

## Federal Grants

Although federal funds account for a relatively small share of total funding for public education, federal funding is important for two reasons. First, federal funds target low-income students and communities, and contribute as much as 20 percent of resources in the poorest schools. Second, federal education funding can spur special projects and reforms. Since it is intended exclusively to supplement local and state funds, federal money can support innovative projects, rather than the basic costs of operation.

### No Child Left Behind

The federal government substantially increased its commitment to funding the nation's public schools in 2001 when Congress passed the No Child Left Behind (NCLB) Act to reauthorize the Elementary and Secondary Education Act (ESEA). Congress votes to re-authorize the ESEA every six years and lawmakers can make additions and changes at that time. In the 2001 re-authorization cycle, Congress created new initiatives, strengthened the assessment and accountability provisions of the law, and granted school districts more flexibility in using federal funds. Congress and the President also promised to provide more federal resources for education in exchange for more accountability for results and the use of proven educational methods. The federal budget for elementary and secondary education for fiscal year 2003 is \$35.8 billion, an increase of 9 percent 2002, and 28 percent more than the appropriation for comparable programs in 2001, the last year before NCLB.<sup>1</sup>

### How School Funding Services can help:

*SFS released a series of reports describing all the funded programs in NCLB and the law's flexibility provisions for states and school districts. Our report "State and Local Flexibility Options in ESEA" is available free on our Web site. Our "ESEA Reference Guide: Program Descriptions and Funding Levels," including funding levels by program and state, is available by request.*

### Authorize → Appropriate → Allocate

Funding levels for federal programs vary from year to year because the federal budget, unlike the education law, is created annually. During the re-authorization process for ESEA, lawmakers also authorized a limit to the amount of money that can be budgeted each year for a specific program. Each year Congress must pass an appropriations bill that provides the budget for the US Department of Education's (US DOE) programs.<sup>2</sup> The US DOE then distributes funds to the states for each program based on the allocations formula written in the law.

### Formula Grants

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<sup>1</sup> SOURCE: *Budget History Table: FY 1980-Present* as published by U.S. Department Education, available on-line at <http://www.ed.gov/offices/OUS/BudgetHistory/index.html>.

<sup>2</sup> Appropriations for a specific program can vary yearly from \$0 to the limit authorized in legislation. Congress can effectively cut a program, which is written into the law, by choosing not to appropriate any funds for it in the budget. The NCLB Act contains a grant to assist Title I schools in need of improvement, which was authorized at \$500 million but not funded at all in the FY 2002 budget. Certain provisions of the law are only in effect if Congress appropriates a specified minimum amount of funding. The states, for example, may suspend the administration of the Title I testing requirements of the ESEA if Congress fails to appropriate a minimum of \$390 million for FY 2004 to develop assessment systems.

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Guide to School Grants*

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One type of federal grant is a non-competitive formula grant, also known as a categorical grant, or an entitlement. Schools receive these funds based on the size and characteristics of their student enrollment and the population of the area in which they operate. In order to receive formula grants, schools must submit population data and assurances that the funds will be used in accordance with the law. Nearly all federal formula grants are distributed from the US DOE to state education agencies (SEAs)<sup>3</sup> that then distribute funds to their local education agencies (LEAs).<sup>4</sup> The LEAs, in turn, distribute funds to individual schools. Formula grant allocations are calculated annually and can vary from year to year as a result of changes in the school or community populations, and the amount of funding appropriated by Congress in the annual budget.

**Title I** is the largest education program in the Federal government. Congress appropriated \$11.68 billion for Title I, Part A funds for the 2003-2004 school year (an increase of 13 percent from the previous year). Title I, Part A funds are allocated to states and districts based on the number of children in poverty, which is determined primarily by Census poverty estimates adjusted for the cost of education in each state. Title I grants supplement state and local education funding for low-achieving children in schools with high numbers or percentages of children from low-income families to help these students meet state proficiency standards. Title I funds pay for additional teacher services, materials, and equipment, which must be used primarily by disadvantaged students.

Aside from Title I, Part A funds, other federal programs that are distributed by formula include: **Improving Teacher Quality** (Title II, Part A) fifty percent of **Enhancing Education through Technology “Ed Tech”** (Title II, Part D funds), **Safe and Drug Free Schools** (Title IV), and **Innovative Programs** (Title V).

**How School Funding Services Can Help:**

*The School Funding Services database includes detailed information on all the grants listed in this Guide, including descriptions of the purposes, funds uses, targeted populations, and local district allocations. We have FY 2002 Title I, Part A Allocations for every district in the country.*

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<sup>3</sup> Some competitive grants are administered by agencies other than the State Education Agency. This is most often true of programs involving community services such the Even Start Family Literacy program. Under NCLB, the Governor's office may retain 20 percent of Safe and Drug Free Schools funding to distribute competitively.

<sup>4</sup> Local Education Agencies are generally school districts, but most charter schools are also considered their own LEAs. Washington, DC, Hawaii, and Puerto Rico all serve as both the SEA and LEA.

## Competitive Grants

In addition to formula grants, the federal government also distributes competitive grants through SEAs.<sup>5</sup> Competitive grants, also known as discretionary grants, are distributed for a specific purpose, such as to establish reading programs or after school programs. States distribute Request for Applications (RFAs) or Request for Proposals (RFPs) to schools and districts inviting them to submit a proposal in line with the specifications of the program.

Competitive grants are frequently limited to certain populations or types of schools, such as schools serving low-income students or designated as low performing. States can choose to restrict competitions beyond the requirements outlined in federal law, or give special priority in funding to some schools. For example, the state can choose to make some funds available only to elementary schools, rather than middle or high schools. Examples of federal competitive funds include Comprehensive School Reform (CSR), Reading First, and Even Start.

Unlike formula grants to schools, which are calculated annually, competitive grants are often awarded for a period of several years.<sup>6</sup> SEAs take different approaches to administering multi-year grants. States may commit all of their annual allocation to a single cohort of grantees and anticipate using all of the next year's allocation to fund continuation grants. In this case, the state would not hold a new competition until all current grantees' contracts were over, or it received a substantially larger federal allocation. Alternatively, some states may not award their entire allocation in a single year, instead reserving a portion to fund new applicants the following year.

US DOE also administers some competitions directly, rather than through the states; LEAs apply directly to the DOE for these grants. Generally, these are one-time programs to develop resources or pilots to develop model programs that may be replicated later. Examples of grants distributed directly by the DOE include **Early Reading First**, the **Improving Literacy through School Libraries** program, and the **Parental Information and Resource Centers (PIRC) Program**.

### **How School Funding Services Can Help:**

*The best way to increase the chances of receiving a competitive grant are to know exactly what the grantmaker is looking for in application, follow all the instructions given with the grant, and take plenty of time to prepare the grant proposal.*

*The School Funding Services database includes detailed, up-to-date information on how states administer federal competitive grants, including descriptions of the application process, application release dates, deadlines, and preferences- before they are released publicly. School Funding Services makes it quicker and easier to find grants, so you can spend your time writing winning grant proposals!*

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<sup>5</sup> In addition to the US DOE, the Department of Agriculture, the Department of Health and Human Services, and the National Endowment for the Arts, also make grants for education programs.

<sup>6</sup> Schools are required to file reports and assurances that they have used the funds for the intended purposes in order to receive their annual installments.