amount of combined federal Title I and state "at-risk" dollars for each student from a low-income background.

Historically, school funding discussions have centered on the role played by the base foundation allowance. Governor Whitmer and lawmakers made great fanfare in 2022 when one of the goals of Proposal A of 1994 was achieved with equal per-pupil foundation funding among all K-12 districts. However, for some districts, especially those with high percentages of students from low-income households, the foundation grant is only one part of the general school budget. The state "at-risk" funding and the federal Title I dollars make up significant proportions of these districts' resource base. It is significant that inequities in Title I distributions affect overall amounts of resources for equally situated districts and school buildings.

Michigan lawmakers should address what Congress has gotten wrong over the past six decades with the distribution of Title I funds and guarantee that every student is financially supported at more meaningful levels. Moving forward, lawmakers should prioritize state budget resources to partially equalize the per-student allocations dictated by the federal formula.

ABOUT THE AUTHOR

Craig Thiel - Research Director



Craig is the Research Council's Research Director and primary researcher of education and school finance issues. Prior to becoming Research Director, Craig served as the Director of State Affairs and as a Senior Research Associate. During his graduate school studies, he worked for the Council as a Lent Upson-Loren Miller Fellow from 1993 to 1995. Before joining the Council in 2006, Craig worked for ten years as a fiscal analyst at both the Senate Fiscal Agency and the House Fiscal Agency. He previously worked for the Michigan Department of State, Office of Policy and Planning and the United States Environmental Protection Agency in Chicago.

Craig holds a B.A. in Economics and Political Science from Kalamazoo College and a Masters in Public Administration from Wayne State University. He holds positions on various professional, nonprofit, and local government boards/associations.

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Southeast Michigan

38777 Six Mile Rd. Suite 208, Livonia, MI 48152
(734) 542-8001

Mid Michigan

115 W Allegan St. Suite 480, Lansing, MI 48933
(517) 485-9444

Detroit (313) 572-1840

West Michigan (616) 294-8359

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