DISADVANTAGED STUDENTS

School Districts Have Used Title I Funds Primarily to Support Instruction

Why GAO Did This Study

Title I of the Elementary and Secondary Education Act (ESEA), as amended, is the largest federal education funding source for kindergarten through grade 12. In fiscal year 2010, Congress appropriated $14.5 billion for Title I grants to school districts to improve educational programs in schools with high concentrations of students from low-income families. ESEA includes accountability requirements for schools and districts that focus primarily on measuring academic outcomes rather than prescribing exactly how Title I funds are to be spent. ESEA, as amended, includes a mandate that requires GAO to determine how selected districts expend Title I funds. In response, GAO addressed (1) how selected school districts spent their Title I funds and (2) what federal mechanisms are in place to oversee how Title I funds are used and what is known about the extent of noncompliance with relevant requirements. To do this, GAO visited a nongeneralizable sample of 12 school districts in 4 states and analyzed their Title I expenditures for the 2008–2009 school year. GAO also reviewed federal and local audit findings for a wider range of states and districts. Districts were selected based on criteria in the mandate including variation in size, student demographics, location, and economic conditions.

What GAO Found

GAO found that 12 selected districts in Louisiana, Ohio, Rhode Island, and Washington used Title I funds primarily for instructional purposes, consistent with findings from other research. Most selected districts focused Title I activities at the elementary level, where they expected the greatest improvement in academic achievement. Title I funds supported district initiatives to improve academic outcomes, such as reducing class sizes, extending class time, and coaching Title I teachers. The selected districts generally spent the majority of Title I funds on salaries and benefits, largely for instructional personnel. Districts with schools that failed to meet state adequate yearly progress goals for two or more consecutive years were required by law to reserve funds for various initiatives, such as transportation for public school choice, supplemental educational services, and professional development. In some districts such set-asides, which do not flow directly to schools, accounted for sizable portions of funds, amounting in two districts to 28 percent of Title I revenue. Predictably, such districts spent more than other districts on purchased services, such as tutoring for students eligible for supplemental educational services.

Title I recipients are subject to various oversight mechanisms, which provide some information on noncompliance with relevant spending requirements, but are not designed to provide estimates of the prevalence of noncompliance. The Department of Education (Education) has conducted state-level monitoring to assess states’ Title I program implementation. It has identified common issues, such as failure to ensure that districts properly calculate or reserve funds for specific purposes. To guard against fraud and abuse, Education’s Office of Inspector General (OIG) uses risk-based criteria, such as past audit findings, to select districts for financial audit. In such districts, OIG has found instances of unallowable expenditures of Title I funds. Also, all states and districts that spend more than $500,000 in federal awards must file an annual audit that focuses on financial management and compliance with provisions of selected federal programs. Roughly 18 percent of districts that filed a fiscal year 2009 audit in which Title I compliance was reviewed had findings related to Title I, which most commonly dealt with unallowable costs and cost principles. However, only a subset of districts are audited for Title I compliance in any given year. When any type of oversight identifies noncompliance, school districts and states must identify and take corrective actions. Education also uses results of oversight and monitoring to target future monitoring efforts and to develop technical assistance and training to assist states and school districts in using their resources and flexibility appropriately.

View GAO-11-595 or key components.

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