

## Study of the Effects of the Section 1003(e) Hold-Harmless Provision on Title I Allocations

### Appendix C Proposed Data Collection Instrument: Letter to State Title I Directors

Dear State Title I Director:

The U.S. Department of Education is conducting a study of the impact of the Section 1003(e) hold-harmless provision on Title I allocations for school districts, and we need all states to provide information on their Title I, Part A allocations to districts in order to complete this study.

As you know, Section 1003(a) of Title I requires states to reserve 4 percent of their Title I, Part A funds to support state and local school and LEA improvement activities required by sections 1116 and 1117 of the ESEA. However, a recent report issued by the U.S. Government Accountability Office (GAO) noted that some states are not able to set aside the full 4 percent for school improvement due to the 100 percent hold-harmless provision contained in section 1003(e), which ensures that no school district has its Title I, Part A allocation reduced below the prior-year level when a State Educational Agency (SEA) reserves funds for this purpose. The hold-harmless provision also results in school districts with declining numbers of children from low-income families contributing a proportionately smaller amount (and sometimes nothing at all) to the section 1003 reservation. As a result, the burden of the reservation falls disproportionately on those districts that have growing numbers of children from low-income families. The GAO recommended that the Department conduct a study of this issue, specifically to compare the characteristics of districts that contribute to the set-aside with those protected by the hold-harmless provision. (The GAO report is available at [www.gao.gov/new.items/d08380.pdf](http://www.gao.gov/new.items/d08380.pdf).)

In order to conduct this study, we are asking all SEAs to provide an electronic file showing their Title I, Part A, allocations to school districts and showing the various steps in the state allocations process, including the amount of funds provided to each district before and after the application of the Section 1003(e) hold-harmless provision. Specifically, we need you to provide the following:

- The amount of section 1003(a) funds allocated to each individual school district in the state for the 2007-08 and 2008-09 school years.
- The final Title I, Part A allocation for each district in the state for the 2006-07, 2007-08, and 2008-09 school years.
- A datafile showing the steps the SEA took in calculating final Title I, Part A allocations for school districts (including charter school districts) for the 2007-08 and 2008-09 school years. Specifically, the datafile should show how much the SEA reserved from each district's allocation to support the state's section 1003(a) school improvement activities as well as for state administration and (where applicable) for the State Academic Achievement Awards program.

The above datafiles should include the NCES id code for each district so that we can merge the allocations data with demographic data from the NCES Common Core of Data.

Please provide these data to us by December 15, 2008. Our contractor will follow up with you by telephone to answer any questions you may have and to facilitate the data collection process.

If you have any questions, please contact Stephanie Stulich on my staff at (202) 401-2342 or [sstulich@ed.gov](mailto:sstulich@ed.gov).

Sincerely,

Alan Ginsburg  
Director, Policy and Program Studies Service