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Career and Technical Education: State Grant Formula

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Summary

The federal government currently provides support for career and technical education through the Carl D. Perkins Vocational and Technical Education Act of 1998 (Perkins III; P.L. 105-332). The act authorized funding for vocational and technical education through FY2003, although the Congress continued to provide funding under the act through FY2006. The 109th Congress has reauthorized the Perkins Act. On August 12, 2006, the Carl D. Perkins Career and Technical Education Improvement Act of 2006 was signed into law (Perkins IV; P.L. 109-270).

While Perkins IV retains the structure and many of the provisions included in Perkins III, it does make substantial changes to several parts of the act. One such change affects the formula used to provide state allotments under the basic state grants program (referred to as state grants). Perkins IV continues to use the allotment formula used under Perkins III when total appropriations are equal to or below the FY2006 appropriations for state grants. If appropriations exceed the FY2006 amount, however, a new formula is used to calculate state grants. Under Perkins IV, grants for the tech-prep program, authorized by Title II of the Perkins Act, are allocated using the same formulas to make basic state grants.

This report examines the state grant formula authorized by Perkins IV. It begins with a discussion of how the amount of funds available for state grants is calculated and how FY2006 grants were determined under Perkins III. This is followed by a detailed analysis of how the formula works when appropriations are equal to or below the FY2006 amount — both the House Committee on Appropriations (H.R. 5647; H.Rept. 109-515) and the Senate Committee on Appropriations (S. 3708; S.Rept. 109-287) have reported FY2007 appropriations bills that would provide level funding to the state grant program, at \$1,182,388,000. The third part of the report analyzes the state grant formula that will be applied if appropriations exceed the FY2006 amount. Under this scenario, it is assumed that appropriations would increase by 1%.

This report will not be updated.

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Career and Technical Education: State Grant Formula

Introduction

The federal government currently provides support for career and technical education through the Carl D. Perkins Vocational and Technical Education Act of 1998 (Perkins III; P.L. 105-332).¹ The act authorized funding for vocational and technical education through FY2003, although the Congress continued to provide funding under the act through FY2006. The 109th Congress has reauthorized the Perkins Act. On August 12, 2006, the Carl D. Perkins Career and Technical Education Improvement Act of 2006 was signed into law (Perkins IV; P.L. 109-270).²

Over 90% of the funds appropriated under the Perkins Act are used to provide basic state grants. These formula grants are awarded to states, which subsequently make grants to support career and technical education activities at the secondary and postsecondary levels primarily in local educational agencies (LEAs), area career and technical education schools, and institutions of higher education. Uses of funds include, for example, establishing linkages between secondary and postsecondary career and technical education, providing professional development, supporting career and academic counseling, and transitioning students from subbaccalaureate career and technical education programs to baccalaureate degree programs.

While Perkins IV retains the structure and many of the provisions included in Perkins III, it does make substantial changes to several parts of the act. One such change affects the formula used to provide state allotments under the basic state grants program (referred to as state grants). Perkins IV continues to use the allotment formula used under Perkins III when total appropriations are equal to or below the FY2006 appropriations for state grants. If appropriations exceed the FY2006 amount, however, a new formula is used to calculate state grants.

¹ Perkins IV refers to “vocational and technical education” as “career and technical education.” The term “career and technical education” has been used throughout this report.

² For a detailed discussion of changes made to the act by P.L. 109-270, see CRS Report RL33624, *Career and Technical Education: Selected Changes Made by P.L. 109-270*, by Rebecca R. Skinner and Richard N. Apling.

This report examines the state grant formula authorized by Perkins IV.³ It begins with a discussion of how the amount of funds available for state grants is calculated and how FY2006 grants were determined under Perkins III. This is followed by a detailed analysis of how the formula works when appropriations are equal to or below the FY2006 amount. Under such circumstances, the state grant formula authorized by Perkins IV is identical to the formula used under Perkins III. The third part of the report analyzes the state grant formula that will be applied if appropriations exceed the FY2006 amount. Under this scenario, it is assumed that appropriations would increase by 1%.

Funds Available for State Grants

Under Perkins IV, Section 9 authorizes appropriations for several programs authorized by the Perkins Act, including state grants. The specific allocation of funds to states is determined in Section 111 after making various reservations. Under Perkins III, funds were reserved for the outlying areas, Indian and Native Hawaiian programs, and incentive grants. As depicted in **Table 1**, Perkins IV changes the set aside provisions, reducing the percentage of funds reserved for the outlying areas and eliminating the set aside for incentive grants.

Table 1. Comparison of Reserved Amounts Under Perkins III and Perkins IV

Purpose of reservation	Reservation percentage under Perkins III	Reservation percentage under Perkins IV
Reservation for Pacific outlying areas (Section 115)	0.20%	0.13%
Reservation for Indians and Native Hawaiians (Section 116)	1.50%	1.50%
Reservation for incentive grants (Section 111)	0.54%	no reservation
Remainder allotted to states (Section 111)	97.76%	98.37%

Source: Table prepared by CRS, based on P.L. 105-332 and P.L. 109-270.

³ Title II of the Perkins Act authorizes funding for the tech-prep program. The act directs the Secretary of Education to allot tech-prep funds “in the same manner as funds are allotted to states under [the basic grant formula]” Section 201(a). A discussion of the tech-prep formula has not been included in this report.

The amount reserved for assistance for outlying areas⁴ has been reduced from 0.2% of funds appropriated under Section 9 to 0.13%. This reduced percentage reflects the fact that two freely associated states (FASs) — Micronesia and the Marshall Islands — are no longer eligible for Perkins funding because the United States and these FASs signed agreements to extend the Compact of Free Association.⁵ In addition, the reservation for incentive grants has been repealed.

Under Perkins IV, funds previously reserved for incentive grants and funds that would have been provided to the outlying areas in previous years are included in the amount available to make state grants. As previously mentioned, however, the state grant formula under Perkins IV diverges from the formula used under Perkins III if “additional funding” (also referred to as new money) is available for state grants. “Additional funds” is defined as amounts in excess of funds allotted to states for FY2006, plus the amount set aside for incentive grants for FY2006 and \$827,671. The \$827,671 figure represents the amount of funding set aside for the outlying areas in FY2006 that is no longer needed in subsequent fiscal years due to the reduction in the number of outlying areas eligible for funding. That is, it is the difference between 0.20% multiplied by the FY2006 Section 9 appropriation (\$1,182,388,000) minus 0.13% multiplied by the FY2006 Section 9 appropriation.

Adding the incentive grant amount and \$827,671 to the FY2006 state amounts ensures that the new formula will be triggered only by increased appropriations, not from reductions in set-asides. Using dollar amounts, the FY2006 base amount is calculated as follows.

Formula: FY2006 base amount = \$1,155,902,206 (FY2006 state grants) + \$6,384,894 (FY2006 incentive grant set aside) + \$827,671 (excess funds for outlying areas)

Thus, the FY2006 base amount is \$1,163,114,771. If this amount is exceeded, the new formula (discussed in a subsequent section) is triggered.

⁴ Currently outlying areas receiving funds under this provision are American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the Republic of Palau. Palau will cease to be eligible for Perkins funding when it enters into an agreement to extend the Compact of Free Association. The United States Virgin Islands does not receive funding under this reservation because it is considered a state for the purposes of the state allotment formula.

⁵ The Compact of Free Association has governed the economic, political, and military relationships between the United States and the FAS since 1986. For further information, see CRS Report RL31737, *The Marshall Islands and Micronesia: Amendments to the Compact of Free Association with the United States*, by Thomas Lum.

State Grant Formula for Level or Decreased Funding

Perkins IV retains the formula used to calculate state grants under Perkins III if the total amount of funding available for state grants is equal to or less than the base amount of funding available in FY2006. This section provides a detailed analysis of how the formula works in practice. As the formula remains unchanged under Perkins IV for level or decreased funding, the analysis is based on how FY2006 state grants were calculated, as all data needed to make these calculations are available. This is followed by a discussion of estimated FY2007 grants assuming level funding and a 1% decrease in funding. These estimates are provided solely to assist in comparisons of the relative impact of changes in state grants resulting from changes made by Perkins IV to set-aside provisions and population changes. Some of the data which will be used to calculate the final FY2007 grants are not available.

Calculation of Grants

Under both Perkins III and IV, the initial factors that determine state grants are population factors and per capita income. Population is based on the number of individuals in three age groups and the combined number of individuals in these age groups. Each of these groups is weighted in a formula that calculates total population.⁶ The largest weight (0.5) is assigned to the age group including persons aged 15 to 19. The age group including persons aged 20 to 24 is assigned a weight of 0.2, while the age group including persons aged 25 to 65 is assigned a weight of 0.15. The final age group included in the calculation includes all individuals aged 15 to 65, and is assigned a weight of 0.15. Thus, among states with a similar number of people aged 15 to 65, states with relatively younger populations will have a higher weighted population count than states whose populations are relatively older.

Per capita income (pci) also affects the weighted population count for each state through an allotment ratio. Per capita income is defined as the total personal income in a state divided by the population of the state. For the purposes of determining state grants, each state is assigned an allotment ratio. The allotment ratio is calculated by dividing the pci for a given state by the pci for all states combined. The result is multiplied by 0.5 and subtracted from one. This calculation assigns higher values to states with pci's lower than the national average and lower values to states with higher than average pci's. No state, however, may have an allotment ratio higher than 0.60 or lower than 0.40.⁷ A state that had a pci equal to the pci for all states would have an allotment ratio of 0.5. This allotment ratio is multiplied by the total number of individuals in each of the aforementioned age groups prior to the weighting of the population counts in each group. The inclusion of pci in the formula helps to provide states with lower pci's with additional grant funds, and vice versa.

⁶ Grants to states have been weighted based on population groups since the Vocational Education Act of 1963 (P.L. 88-210) was enacted. The law specified that funds should be provided to states "on the basis of the number of persons in the various age groups needing vocational education" (Section 3). The same population groups used under Perkins IV were also used under P.L. 88-210.

⁷ The Virgin Islands and Puerto Rico are required to be assigned an allotment ratio of 0.60.

The resulting calculation of state grants based on population and pci factors is referred to as a state's initial allocation. Column B in **Table 2** shows what these estimated grant amounts were in FY2006. Column C in **Table 2** provides the percentage of total funds each state would receive for its initial allocation based on FY2006 appropriations for state grants.

Under current law, there are several provisions that alter these initial allocations to ensure that no state's allocation is below certain minimum grant levels.⁸ One minimum amount is the state's FY1998 grant (hold harmless provision); the other minimum is ½% of the total allocated to states. The ½% minimum may be adjusted based on the following calculations. First, it is determined what the state would receive if provided with a minimum grant of ½%. This amount is compared with the grant amount that would be awarded to the state under a special rule that provides the state with the lesser of (1) 150% of its prior year grant or (2) state population multiplied by 150% of the national average per pupil payment (NAPPP).⁹ Based on these calculations, the state then receives the lesser of ½% of total funding or the grant amount calculated under the special rule (referred to as the adjusted ½% minimum grant). This amount is subsequently compared with the amount the state received in FY1998, and the larger amount is awarded. For any state whose initial grant exceeds its minimum grant amount, its initial allocation is ratably reduced¹⁰ to provide states whose initial allocations were below their minimum grants with their final grants. However, the resulting ratably reduced grants may be further adjusted if the results fall below a state's FY1998 grant or the adjusted ½% minimum grant amount for a state. **Figure 1** and four examples are provided to demonstrate how the formula works in practice.

Example 1. Delaware (FY2006 grant): Based on population and pci factors, Delaware would receive an initial allocation of \$2.9 million or 0.25% of total funding. As this is below a minimum grant of ½% (\$5.8 million), a minimum grant of ½% is calculated and the special rule is used to determine Delaware's final award. Under the special rule, Delaware would receive \$7.4 million based on 150% of its prior year grant, and \$4.8 million when state population is multiplied by 150% of the NAPPP. The smaller of these two payments is the latter. This is then compared with the minimum grant amount of ½%. As the amount obtained by multiplying the state's population by 150% of the national average per-pupil payment is the smaller of the two grant amounts but is greater than Delaware's FY1998 grant, Delaware receives the \$4.8 million.¹¹ This is referred to as the "150% NAPPP" strategy in Column D of **Table 2**.

⁸ For a history of minimum grant provisions related to the Perkins Act, see Appendix A.

⁹ The NAPPP is determined for each state by dividing the total amount allocated to all states by total population ages 15 to 65 in all states. The resulting amount (the national average per pupil payment) is then multiplied by each state's total unweighted population count for individuals aged 15 to 65.

¹⁰ Ratable reduction refers to the reduction of each state's grants (except for those receiving some minimum grant amount) by the same percentage. Notice in Column G of **Table 2** that many states have their initial allocation reduced by 1.62%.

¹¹ States other than Delaware that have their estimated FY2006 grants based on 150% of the NAPPP include Montana, South Dakota, and the Virgin Islands.

Table 2. Estimated FY2006 State Grants Based on Initial Allocation and Full Implementation of Current Law Formula

(dollars rounded to nearest \$000)

A	B	C	D	E	F	G	H	I
State	Initial estimated FY2006 allocation (based on population and pci factors)	Initial allo-cation as percent of total funding	Final strategy for determining state grants	Estimated FY2006 final grants (after final allocation strategy is applied)	Change in grant amount after final allocation strategy is applied (Column E - Column B)	Percent change in grant amount	Estimated FY2006 final grants as percent of total funding	Weighted per-person funding
Alabama	\$20,321,000	1.76%	Ratably reduced	\$19,991,000	\$-330,000	-1.62%	1.73%	\$19.19
Alaska	\$2,803,000	0.24%	FY1998 grant	\$4,215,000	\$1,412,000	50.36%	0.36%	\$26.28
Arizona	\$24,818,000	2.15%	Ratably reduced	\$24,415,000	\$-403,000	-1.62%	2.11%	\$19.24
Arkansas	\$12,747,000	1.10%	Ratably reduced	\$12,540,000	\$-207,000	-1.62%	1.08%	\$20.08
California	\$130,878,000	11.32%	Ratably reduced	\$128,753,000	\$-2,125,000	-1.62%	11.14%	\$15.55
Colorado	\$15,898,000	1.38%	Ratably reduced	\$15,640,000	\$-258,000	-1.62%	1.35%	\$14.44
Connecticut	\$10,303,000	0.89%	Ratably reduced	\$10,136,000	\$-167,000	-1.62%	0.88%	\$12.65
Delaware	\$2,902,000	0.25%	150% NAPPP	\$4,808,000	\$1,906,000	65.70%	0.42%	\$25.25
Florida	\$64,483,000	5.58%	Ratably reduced	\$63,436,000	\$-1,047,000	-1.62%	5.49%	\$16.67
Georgia	\$37,190,000	3.22%	Ratably reduced	\$36,587,000	\$-603,000	-1.62%	3.17%	\$17.74
Hawaii	\$4,854,000	0.42%	½% minimum grant	\$5,780,000	\$926,000	19.06%	0.50%	\$19.99
Idaho	\$6,904,000	0.60%	Ratably reduced	\$6,792,000	\$-112,000	-1.62%	0.59%	\$21.16
Illinois	\$45,563,000	3.94%	Ratably reduced	\$44,824,000	\$-739,000	-1.62%	3.88%	\$15.33
Indiana	\$26,344,000	2.28%	Ratably reduced	\$25,916,000	\$-428,000	-1.62%	2.24%	\$18.16
Iowa	\$12,524,000	1.08%	Ratably reduced	\$12,321,000	\$-203,000	-1.62%	1.07%	\$18.18
Kansas	\$11,694,000	1.01%	Ratably reduced	\$11,504,000	\$-190,000	-1.62%	1.00%	\$18.28
Kentucky	\$18,433,000	1.59%	Ratably reduced	\$18,133,000	\$-300,000	-1.62%	1.57%	\$18.85
Louisiana	\$21,890,000	1.89%	Ratably reduced	\$21,534,000	\$-356,000	-1.62%	1.86%	\$20.48
Maine	\$5,517,000	0.48%	½% minimum grant	\$5,780,000	\$263,000	4.75%	0.50%	\$18.72
Maryland	\$17,122,000	1.48%	Ratably reduced	\$16,844,000	\$-278,000	-1.62%	1.46%	\$13.01
Massachusetts	\$18,723,000	1.62%	Ratably reduced	\$18,419,000	\$-304,000	-1.62%	1.59%	\$12.40
Michigan	\$39,953,000	3.46%	Ratably reduced	\$39,304,000	\$-649,000	-1.62%	3.40%	\$16.78
Minnesota	\$18,558,000	1.61%	Ratably reduced	\$18,257,000	\$-301,000	-1.62%	1.58%	\$15.28
Mississippi	\$14,153,000	1.22%	Ratably reduced	\$13,923,000	\$-230,000	-1.62%	1.20%	\$20.84
Missouri	\$24,167,000	2.09%	Ratably reduced	\$23,775,000	\$-392,000	-1.62%	2.06%	\$17.95

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A	B	C	D	E	F	G	H	I
State	Initial estimated FY2006 allocation (based on population and pci factors)	Initial allocation as percent of total funding	Final strategy for determining state grants	Estimated FY2006 final grants (after final allocation strategy is applied)	Change in grant amount after final allocation strategy is applied (Column E - Column B)	Percent change in grant amount	Estimated FY2006 final grants as percent of total funding	Weighted per-person funding
Montana	\$4,405,000	0.38%	150% NAPPP	\$5,457,000	\$1,052,000	23.89%	0.47%	\$25.03
Nebraska	\$7,256,000	0.63%	Ratably reduced	\$7,138,000	\$-118,000	-1.62%	0.62%	\$17.81
Nevada	\$8,339,000	0.72%	Ratably reduced	\$8,204,000	\$-135,000	-1.62%	0.71%	\$15.60
New Hampshire	\$4,510,000	0.39%	½% minimum grant	\$5,780,000	\$1,270,000	28.16%	0.50%	\$18.82
New Jersey	\$25,124,000	2.17%	Ratably reduced	\$24,716,000	\$-408,000	-1.62%	2.14%	\$12.50
New Mexico	\$9,416,000	0.81%	Ratably reduced	\$9,264,000	\$-152,000	-1.62%	0.80%	\$21.09
New York	\$60,730,000	5.25%	Ratably reduced	\$59,744,000	\$-986,000	-1.62%	5.17%	\$13.44
North Carolina	\$35,372,000	3.06%	Ratably reduced	\$34,797,000	\$-575,000	-1.62%	3.01%	\$17.79
North Dakota	\$2,944,000	0.25%	FY1998 grant	\$4,215,000	\$1,271,000	43.17%	0.36%	\$28.42
Ohio	\$46,322,000	4.01%	Ratably reduced	\$45,570,000	\$-752,000	-1.62%	3.94%	\$17.29
Oklahoma	\$16,206,000	1.40%	Ratably reduced	\$15,943,000	\$-263,000	-1.62%	1.38%	\$19.65
Oregon	\$14,503,000	1.25%	Ratably reduced	\$14,267,000	\$-236,000	-1.62%	1.23%	\$17.16
Pennsylvania	\$46,329,000	4.01%	Ratably reduced	\$45,576,000	\$-753,000	-1.62%	3.94%	\$16.13
Rhode Island	\$3,989,000	0.35%	½% minimum grant	\$5,780,000	\$1,791,000	44.90%	0.50%	\$23.15
South Carolina	\$19,094,000	1.65%	Ratably reduced	\$18,784,000	\$-310,000	-1.62%	1.63%	\$19.35
South Dakota	\$3,490,000	0.30%	150% NAPPP	\$4,372,000	\$882,000	25.27%	0.38%	\$24.84
Tennessee	\$24,330,000	2.10%	Ratably reduced	\$23,935,000	\$-395,000	-1.62%	2.07%	\$17.49
Texas	\$96,656,000	8.36%	Ratably reduced	\$95,087,000	\$-1,569,000	-1.62%	8.23%	\$18.37
Utah	\$12,550,000	1.09%	Ratably reduced	\$12,346,000	\$-204,000	-1.62%	1.07%	\$22.68
Vermont	\$2,569,000	0.22%	FY1998 grant	\$4,215,000	\$1,646,000	64.06%	0.36%	\$28.31
Virginia	\$26,233,000	2.27%	Ratably reduced	\$25,807,000	\$-426,000	-1.62%	2.23%	\$14.75
Washington	\$23,003,000	1.99%	Ratably reduced	\$22,629,000	\$-374,000	-1.62%	1.96%	\$15.47
West Virginia	\$7,894,000	0.68%	FY1998 grant	\$8,429,000	\$535,000	6.77%	0.73%	\$20.21
Wisconsin	\$22,553,000	1.95%	Ratably reduced	\$22,187,000	\$-366,000	-1.62%	1.92%	\$17.27
Wyoming	\$2,065,000	0.18%	FY1998 grant	\$4,215,000	\$2,150,000	104.16%	0.36%	\$34.83
District of Columbia	\$1,475,000	0.13%	FY1998 grant	\$4,215,000	\$2,740,000	185.70%	0.36%	\$31.93
Puerto Rico	\$19,291,000	1.67%	Ratably reduced	\$18,977,000	\$-314,000	-1.62%	1.64%	\$21.32

A	B	C	D	E	F	G	H	I
State	Initial estimated FY2006 allocation (based on population and pci factors)	Initial allocation as percent of total funding	Final strategy for determining state grants	Estimated FY2006 final grants (after final allocation strategy is applied)	Change in grant amount after final allocation strategy is applied (Column E - Column B)	Percent change in grant amount	Estimated FY2006 final grants as percent of total funding	Weighted per-person funding
Virgin Islands	\$511,000	0.04%	150% NAPPP	\$627,000	\$116,000	22.72%	0.05%	\$25.17
Total	\$1,155,902,000	100.00%	—	\$1,155,902,000	—	—	100.00%	—

Source: Table prepared by CRS, Apr. 17, 2006, based on data provided by the U.S. Department of Education, Budget Service.

Notes: Details may not add to totals due to rounding. The final strategy for determining the state grants column reflects the relevant requirement in the state grant formula that determines the state's grants. "Ratably reduced" means that a state's initial grant was at or above the 0.5% minimum grant amount; thus the grant was subsequently ratably reduced to provide states whose initial allocations were below the 0.5% minimum grant amount with additional funding. The expression "150% NAPPP" means that a state's grant was ultimately determined based on the state's population multiplied by 150% of the NAPPP; "½% minimum grant" means that a state's grant was ultimately determined to be the minimum grant of ½%; and "FY1998" means that the state was held harmless at its FY1998 state grant amount. Weighted per-person funding was calculated using the weighted population counts that are used in determining state grants.

These are estimated grants only. In addition to other limitations, some of the data that will be used to calculate final grants are not yet available. These estimates are provided solely to assist in comparisons of the relative impact of alternative formulas and funding levels in the legislative process. They are not intended to predict specific amounts states will receive.

Example 2. Hawaii (FY2006 grant): Based on population and pci factors, Hawaii would receive an initial allocation of \$4.9 million or 0.42% of total funding. As this is below a minimum grant of ½% (\$5.8 million), a minimum grant of ½% is calculated and the special rule is used to determine Hawaii’s final award. Under the special rule, Hawaii would receive \$8.8 million based on 150% of its prior year grant, and \$7.4 million when state population is multiplied by 150% of the NAPPP. The smaller of these two payments is the latter. This is then compared with the minimum grant amount of ½%. As the minimum grant amount of ½% is the smaller of the two grants but is greater than Hawaii’s FY1998 grant, Hawaii receives the minimum grant amount of ½%.¹² This is referred to as the “½% minimum grant” strategy in Column D of **Table 2**.

Example 3. Alaska (FY2006 grant): Based on population and pci factors, Alaska would receive an initial allocation of \$2.8 million (0.24% of total funding). As this is below a minimum grant of ½% (\$5.8 million), a minimum grant of ½% is calculated and the special rule is used to determine Alaska’s final award. Under the special rule, Alaska would receive \$6.3 million based on 150% of its prior year grant, and \$4.0 million when state population is multiplied by 150% of the NAPPP. The smaller of these two payments is the latter. This is then compared with the minimum grant amount of ½%. The grant amount based on state population and 150% of the NAPPP is less than the amount that would be provided by a minimum grant of ½%. The former is then compared with the grant amount received by Alaska in FY1998, which was \$4.2 million. Since the FY1998 hold harmless amount is greater than the amount that would be provided through the formula, Alaska receives the hold harmless amount.¹³ This is referred to as the “FY1998 grant” strategy in Column D of **Table 2**.

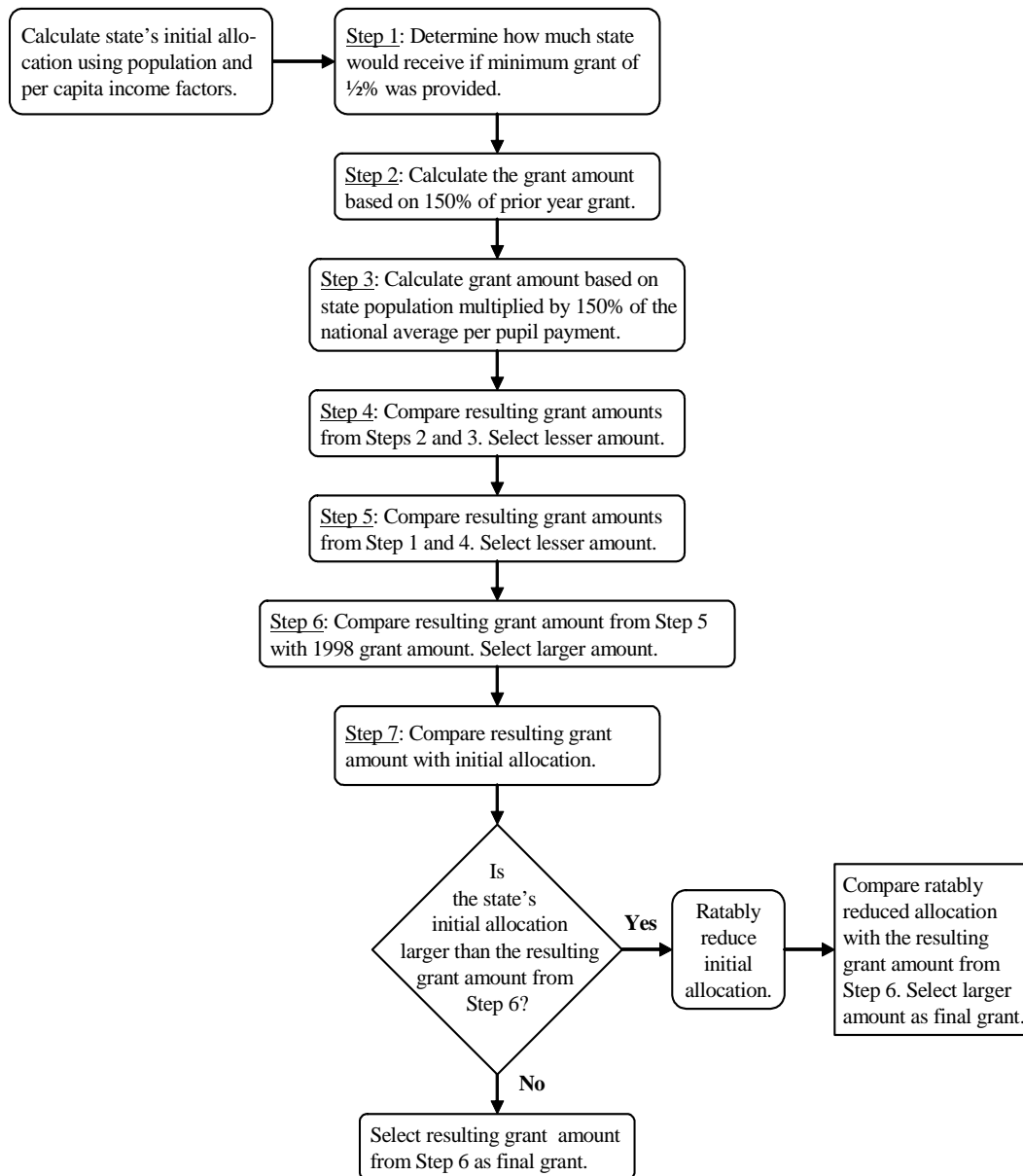
Example 4. California (FY2006 grant): Based on population and pci factors, California would receive an initial allocation of \$130.9 million (11.32% of total funding). Since this grant amount is higher than the state’s adjusted ½% minimum grant, California’s initial allocation is ratably reduced by 1.62% or \$2.1 million to support grants to states whose initial allocation did not provide them with a state grant that exceeded the ½% minimum grant. This is referred to as the “ratably reduced” strategy in Column D of **Table 2**. For states whose initial allocation is subject to a ratable reduction, the ratably reduced amount is compared with the state’s FY1998 grant amount and its adjusted ½% minimum grant. The largest amount is awarded. For example, since California’s ratably reduced amount is greater than both its FY1998 grant and its adjusted ½% minimum grant, California receives its initial allocation minus 1.62%.¹⁴

¹² States other than Hawaii that have their estimated FY2006 grants based on the minimum grant of ½% include Maine, New Hampshire, and Rhode Island.

¹³ States other than Alaska that have their estimated FY2006 grants based on their FY1998 grants include North Dakota, Vermont, West Virginia, Wyoming, and the District of Columbia.

¹⁴ All states not previously mentioned in Examples 1, 2, or 3 have their initial allocation determined by population and pci factors, and their final grants determined after a ratable
(continued...)

**Figure 1. Overview of Perkins IV Formula
for Determining Basic State Grants When Appropriations
Are Constant at the FY2006 Level or Decreasing**



Source: Figure prepared by CRS.

Note: This figure depicts the process for determining all state grants under Perkins III. It only depicts the process for determining state grants under Perkins IV when appropriations remain constant at the FY2006 level or decline.

¹⁴ (...continued)

reduction to support increases in the initial allocations of states whose initial allocations are less than 1/2% of total funding. Approximately 39 states had their estimated FY2006 grants determined based on this strategy.

Estimated Final FY2006 Grant Amounts

Columns E, F, G, and H in **Table 2** provide each state's estimated FY2006 final grant amount, the change in the grant amount from initial allocation to final allocation, the percentage change in funding between the initial and final allocation, and the state's final percentage of total funding, respectively. Using the special rule to determine state grants and the FY1998 hold harmless, rather than population and pci factors only, results in an increase in funding for 13 states and the Virgin Islands and a 1.62% decrease in funding for all other states (**Table 2**). For example, the use of these provisions results in Wyoming receiving more than twice as much funding as it would have received under the initial allocation as a result of the application of the special rule and hold harmless provision. In addition, the eight states receiving less than the minimum grant of ½% receive between 24% (Montana) and 186% (District of Columbia) more than they would have received if grants were based solely on population and pci.

Per-Person Funding. State grants can also be analyzed based on how much funding the state receives for each person included in the population count.¹⁵ As previously discussed, the population count is based on the population in each of three age groups and total population across the three age groups. In determining per-person funding, each of these populations was weighted by the factors assigned to each population group for the calculation of state grants (e.g., 0.5 for individuals aged 15 to 19). Dividing estimated FY2006 state grants by this weighted population count produces the amount of funding a state received for each person.¹⁶

As depicted in Column I of **Table 2**, there is substantial variability in per-person funding by state. More specifically, among states receiving less than the minimum grant of ½% in FY2006, including the Virgin Islands, per-person funding ranges from \$24.84 (South Dakota) to \$34.83 (Wyoming), exceeding the level of per-person funding provided to all other states which ranges from \$12.40 (Massachusetts) to \$23.15 (Rhode Island).

Estimated FY2007 Grant Amounts Assuming Constant or Decreased Funding

Both the House Committee on Appropriations (H.R. 5647; H.Rept. 109-515) and the Senate Committee on Appropriations (S. 3708; S.Rept. 109-287) have reported FY2007 appropriations bills that would provide level funding to the state grant program at \$1,182,388,000.¹⁷ In recent fiscal years, however, most

¹⁵ Data to examine funding based on student enrollment were not readily available by state.

¹⁶ The allotment ratio was not included in this calculation as the focus was on determining the weighted count of individuals without adjusting for per capita income.

¹⁷ For more information about education appropriations for FY2007, see CRS Report RL33576, *Labor, Health and Human Services, and Education: FY2007 Appropriations*, by Paul M. Irwin.

discretionary programs have also been subject to a 1% across-the-board reduction.¹⁸ **Table 3** provides estimated state grants assuming funding remains constant at the FY2006 level or is decreased by 1% below this level.

Constant Appropriations. Assuming constant appropriations, most states would receive increased funding in FY2007 (**Table 3**). These increases are due to a combination of factors including changes in population, increased funds available due to the elimination of incentive grants, and increased funds available due to a decrease in the amount of funding needed for the outlying areas.¹⁹ Grant increases would range from \$9,000 (Alabama) to \$1.5 million (Florida). Eleven states, Puerto Rico, and the Virgin Islands would lose funding under this scenario, but these losses would be mitigated by the increased funding provided through funds previously used for incentive grants and outlying areas. Among the states, losses would range from \$17,000 (Massachusetts) to \$251,000 (Louisiana). West Virginia would continue to be held harmless at its FY1998 grant amount.

States whose FY2006 grant amounts were at or below the minimum grant amount of ½% would either receive increased funding or be held harmless at their FY1998 grant amounts. Alaska, the District of Columbia, North Dakota, Vermont, and Wyoming would continue to receive \$4,215,000. Delaware, Montana, and South Dakota would receive increases ranging from \$61,000 (South Dakota) to \$109,000 (Delaware). These increases would not be sufficient to provide these states with the minimum grant amount of ½%.²⁰ The four states that received the minimum grant amount of ½% in FY2006 (Hawaii, Maine, New Hampshire, and Rhode Island) would receive increases of \$36,000. This increase would provide enough funding to maintain these states at the minimum grant amount of ½%.

Decrease in Appropriations. Assuming appropriations decrease by 1% or \$4.4 million in FY2007, among states that received grants in excess of the minimum grant amount of ½% in FY2006, 26 states would experience a decrease in funding. While the elimination of the set-aside for incentive grants and the reduction in set-asides for the outlying areas would mitigate these losses, they would not be sufficient to prevent numerous states from losing funds if appropriations declined. Losses

¹⁸ For example, for FY2006, P.L. 109-148 required a 1% across-the-board reduction of most discretionary programs, including career and technical education programs.

¹⁹ For the purposes of this analysis, 2005 population data available from the U.S. Census Bureau were used to make grant estimates. While statutory language specifies that grant amounts should be based on prior year population data, the 2006 population data will not be available in time to determine grant amounts. Thus, ED has historically relied on population data from two years prior to determine grant amounts (e.g., FY2006 grants based on 2004 population data). In addition, the pci factors used to make these calculations are the same pci factors used to make FY2006 grants. State grant estimates may change when additional pci data become available. It should be noted that these are estimated state grants only. They have been provided to demonstrate the possible impact of recent legislative changes. They are not intended to predict specific amounts that states will receive.

²⁰ As was noted earlier, for states whose grant amount falls below the minimum grant amount of ½% of the funds allotted to states based on population and pci factors only, their grant size is determined by the special rule and hold harmless provision.

would range from \$39,000 (South Carolina) to \$647,000 (Ohio). Despite the decrease in appropriations, several states would receive increased funding ranging from \$9,000 (Idaho) to \$825,000 (Arizona), primarily due to changes in population. West Virginia would be held harmless at its FY1998 grant amount.

Changes in funding for states whose grant amount was at or below the minimum grant amount of ½% in FY2006 would be mixed. Once again, five states would be held harmless at their FY1998 grant amounts. Delaware, Montana, and South Dakota would receive increased grant amounts ranging from \$16,000 (South Dakota) to \$60,000 (Delaware). The four states whose FY2006 grant amounts were at the minimum grant amount of ½% would lose \$22,000 or 1%, maintaining their grant amounts at the minimum grant amount of ½%.

Table 3. Estimated FY2007 State Grants Assuming Constant Appropriations or a 1% Decrease in Appropriations

State	Estimated FY2006 grants	Level funding		1% decrease in funding	
		Estimated FY2007 grants	Difference between FY2007 grants and FY2006 grants	Estimated FY2007 grants	Difference between FY2007 grants and FY2006 grants
Alabama	\$19,991,000	\$20,000,000	\$9,000	\$19,793,000	\$-199,000
Alaska	\$4,215,000	\$4,215,000	\$0	\$4,215,000	\$0
Arizona	\$24,415,000	\$25,176,000	\$762,000	\$24,915,000	\$500,000
Arkansas	\$12,540,000	\$12,563,000	\$23,000	\$12,432,000	\$-108,000
California	\$128,753,000	\$129,892,000	\$1,139,000	\$128,544,000	\$-209,000
Colorado	\$15,640,000	\$15,762,000	\$122,000	\$15,599,000	\$-41,000
Connecticut	\$10,136,000	\$10,280,000	\$144,000	\$10,173,000	\$37,000
Delaware	\$4,808,000	\$4,918,000	\$109,000	\$4,868,000	\$60,000
District of Columbia	\$4,215,000	\$4,215,000	\$0	\$4,215,000	\$0
Florida	\$63,436,000	\$64,935,000	\$1,499,000	\$64,261,000	\$825,000
Georgia	\$36,587,000	\$37,503,000	\$917,000	\$37,114,000	\$527,000
Hawaii	\$5,780,000	\$5,816,000	\$36,000	\$5,757,000	\$-22,000
Idaho	\$6,792,000	\$6,872,000	\$80,000	\$6,801,000	\$9,000
Illinois	\$44,824,000	\$44,859,000	\$35,000	\$44,393,000	\$-430,000
Indiana	\$25,916,000	\$25,875,000	\$-41,000	\$25,606,000	\$-310,000
Iowa	\$12,321,000	\$12,202,000	\$-119,000	\$12,075,000	\$-245,000
Kansas	\$11,504,000	\$11,412,000	\$-92,000	\$11,294,000	\$-211,000
Kentucky	\$18,133,000	\$18,087,000	\$-46,000	\$17,906,000	\$-228,000
Louisiana	\$21,534,000	\$21,283,000	\$-251,000	\$21,062,000	\$-472,000
Maine	\$5,780,000	\$5,816,000	\$36,000	\$5,757,000	\$-22,000
Maryland	\$16,844,000	\$17,101,000	\$257,000	\$16,923,000	\$79,000
Massachusetts	\$18,419,000	\$18,402,000	\$-17,000	\$18,211,000	\$-208,000
Michigan	\$39,304,000	\$39,386,000	\$82,000	\$38,977,000	\$-327,000
Minnesota	\$18,257,000	\$18,211,000	\$-46,000	\$18,022,000	\$-235,000
Mississippi	\$13,923,000	\$13,810,000	\$-114,000	\$13,667,000	\$-257,000
Missouri	\$23,775,000	\$23,802,000	\$27,000	\$23,555,000	\$-220,000
Montana	\$5,457,000	\$5,553,000	\$96,000	\$5,498,000	\$41,000

State	Estimated FY2006 grants	Level funding		1% decrease in funding	
		Estimated FY2007 grants	Difference between FY2007 grants and FY2006 grants	Estimated FY2007 grants	Difference between FY2007 grants and FY2006 grants
Nebraska	\$7,138,000	\$7,108,000	\$-31,000	\$7,034,000	\$-104,000
Nevada	\$8,204,000	\$8,543,000	\$340,000	\$8,454,000	\$251,000
New Hampshire	\$5,780,000	\$5,816,000	\$36,000	\$5,757,000	\$-22,000
New Jersey	\$24,716,000	\$25,048,000	\$332,000	\$24,788,000	\$72,000
New Mexico	\$9,264,000	\$9,305,000	\$42,000	\$9,209,000	\$-55,000
New York	\$59,744,000	\$59,940,000	\$196,000	\$59,317,000	\$-427,000
North Carolina	\$34,797,000	\$35,324,000	\$527,000	\$34,957,000	\$160,000
North Dakota	\$4,215,000	\$4,215,000	\$0	\$4,215,000	\$0
Ohio	\$45,570,000	\$45,394,000	\$-176,000	\$44,923,000	\$-647,000
Oklahoma	\$15,943,000	\$15,854,000	\$-89,000	\$15,689,000	\$-254,000
Oregon	\$14,267,000	\$14,366,000	\$99,000	\$14,217,000	\$-50,000
Pennsylvania	\$45,576,000	\$45,627,000	\$50,000	\$45,153,000	\$-423,000
Rhode Island	\$5,780,000	\$5,816,000	\$36,000	\$5,757,000	\$-22,000
South Carolina	\$18,784,000	\$18,942,000	\$158,000	\$18,745,000	\$-39,000
South Dakota	\$4,372,000	\$4,433,000	\$61,000	\$4,389,000	\$16,000
Tennessee	\$23,935,000	\$24,097,000	\$163,000	\$23,847,000	\$-88,000
Texas	\$95,087,000	\$95,791,000	\$704,000	\$94,796,000	\$-291,000
Utah	\$12,346,000	\$12,533,000	\$187,000	\$12,403,000	\$57,000
Vermont	\$4,215,000	\$4,215,000	\$0	\$4,215,000	\$0
Virginia	\$25,807,000	\$26,104,000	\$297,000	\$25,833,000	\$26,000
Washington	\$22,629,000	\$22,822,000	\$193,000	\$22,585,000	\$-44,000
West Virginia	\$8,429,000	\$8,429,000	\$0	\$8,429,000	\$0
Wisconsin	\$22,187,000	\$22,074,000	\$-113,000	\$21,845,000	\$-342,000
Wyoming	\$4,215,000	\$4,215,000	\$0	\$4,215,000	\$0
Puerto Rico	\$18,977,000	\$18,537,000	\$-441,000	\$18,458,000	\$-519,000
Virgin Islands	\$627,000	\$624,000	\$-4,000	\$617,000	\$-10,000
Total	\$1,155,902,000	\$1,163,115,000	\$7,213,000	\$1,151,484,000	\$-4,419,000

Source: Table prepared by CRS, Sept. 11, 2006, based on FY2006 state estimates provided by the U.S. Department of Education, Budget Service. FY2007 estimates were calculated by CRS using 2005 population data available from the U.S. Census Bureau.

Note: Details may not add to totals due to rounding. These are estimated grants only. In addition to other limitations, some of the data which will be used to calculate final grants are not yet available. These estimates are provided solely to assist in comparisons of the relative impact of alternative formulas and funding levels in the legislative process. They are not intended to predict specific amounts states will receive.

State Grant Formula for Increased Funding

While Perkins IV does not alter the formula used to calculate state grants when appropriations remain constant or decline, it makes substantial changes to the formula when appropriations exceed the FY2006 level. First, it eliminates the use of the special rule. That is, state grants would be based on population and pci factors only, while retaining the minimum grant of ½% provision. Increases in grant amounts would no longer be capped, for example, at 150% of their prior year grant amount.

Second, Perkins IV introduces the concept of “new money” and a new formula for the distribution of these funds. Funds available in excess of the FY2006 base amount are considered new money. **Table 4** illustrates how “new money” is calculated assuming a 1% overall increase in FY2006 appropriations. It depicts in greater detail than previously provided how the FY2006 base amount is calculated. This amount is then compared with the amount available for state grants in FY2007 assuming a 1% increase in appropriations. The difference between these two amount is considered the new money (\$11.631 million).

**Table 4. Illustration of Calculation of “New Money”
Assuming a 1% Increase in Appropriations**

Appropriations, reservations, and calculations	FY2006 (Perkins III)	Increase of 1% over FY2006 total (Perkins IV)
Total appropriated under Sec. 9	\$1,182,387,690	\$1,194,211,567
Reservations		
Outlying areas	\$2,364,775	\$1,552,475
Indians and Native Hawaiians	\$17,735,815	\$17,913,174
Incentive grants	\$6,384,894	NA
Remainder allotted to states	\$1,155,902,206	\$1,174,745,918
Formula for calculations	FY2006 base = (FY2006 remainder allotted to states + incentive grants + \$827,671)	Additional funds = FY2007 remainder allotted to states - FY2006 base
Calculation of FY2006 base and additional funds	\$1,163,114,770	\$11,631,148

Source: Table prepared by CRS.

Note: Amounts may vary slightly due to rounding.

Up to one-third of the new money (about \$3.88 million based on the example in **Table 4**) would be allotted to states with FY2006 grants that are less than the minimum grant amount of ½% of the current-year funds (e.g., FY2007) allotted to states.²¹ Based on the example, these would be states with FY2006 grants less than \$5.87 million (i.e., ½% of the \$1.175 billion allotted to states in FY2007), which

²¹ These funds would not be used to provide increased funding to the Virgin Islands.

would be Alaska, Delaware, District of Columbia, Hawaii, Maine, Montana, New Hampshire, North Dakota, Rhode Island, South Dakota, Vermont, and Wyoming (referred to as the small states).

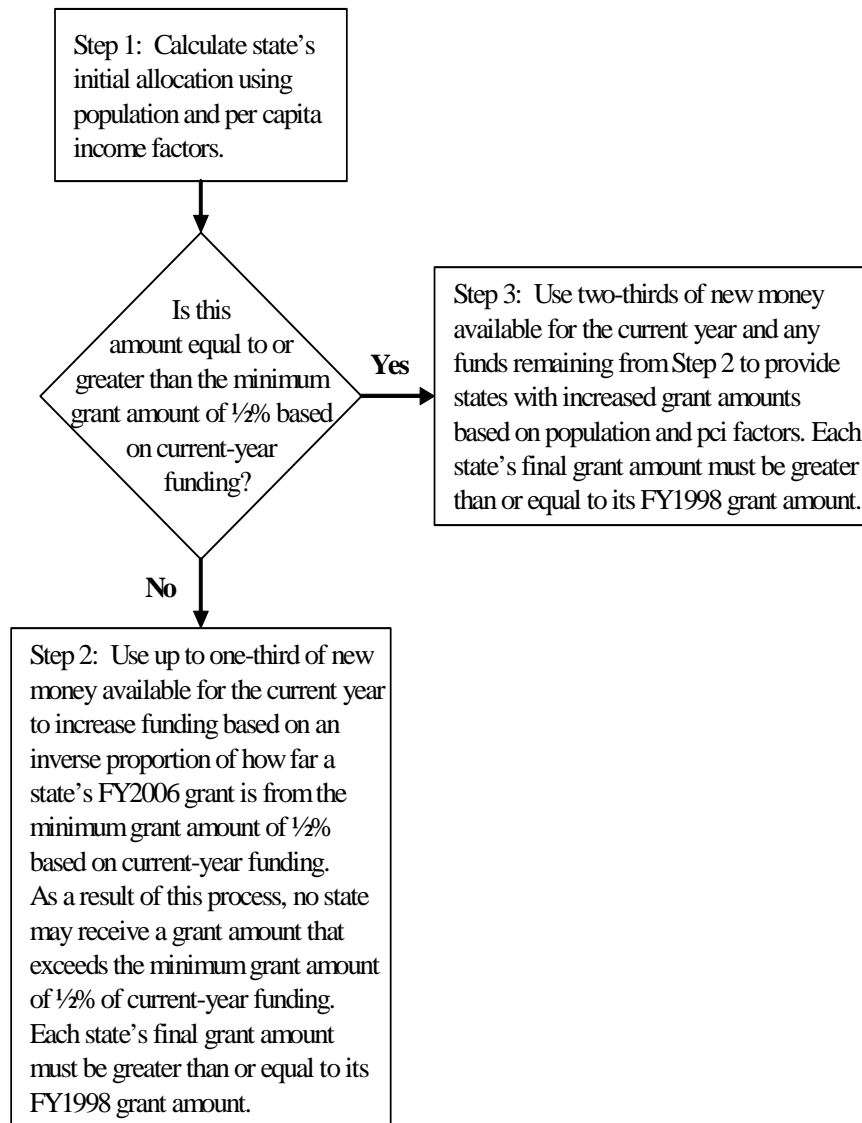
The new money for the small states would be allotted based on an inverse proportion of how far below the minimum grant amount of ½% each state's FY2006 grant is. For example, Vermont and Wyoming each received grants of \$4,215,000 in FY2006. This is \$1.66 million below \$5.87 million, the minimum grant amount of ½% at the FY2007 funding level used in this example. Maine and Rhode Island, however, received FY2006 grants of \$5,811,000, which is \$900,000 below the minimum grant amount of ½% at the FY2007 funding level. Since the difference between the FY2006 grant amounts and the minimum grant amount of ½% for FY2007 is greater for Vermont and Wyoming than it is for Maine and Rhode Island, Vermont and Wyoming would receive a greater share of the new money. That is, both Vermont and Wyoming would each receive over \$500,000, while Maine and Rhode Island would each receive \$31,000.

As a result of this allotment procedure, none of the small states could receive more than the minimum grant amount of ½% of the current amount allotted for state grants. The remaining funds (at least two-thirds of the new money or about \$7.75 million based on the above example) would be allotted to the other states based on the underlying formula, except that no state would receive a grant less than its FY1998 grant.

It should be noted that even if all the small states had reached the minimum grant amount of ½% in FY2007, for example, they would still need all or a portion of their share of the new money in subsequent years to remain at the minimum grant amount of ½% (or as close to it as possible). Depending on the amount of new money available, it might be possible to increase grant amounts but not maintain states at the minimum grant amount of ½%. That is, it is possible that a state that reaches the minimum grant amount of ½% in one fiscal year may fall below the minimum grant amount in a succeeding fiscal year while still receiving an increase in funding.

Figure 2 illustrates how this formula would work in practice.

**Figure 2. Overview of Perkins IV Formula
for Determining Basic State Grants
When Appropriations Exceed the FY2006 Base Amount**



Source: Figure prepared by CRS.

Note: The FY2006 base amount is \$1,163,115,000. It includes the amount provided for state grants, incentive grants, and \$827,671.

Estimated FY2007 Grant Amounts Assumed Increased Funding

Table 5 demonstrates the amount of funding each state would receive assuming appropriations increased by 1% (\$11.6 million) in FY2007.²² In addition, states would also benefit from receiving funds previously set aside for incentive grants and the outlying areas. Among states whose FY2006 grants exceeded the FY2006 minimum grant of ½%, four states (Iowa, Kansas, Louisiana, and Mississippi) and Puerto Rico would lose funding. The losses for the four states would range from \$7,000 (Kansas) to \$93,000 (Louisiana). All other states would gain funding, albeit there would be a wide range with respect to the specific amount gained. For example, Nebraska would receive an increase of \$22,000, while California would receive over \$2.1 million. The other states that would receive the largest gains include Arizona, Florida, Georgia, and Texas.

Several of the small states that would benefit from up to one-third of the new money would also see substantial increases. Five states (Alaska, the District of Columbia, North Dakota, Vermont, and Wyoming) would receive an additional \$552,000. States whose FY2006 grants were above the grant amount received by these five states (\$4,215,000) and below the minimum grant amount of ½% (Delaware, Montana, and South Dakota) would also receive increased funding of varying amounts. Finally, the four states that received the minimum grant amount of ½% in FY2006 (Hawaii, Maine, New Hampshire, and Rhode Island) would also receive increases, but these increases would be insufficient to maintain them at the minimum grant amount of ½%.

²² For the purposes of this analysis, 2005 population data available from the U.S. Census Bureau were used to make grant estimates. While statutory language specifies that grant amounts should be based on prior year population data, the 2006 population data will not be available in time to determine grant amounts. Thus, ED has historically relied on population data from two years prior to determine grant amounts (e.g., FY2006 grants based on 2004 population data). In addition, the pci factors used to make these calculations are the same pci factors used to make FY2006 grants. State grant estimates may change when additional pci data become available. It should be noted that these are estimated state grants only. They have been provided to demonstrate the possible impact of recent legislative changes. They are not intended to predict specific amounts that states will receive.

**Table 5. Estimated FY2007 State Grants
Assuming a 1% Increase in Appropriations**

State	Estimated FY2006 grants	Estimated FY2007 grants	Difference between FY2007 grants and FY2006 grants
Alabama	\$19,991,000	\$20,149,000	\$158,000
Alaska	\$4,215,000	\$4,767,000	\$552,000
Arizona	\$24,415,000	\$25,364,000	\$949,000
Arkansas	\$12,540,000	\$12,656,000	\$116,000
California	\$128,753,000	\$130,861,000	\$2,108,000
Colorado	\$15,640,000	\$15,880,000	\$240,000
Connecticut	\$10,136,000	\$10,356,000	\$220,000
Delaware	\$4,808,000	\$5,163,000	\$354,000
District of Columbia	\$4,215,000	\$4,767,000	\$552,000
Florida	\$63,436,000	\$65,419,000	\$1,984,000
Georgia	\$36,587,000	\$37,783,000	\$1,196,000
Hawaii	\$5,780,000	\$5,811,000	\$31,000
Idaho	\$6,792,000	\$6,924,000	\$131,000
Illinois	\$44,824,000	\$45,193,000	\$370,000
Indiana	\$25,916,000	\$26,068,000	\$151,000
Iowa	\$12,321,000	\$12,293,000	\$-28,000
Kansas	\$11,504,000	\$11,497,000	\$-7,000
Kentucky	\$18,133,000	\$18,222,000	\$89,000
Louisiana	\$21,534,000	\$21,442,000	\$-93,000
Maine	\$5,780,000	\$5,811,000	\$31,000
Maryland	\$16,844,000	\$17,228,000	\$384,000
Massachusetts	\$18,419,000	\$18,540,000	\$120,000
Michigan	\$39,304,000	\$39,679,000	\$375,000
Minnesota	\$18,257,000	\$18,347,000	\$89,000
Mississippi	\$13,923,000	\$13,913,000	\$-11,000
Missouri	\$23,775,000	\$23,980,000	\$205,000
Montana	\$5,457,000	\$5,596,000	\$139,000
Nebraska	\$7,138,000	\$7,161,000	\$22,000
Nevada	\$8,204,000	\$8,607,000	\$403,000
New Hampshire	\$5,780,000	\$5,811,000	\$31,000
New Jersey	\$24,716,000	\$25,234,000	\$519,000
New Mexico	\$9,264,000	\$9,374,000	\$111,000
New York	\$59,744,000	\$60,386,000	\$642,000
North Carolina	\$34,797,000	\$35,587,000	\$790,000
North Dakota	\$4,215,000	\$4,767,000	\$552,000
Ohio	\$45,570,000	\$45,733,000	\$162,000
Oklahoma	\$15,943,000	\$15,972,000	\$29,000
Oregon	\$14,267,000	\$14,473,000	\$206,000

State	Estimated FY2006 grants	Estimated FY2007 grants	Difference between FY2007 grants and FY2006 grants
Pennsylvania	\$45,576,000	\$45,967,000	\$390,000
Rhode Island	\$5,780,000	\$5,811,000	\$31,000
South Carolina	\$18,784,000	\$19,083,000	\$299,000
South Dakota	\$4,372,000	\$4,872,000	\$500,000
Tennessee	\$23,935,000	\$24,277,000	\$342,000
Texas	\$95,087,000	\$96,505,000	\$1,418,000
Utah	\$12,346,000	\$12,626,000	\$280,000
Vermont	\$4,215,000	\$4,767,000	\$552,000
Virginia	\$25,807,000	\$26,299,000	\$492,000
Washington	\$22,629,000	\$22,992,000	\$363,000
West Virginia	\$8,429,000	\$8,429,000	\$0
Wisconsin	\$22,187,000	\$22,238,000	\$52,000
Wyoming	\$4,215,000	\$4,767,000	\$552,000
Puerto Rico	\$18,977,000	\$18,675,000	\$-303,000
Virgin Islands	\$627,000	\$627,000	\$0
Total	\$1,155,902,000	\$1,174,746,000	\$18,844,000

Source: Table prepared by CRS, Sept. 11, 2006, based on FY2006 state estimates provided by the U.S. Department of Education, Budget Service. FY2007 estimates were calculated by CRS using 2005 population data available from the U.S. Census Bureau.

Note: Details may not add to totals due to rounding. These are estimated grants only. In addition to other limitations, some of the data which will be used to calculate final grants are not yet available. These estimates are provided solely to assist in comparisons of the relative impact of alternative formulas and funding levels in the legislative process. They are not intended to predict specific amounts states will receive.

Appendix A. Minimum State Grant Requirements

This section examines minimum grant provisions in federal career and technical education laws beginning with the Vocational Education Act of 1963 (P.L. 88-210). While this act did not mark the beginning of federal involvement in career and technical education, the state grant formula included in the act provided a framework for subsequent legislation.

Under P.L. 88-210, state grants were calculated using only population and pci factors. All states were guaranteed a minimum grant of \$10,000.

The Vocational Education Act of 1963 was amended in 1984 by the Carl D. Perkins Vocational Education Act (Perkins I; P.L. 98-524).²³ Perkins I replaced the \$10,000 minimum grant with a minimum grant of ½% of total funds, not to exceed 150% of a state's prior year grant. It also included a provision that held states harmless at their FY1984 grant amounts. Under Perkins I, states that were receiving less than the minimum grant of ½% gradually received increases in their grant amounts but these increases were limited by the 150% cap on year-to-year increases. By FY1989, all states reached the minimum grant amount of ½% and continued to receive the minimum grant amount of ½% in FY1990.

The Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990 (Perkins II, P.L. 101-392) further amended the state grant formula by adding the special rule that provides states with the lesser of (1) 150% of their prior year grant or (2) state population multiplied by 150% of the NAPPP. The special rule also included a provision that held states harmless at their FY1991 grant amounts.²⁴ The special rule effectively left states that received less than the minimum grant of ½% in FY1991 at the same amount they received in FY1990 (\$4.2 million). Over time, a handful of these states eventually exceeded their FY1991 grant amounts.²⁵

The Carl D. Perkins Vocational and Technical Education Act of 1998 (Perkins III; P.L. 105-332) retained the state grant formula used in Perkins II, but modified the hold harmless provision to hold all states harmless at their FY1998 grant amounts regardless of whether they were subject to a second set of calculations. This effectively left Alaska, District of Columbia, North Dakota, Vermont, and Wyoming at their FY1990 grant amounts, as their grant amounts did not change from FY1990 through FY1998.

²³ The Vocational Education Act of 1963 was also amended by the Vocational Education Amendments of 1968 (P.L. 90-576), but these amendments did not modify the state grant formula.

²⁴ States that were not subject to the second set of calculations were held harmless at their FY1985 grant amount. This resulted, for example, in Massachusetts receiving its FY1985 grant amount until FY2002, with the exception of FY1992 when Massachusetts received a slightly higher allotment.

²⁵ For example, Delaware, Montana, and South Dakota have exceeded their FY1991 grant amounts but have not reached the minimum grant amount of ½% of total funding.