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# **The Rural Education Achievement Program: Title V-B of the Elementary and Secondary Education Act**

**(name redacted)**

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## Summary

The Rural Education Achievement Program (REAP) is authorized by Part B of Title V of the Elementary and Secondary Education Act of 1965, as amended by the Every Student Succeeds Act (ESSA, P.L. 114-95) in 2015. To compensate for the challenges facing rural schools, REAP awards two types of formula grants. The Small, Rural School Achievement (SRSA) program provides funds to rural local educational agencies (LEAs) that serve small numbers of students. The Rural and Low-Income School (RLIS) program provides funds to rural LEAs that serve high concentrations of low-income students, regardless of the LEA's size.

The ESSA reauthorization of the REAP statute made several major changes to the way funds are allocated to rural LEAs. Most notably, ESSA amended the scheme used to identify rural LEAs that may be eligible for REAP funds and gave LEAs the option to choose which program to receive funds under if eligible for both SRSA and RLIS.

REAP funds are divided equally between the SRSA and RLIS programs at the national level, but at the local level, award amounts to LEAs under each program vary widely. In FY2016, the average per pupil grant amount was \$77 for SRSA awards, compared to \$22 for RLIS awards. Given that final award amounts under each program depend greatly on the number of LEAs eligible for funds, the new option to choose the program from which to receive funds may raise important implementation issues.

This report provides a detailed description of eligibility rules and formula allocation procedures for SRSA and RLIS and discusses issues that may arise as ESSA amendments are implemented.

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## Introduction

The Rural Education Achievement Program (REAP) is authorized by Part B of Title V of the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act (ESSA, P.L. 114-95) in 2015.<sup>1</sup> Congress created this program to address the unique needs of rural schools that disadvantage them relative to non-rural schools. To compensate for the challenges facing rural schools, REAP awards two types of formula grants.

The Small, Rural School Achievement (SRSA) program provides funds to rural local educational agencies (LEAs) that serve small numbers of students. The Rural and Low-Income School (RLIS) program provides funds to rural LEAs that serve high concentrations of low-income students, regardless of the LEA's size. Funds appropriated for REAP are divided equally between the SRSA and RLIS programs.

The ESSA reauthorization of the REAP statute made major changes to the program by

1. updating the locale codes used for determining the eligibility of LEAs,
2. clarifying that LEAs within educational service agencies are to be considered for SRSA eligibility,
3. extending to RLIS the alternative state certification option for meeting the rural criterion that already existed for SRSA, and
4. giving LEAs the option to choose which program to receive funds under if eligible for both SRSA and RLIS.

This report discusses the challenges facing rural schools and the manner in which REAP attempts to address these challenges.

## Strengths and Limitations of Rural Schools

According to their proponents, rural schools have some advantages over their urban and suburban counterparts. Rural teachers are key members of the community and tend to know students and their families well. Rural schools often have less complex organizational structures with fewer layers than non-rural school systems, and they may be able to adjust or adapt relatively quickly to change. Additionally, the schools within rural communities are very visible and strongly connected with the community.<sup>2</sup>

However, rural schools also confront significant challenges. Many face fiscal limitations due to tax base constraints. Resource shortages contribute to various perceived problems, including a limited range of curricular options (such as a lack of advanced placement course offerings) and difficulties providing competitive salaries to attract and retain highly qualified teachers. Rural schools tend to have declining enrollment due to net out-migration and aging of the population. Rural schools' low population density can result in other problems, such as high transportation costs and limited access to cultural and educational resources.<sup>3</sup>

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<sup>1</sup> The REAP program was established under Title IV-B of the ESEA by the No Child Left Behind Act of 2001 (P.L. 107-110). Further information on the ESSA amendments to the ESEA may be found in CRS Report R44297, *Reauthorization of the Elementary and Secondary Education Act: Highlights of the Every Student Succeeds Act*, by (name redacted) and (name redacted).

<sup>2</sup> Wisconsin Department of Public Instruction, Summary of the Official Proceedings Wisconsin Rural Policy Network Forum, January 2004, pp. 2-3, [http://www.dpi.state.wi.us/rural/pdf/ri\\_sum.pdf](http://www.dpi.state.wi.us/rural/pdf/ri_sum.pdf).

<sup>3</sup> *Ibid.*, pp. 3-5.

In addition to these general challenges, rural school districts may face particular problems meeting ESEA requirements related to academic accountability and teacher quality. While ESSA provided greater funding use flexibility, rural districts may find it difficult to implement ESEA's requirements for schools identified as in need of improvement (such as providing public school choice).<sup>4</sup> Rural districts may also face difficulty in meeting the ESEA requirement that students receive instruction in the core academic subjects from teachers who are fully certified by the state and have demonstrated competency in the subjects they teach. Additionally, where ESEA funds are concerned, rural LEAs may be at a relative disadvantage compared to non-rural LEAs in both seeking competitive awards and utilizing small formula grant amounts from varied programs.

## The Rural Education Achievement Program (REAP)

Congress created REAP to meet many of the challenges facing rural schools. According to the statute, the purpose of REAP is to address “the unique needs of rural school districts that frequently (1) lack the personnel and resources needed to compete effectively for Federal competitive grants; and (2) receive formula grant allocations in amounts too small to be effective in meeting their intended purposes.”<sup>5</sup>

REAP authorizes two rural education programs under ESEA Title V-B. Subpart 1 authorizes the SRSA program, which focuses on LEAs with less than 600 students. Subpart 2 authorizes the RLIS program, which focuses on larger rural LEAs with relatively high poverty rates (at least 20% of children from families below the poverty line). Recipients of grants from these programs may use their funds to support a fairly broad set of educational programs and activities authorized by several ESEA programs.

ESSA authorized REAP at \$169,840,000 for the fiscal years 2017 through 2020, to be distributed equally between subparts 1 and 2. However, in the Consolidated Appropriations Act, 2017 (P.L. 115-31) Congress appropriated \$175,840,000 for REAP. **Table 1** shows the history of appropriations for the program.

**Table 1. Appropriations for REAP**

Fiscal Year	Appropriation (rounded to nearest \$000)	% Change from Prior Year
2002	\$162,500,000	
2003	\$167,653,000	3.2%
2004	\$167,831,000	0.1%
2005	\$170,624,000	1.7%
2006	\$168,919,000	-1.0%
2007	\$168,919,000	0.0%
2008	\$171,854,000	1.7%
2009	\$173,382,000	0.9%
2010	\$174,882,000	0.9%
2011	\$174,532,000	-0.2%

<sup>4</sup> For more information, see CRS In Focus IF10556, *Elementary and Secondary Education Act: Overview of Title I-A Academic Accountability Provisions*, by (name redacted).

<sup>5</sup> ESEA, Section 5202.

Fiscal Year	Appropriation (rounded to nearest \$000)	% Change from Prior Year
2012	\$179,193,000	2.7%
2013	\$169,840,000	-5.2%
2014	\$169,840,000	0.0%
2015	\$169,840,000	0.0%
2016	\$175,840,000	3.5%
2017	\$175,840,000	0.0%

Source: U.S. Department of Education, Budget Service.

## Program Eligibility

To be eligible for REAP funds, LEAs must be designated rural by the U.S. Department of Education (ED). The National Center for Education Statistics (NCES) has devised a typology to classify schools based on their geographic locations. Using Census Bureau geographic data, NCES assigns “locale codes” to each school. Based on their proximity to urbanized areas and urban clusters,<sup>6</sup> schools are classified along a 12-point urban-to-rural scale as follows (locale codes in parentheses):<sup>7</sup>

- **Large City (11):** Territory inside an urbanized area and inside a principal city with population of 250,000 or more.
- **Midsize City (12):** Territory inside an urbanized area and inside a principal city with population of less than 250,000 and greater than or equal to 100,000.
- **Small City (13):** Territory inside an urbanized area and inside a principal city with population of less than 100,000.
- **Large Suburb (21):** Territory outside a principal city and inside an urbanized area with population of 250,000 or more.
- **Midsize Suburb (22):** Territory outside a principal city and inside an urbanized area with population of less than 250,000 and greater than or equal to 100,000.
- **Small Suburb (23):** Territory outside a principal city and inside an urbanized area with population of less than 100,000.
- **Fringe Town (31):** Territory inside an urban cluster that is less than or equal to 10 miles from an urbanized area.
- **Distant Town (32):** Territory inside an urban cluster that is more than 10 miles and less than or equal to 35 miles from an urbanized area.
- **Remote Town (33):** Territory inside an urban cluster that is more than 35 miles from an urbanized area.

<sup>6</sup> The Census Bureau delineates urban areas after each decennial census by applying specified criteria to decennial census and other data. The Census Bureau identifies two types of urban areas: (1) Urbanized Areas of 50,000 or more people and (2) Urban Clusters of at least 2,500 and less than 50,000 people. “Rural” encompasses all population, housing, and territory not included within an urban area. More information on urbanized areas and urban clusters may be found at <https://www.census.gov/geo/reference/urban-rural.html>.

<sup>7</sup> NCES revised the locale code system from a prior system of eight classifications; more information on this topic may be found at <https://nces.ed.gov/surveys/ruraled/definitions.asp>.

- **Fringe Rural (41):** Census-defined rural territory that is less than or equal to 5 miles from an urbanized area, as well as rural territory that is less than or equal to 2.5 miles from an urban cluster.
- **Distant Rural (42):** Census-defined rural territory that is more than 5 miles but less than or equal to 25 miles from an urbanized area, as well as rural territory that is more than 2.5 miles but less than or equal to 10 miles from an urban cluster.
- **Remote Rural (43):** Census-defined rural territory that is more than 25 miles from an urbanized area and is also more than 10 miles from an urban cluster.

### Small Rural School Achievement Program Eligibility

An LEA is eligible for the SRSA program if *all* schools served by the LEA have a locale code of 41, 42, or 43<sup>8</sup> and either its average daily attendance (ADA) is less than 600 or the county or counties in which the LEA is located has a population density of fewer than 10 people per square mile. The SRSA statute allows the Secretary of Education to waive the locale code requirement (but not the ADA or population density requirements) based on a state government agency’s determination that the LEA is located in a rural area.<sup>9</sup> The ESSA amendments made otherwise eligible LEAs within educational service agencies eligible for SRSA funds.<sup>10</sup> LEAs that lost SRSA eligibility due to the ESSA amendments are provided a declining share of prior grant amounts through FY2019 under a hold harmless provision.<sup>11</sup>

### Rural Low-Income School Program Eligibility

An LEA is eligible for the RLIS program if *all* its schools have locale codes of 32, 33, 41, 42, or 43 and at least 20% of the children the LEA serves are from families below the poverty line. The ESSA amendments provided the Secretary with waiver authority for the locale code requirement based on state determination that the LEA is located in a rural area, which previously only existed for the SRSA program.

### Grant Determination

Amounts that LEAs receive and aggregate state amounts are determined differently under the SRSA and RLIS programs. Under the SRSA program, an initial amount is calculated for each eligible LEA and then funds are added based on enrollment and subtracted based on “offsetting” amounts received from other ESEA programs. Under RLIS, grants are first made to states based on a formula and then subgranted to LEAs on either a formula or competitive basis.

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<sup>8</sup> NCES also classifies LEAs based on the code or codes assigned to schools within their boundaries; however, this classification system is different than that required under ESEA. Under the NCES system, an LEA is assigned the locale code of the schools enrolling 50% or more of the LEA’s students. If no single code accounts for 50% or more of an LEA’s students, the LEA is assigned the code of schools accounting for the highest percentage of its students.

<sup>9</sup> U.S. Department of Education, “Guidance on the Rural Education Achievement Program (REAP),” June 2003, Appendix A-5 and Appendix A-6, <https://www2.ed.gov/policy/elsec/guid/reap03guidance.doc> (hereinafter, ED REAP Guidance). ED notes on their website that new ESSA-based guidance for REAP will be posted “spring 2017,” however, as of the date of this report, none has been made available.

<sup>10</sup> Section 8101(18) of the ESEA defines an “educational service agency” as a “regional public multiservice agency authorized by state statute to develop, manage, and provide services or programs to local educational agencies.”

<sup>11</sup> Such LEAs will receive the following shares of what they received under SRSA in FY2015: 75% for FY2017, 50% for FY2018, and 25% for FY2019.

## SRSA Grants

Congress intended the SRSA program to be a supplement to certain other ESEA grant funds. Thus, an LEA's final SRSA grant amount is based on adjusting its initial amount by the total amount it received from other ESEA programs. The initial SRSA amount is equal to a base grant of \$20,000 plus an additional amount for LEAs with enrollments of more than 50 students. The additional amount is equal to \$100 for each student in excess of 50 students; however, generally, no grant amount may exceed \$60,000.<sup>12</sup> The following are some examples of initial amount calculations:

- LEAs with 50 students or fewer have initial grant amounts equal to the base amount of \$20,000.
- An LEA with 55 students has an initial amount of \$20,500 (i.e., the base amount of \$20,000 plus \$500, which is \$100 times the five students in excess of 50 students).
- An LEA with 449 students has an initial amount of \$59,900 (i.e., the base amount of \$20,000 plus \$39,900, which is \$100 times the 399 students in excess of 50 students).
- LEAs with between 450 and 599 students have initial amounts of \$60,000 (e.g., the calculation for an LEA with 451 students would be the base amount of \$20,000 plus \$40,100, which is \$100 times the 401 students in excess of 50 students; since this exceeds the maximum amount of \$60,000, the amount of the initial award would be \$60,000).

The final SRSA grant amount is equal to the initial award minus the amount an LEA received from two ESEA grant programs in the prior fiscal year: (1) the Supporting Effective Instruction program, Title II, Part A, and (2) the Student Support and Academic Enrichment Grants, Title IV, Part A. As a result of this offset provision, an LEA whose initial SRSA grant amount is less than what it received from these two ESEA programs in the prior fiscal year would not receive funds under the SRSA program.<sup>13</sup>

## RLIS Grants

Unlike under the SRSA program, the Secretary must reserve funds from the total RLIS appropriation for Bureau of Indian Education (BIE) schools (0.5%) and for outlying areas (0.5%).<sup>14</sup> The remainder is allotted to states based on each state's share of students attending schools in eligible LEAs nationwide. For example, a state with 2% of the national enrollment in RLIS-eligible LEAs would receive 2% of funds remaining after reserving BIE and outlying area funds.

States award subgrants to eligible LEAs either competitively or based on a formula selected by the state, and approved by the Secretary.<sup>15</sup> The ESSA amendments provide that LEAs in a state

<sup>12</sup> The ESSA amendments added a special rule such that when REAP funding exceeds \$200,000,000, the SRSA initial amount is \$25,000 and the maximum is \$80,000.

<sup>13</sup> In FY2017, 144 SRSA-eligible LEAs received no SRSA funding because they received at least \$60,000 from the offsetting ESEA programs. As noted earlier, these LEAs may be eligible for RLIS funds.

<sup>14</sup> The outlying areas receiving RLIS grants are American Samoa, Guam, the Northern Mariana Islands, and the Virgin Islands. Puerto Rico is considered a state under the REAP programs.

<sup>15</sup> A state may use a formula based on the proportion of students in average daily attendance in eligible LEAs or an alternative formula, as approved by the Secretary, that results in serving "equal or greater concentrations of children



that does not participate in the RLIS program may submit an application directly to the Secretary as a “specially qualified agency.”

## Dual Eligibility

ESSA provided new authority allowing an LEA eligible under both the SRSA and RLIS programs to choose the program from which to receive funds; the Secretary is to determine the date by which notification must be given to ED. **Table 2** shows the number of LEAs in each state that are eligible for REAP funds for FY2017, and a map of these LEAs is displayed in the **Appendix**.

**Table 2. REAP-Eligible LEAs by State, FY2017**

State	Total LEAs	SRSA <sup>a</sup>	RLIS	SRSA and RLIS
Alabama	132	1	73	1
Alaska	54	45	26	25
Arkansas	271	62	172	52
Arizona	670	126	143	88
California	2,004	357	274	173
Colorado	261	106	64	51
Connecticut	199	41	1	1
Delaware	45	1	0	0
District of Columbia	1	0	0	0
Florida	68	1	29	1
Georgia	216	12	112	9
Hawaii	1	0	0	0
Idaho	154	81	48	33
Illinois	1,043	234	106	55
Indiana	410	12	51	2
Iowa	342	138	31	17
Kansas	307	162	58	33
Kentucky	182	13	122	13
Louisiana	169	9	35	1
Maine	264	116	129	54
Maryland	24	0	1	0
Massachusetts	403	50	7	4
Michigan	887	175	176	85
Minnesota	553	167	32	17
Mississippi	146	6	113	4
Missouri	557	271	271	163

from families with incomes below the poverty line, relative to the concentrations that would be served” if the ADA formula were used (§5221(b)(3)(C)).

State	Total LEAs	SRSA <sup>a</sup>	RLIS	SRSA and RLIS
Montana	481	344	150	131
Nebraska	279	180	34	32
Nevada	19	12	2	2
New Hampshire	299	88	74	48
New Jersey	689	73	9	6
New Mexico	147	56	59	37
New York	1,017	143	140	56
North Carolina	274	35	55	2
North Dakota	221	157	25	24
Ohio	1,099	73	121	8
Oklahoma	544	318	333	181
Oregon	216	89	92	56
Pennsylvania	776	31	51	8
Puerto Rico	1	0	0	0
Rhode Island	55	7	1	1
South Carolina	96	0	44	0
South Dakota	163	114	29	25
Tennessee	146	8	84	6
Texas	1,218	415	447	232
Utah	143	36	5	4
Vermont	350	46	45	35
Virginia	201	2	43	0
Washington	319	124	102	64
West Virginia	55	1	33	1
Wisconsin	461	134	64	39
Wyoming	48	22	4	3
Total	18,679	4,694	4,120	1,883

**Source:** CRS analysis of data provided by the U.S. Department of Education, retrieved on June 27, 2017, from <https://www2.ed.gov/programs/reapsrsa/eligible17/index.html>.

- a. A small number of LEAs (76) nationwide were made eligible for SRSA funds through the hold harmless provision. More information on these LEAs is available to congressional clients upon request.

## Use of Funds

Recipients of REAP grants may use funds for activities authorized by several ESEA programs:

- Improving Basic Programs Operated by Local Educational Agencies (Title I, Part A);
- Supporting Effective Instruction (Title II, Part A);
- Language Instruction for English Learners and Immigrant Students (Title III); and
- Student Support and Academic Enrichment Grants (Title IV, Part A).<sup>16</sup>

### REAP-Flex

Under the “alternative use of funds authority” (commonly known as REAP-Flex), LEAs that are eligible for SRSA grants (whether or not they receive any SRSA funds) have the flexibility to use *offsetting* funds from ESEA Title II-A and Title IV-A programs for any activities authorized by the SRSA program.<sup>17</sup> For example, under REAP-Flex an LEA may use funds received under the Supporting Effective Instruction program (Title II-A) to provide language acquisition and services to immigrant students authorized under the Language Instruction for English Learners and Immigrant Students Program (Title III).

## Possible Implementation Issue

Changes made by the ESSA amendments may present implementation issues. One possible area concerns the impact of dual eligibility on the awarding of grants. ESSA provided new authority allowing an LEA eligible under both the SRSA and RLIS programs to choose the program from which they prefer to receive funds. This could greatly complicate grant administration at both the federal and state levels.

The new law requires the Secretary to establish a date by which LEAs must declare their choice; however, this may be a difficult decision to make by a certain date because estimated grant amounts will change due to the number and characteristics of other participating LEAs. Specifically, the ratable reduction and hold harmless provisions in SRSA will be greatly impacted by the number of LEAs that choose this program. Similarly, RLIS amounts will depend largely on the popularity of this choice.

Currently, SRSA awards are much larger than RLIS awards. In FY2016, the average per pupil grant amount was \$78 for SRSA, compared to \$23 for RLIS.<sup>18</sup> However, that could change substantially if a large number of former RLIS recipients decided to take SRSA funds. Even

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<sup>16</sup> SRSA grantees may also use these funds for 21<sup>st</sup> Century Community Learning Centers (Title IV, Part B). RLIS grantees may also use these funds for “parental involvement activities.”

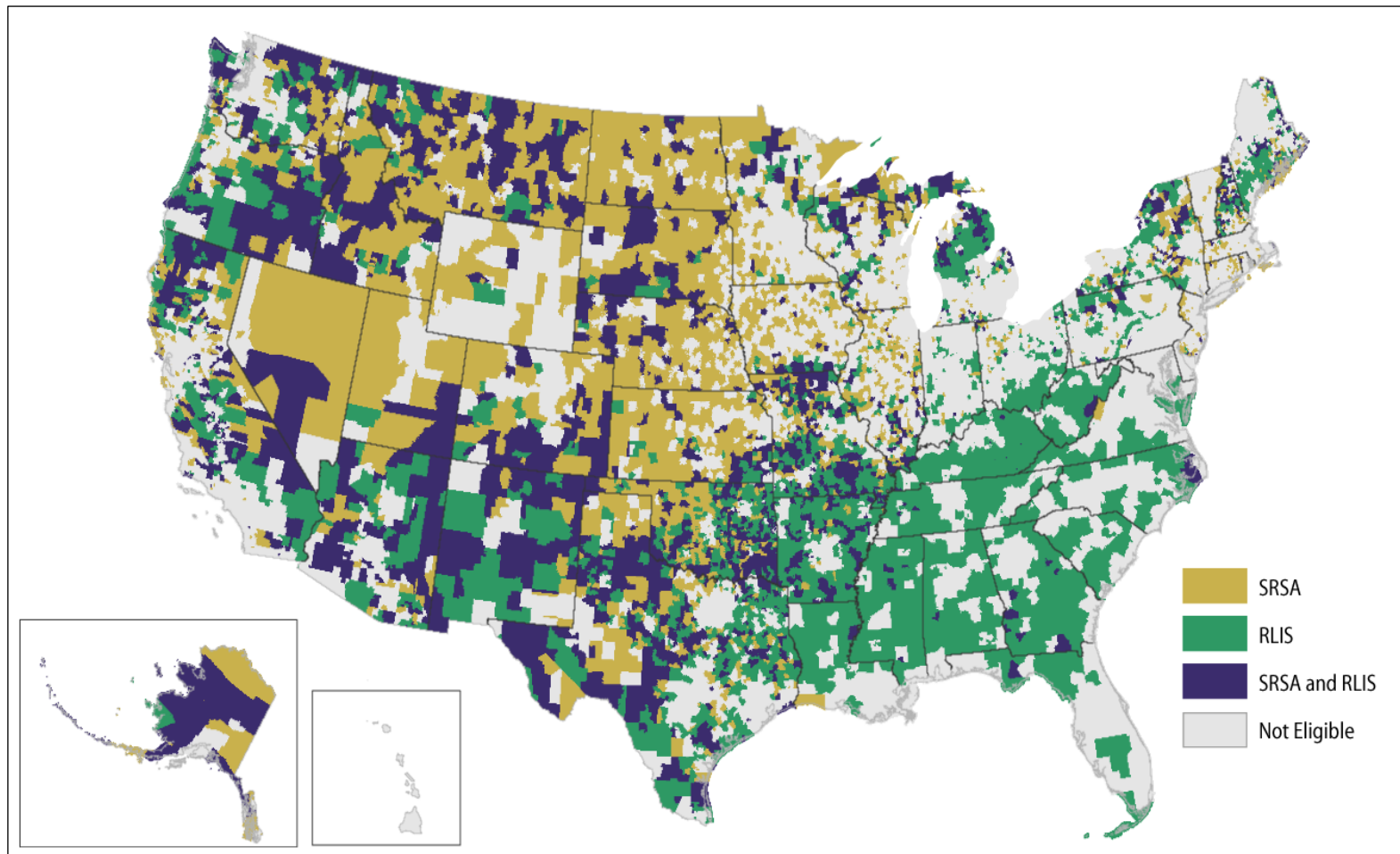
<sup>17</sup> ESEA Section 5211. In its guidance on REAP, ED refers to alternative use of funds as “REAP-Flex” and differentiates this flexibility from other ESEA flexibility as follows:

REAP-Flex does not involve a transfer of funds from one program to another. Rather, REAP-Flex gives an LEA broader authority in spending “applicable funding” for alternative uses under selected federal programs. On the other hand, when an LEA transfers funds from one program to another under the transferability authority in section 6123, the transferred funds increase the allocation of the receiving program and are subject to all of the rules and requirements of the receiving program. (ED REAP Guidance, Section II-B-1).

<sup>18</sup> U.S. Department of Education, *Congressional Budget Justifications, FY2018*, Washington, DC, p. C-53, <https://www2.ed.gov/about/overview/budget/budget18/justifications/index.html>.

though it appears that most dual-eligible LEAs were formerly not in the RLIS program, there still may be a significant impact due to the ESSA changes. Perhaps most importantly, the changes appear to force a choice based upon limited information. This is likely to create some uncertainty for LEAs and administrative complications for ED and state officials.

## Appendix. REAP-Eligible LEAs, FY2017



**Source:** CRS analysis of data provided by the U.S. Department of Education, retrieved on June 27, 2017, from <https://www2.ed.gov/programs/reapsrsa/eligible17/index.html>.

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