



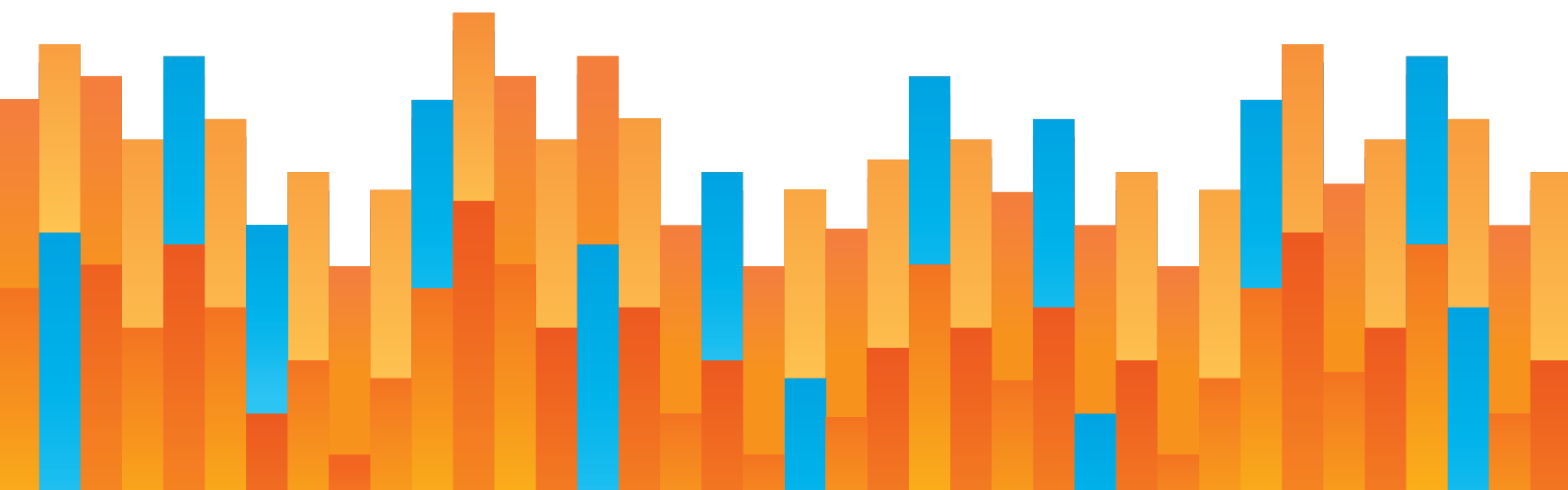
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# TARGETING DISADVANTAGED STUDENT FUNDING EFFECTIVELY IN STATE EDUCATION FORMULAS

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by Satya Marar

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# TABLE OF CONTENTS

<b>PART 1</b>	<b>INTRODUCTION .....</b>	<b>1</b>
<b>PART 2</b>	<b>FUNDING FOR STUDENTS IN POVERTY .....</b>	<b>4</b>
	2.1 Federal Funding for Students in Poverty: Title I .....	4
	2.2 State-Level Funding for Students in Poverty.....	5
<b>PART 3</b>	<b>METRICS FOR DETERMINING STUDENT POVERTY .....</b>	<b>10</b>
	3.1 Problems with NSL Eligibility-Based Poverty Funding .....	14
<b>PART 4</b>	<b>LESSONS AND POLICY RECOMMENDATIONS .....</b>	<b>18</b>
	4.1 Direct Certification .....	18
	4.2 Direct Certification Case Study: Massachusetts.....	20
	4.3 Weighted Student Funding (WSF).....	22
<b>PART 5</b>	<b>CONCLUSION AND RECOMMENDATIONS .....</b>	<b>27</b>
	5.1 Recommendations .....	29
	<b>ABOUT THE AUTHOR.....</b>	<b>31</b>

# PART 1

## INTRODUCTION

Students from impoverished backgrounds face many challenges within state public education systems. It has long been recognized that these students lag behind their more affluent peers in academic results and student achievement,<sup>1</sup> and need more resources to meet the same proficiency benchmarks.<sup>2</sup> This has prompted state and federal legislators to try to mitigate this achievement gap as a policy priority.

Economically disadvantaged students are more likely to attend lower performing or lesser-resourced schools in socio-economically disadvantaged areas.<sup>3</sup> Without the capacity to provide additional monetary incentives, these schools may struggle to attract and retain quality teaching staff. As well, these students are often concentrated in less property-wealthy districts that lack capacity to raise revenue to cover their education costs relative to districts with greater property wealth—that is, unless the state government provides

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<sup>1</sup> Reardon, Sean F. “The widening academic achievement gap between the rich and the poor: New evidence and possible explanations.” *Whither opportunity* 1.1 (2011) 3-4.  
<https://cepa.stanford.edu/sites/default/files/reardon%20whither%20opportunity%20-%20chapter%205.pdf>

<sup>2</sup> Odden, Allen, Sarah Archibald and Mark Fermanich. “Rethinking the Finance System for Improved Student Achievement 1.” *Yearbook of the National Society for the Study of Education* 102.1 (2003): 82-113.  
[http://www.academia.edu/download/43805330/Rethinking\\_the\\_Finance\\_System\\_for\\_Improv20160316-641-1rdr89u.pdf](http://www.academia.edu/download/43805330/Rethinking_the_Finance_System_for_Improv20160316-641-1rdr89u.pdf)

<sup>3</sup> Duncombe, Chris. “Unequal Opportunities: Fewer Resources, Worse Outcomes for Students in Schools with Concentrated Poverty.” *The Commonwealth Institute*. (2017): 2018.  
[http://www.thecommonwealthinstitute.org/wp-content/uploads/2017/10/unequal\\_opportunities.pdf](http://www.thecommonwealthinstitute.org/wp-content/uploads/2017/10/unequal_opportunities.pdf)

compensation for these differences between districts in their ability to fund education locally.



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*Economically disadvantaged students also generally possess less social, financial and health capital than their more affluent peers, and are more likely to face negative stressors like crime and pollution that can adversely affect their emotional and cognitive development.*

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Economically disadvantaged students also generally possess less social, financial and health capital than their more affluent peers,<sup>4</sup> and are more likely to face negative stressors like crime and pollution that can adversely affect their emotional and cognitive development.<sup>5</sup> These problems call for the allocation of additional resources to meet the students' unique needs while addressing the disadvantages they face and alleviating the additional stress on resources placed upon the schools or districts they attend.

As a result, research groups<sup>6</sup> and government committees<sup>7</sup> have generally recognized that school finance systems need to allocate additional resources or funding for students who live in poverty, while accomplishing these cost adjustments in a transparent manner. And

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<sup>4</sup> Miller, L. Scott. *An American imperative: Accelerating minority educational advancement*. Yale University Press, 1995.

<sup>5</sup> Gorski, Paul C. "Perceiving the problem of poverty and schooling: Deconstructing the class stereotypes that mis-shape education practice and policy." *Equity & Excellence in Education* 45.2 (2012): 302-319. <https://doi.org/10.1080/10665684.2012.666934>

<sup>6</sup> Rose, Heather, Jon Sonstelie and Margaret Weston. "Funding Formulas for California Schools IV An Analysis of Governor Brown's Weighted Pupil Funding Formula." <https://www.ppic.org/publication/funding-formulas-for-california-schools-iv-an-analysis-of-governor-browns-weighted-pupil-funding-formula-may-budget-revision/> (2012).

<sup>7</sup> Univ. of Cal. Master Plan Advisory Group, University of California: A Perspective on Developing a New Master Plan 2 (2002) <https://www.ucop.edu/acadinit/mastplan/UCMasterPlanPerspective.pdf>

with the inevitable state education budget cuts due to the Covid-19 recession,<sup>8</sup> the need to ensure the equitable allocation of limited funds to less advantaged students is especially pertinent.

This report briefly examines federal funding for student poverty, then discusses how different state education finance systems fund for poverty. By canvassing and presenting the lessons learned by some states, it explores how jurisdictions that want to fine-tune their funding formulas to better meet the needs of their economically disadvantaged students can learn from the experiences of others.

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<sup>8</sup> Smith, Max. "Amended Virginia budget sees education cuts, transportation plan freezes." *Wtop News*, 14 April 2020. Web. <https://wtop.com/virginia/2020/04/va-budget-amendments-consider-fall-semester-colleges-online-cutting-free-community-college-transportation-plan-freeze/> Accessed 20 May 2020.

## PART 2

# FUNDING FOR STUDENTS IN POVERTY

## 2.1

### FEDERAL FUNDING FOR STUDENTS IN POVERTY: TITLE I

The federal government provides additional funding to districts for educating students in poverty through the Title I program. This funding is meted out based, in part, on U.S. Census poverty estimates, i.e. students whose family income is 100% of the federal poverty level [FPL] or less.<sup>9</sup> Districts must target the money to their schools with the highest poverty concentrations. In some instances, these schools are required to spend Title I funding on services for students who are at risk of not meeting state academic standards.<sup>10</sup> Although it should be noted that the “schoolwide” program (SWP) designation applicable to schools where 40% or more of the students are eligible to receive free or reduced price lunches through the federal government’s National School Lunch (NSL) program allows

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<sup>9</sup> “Improving Basic Programs Operated by Local Educational Agencies (Title I, Part A).” Department of Education. *Ww2.ed.gov*. 24 October 2018. Web. <https://www2.ed.gov/programs/titleiparta/index.html> Accessed: 20 May 2020.

<sup>10</sup> Ibid.

those particular schools more flexibility in how the dollars are spent as it automatically classifies all students at that school as Title I eligible.<sup>11</sup>

“

*In its latest review of the Title I program, the federal government concluded that, despite good intentions and significant expenditure of funds, it has failed to improve student achievement while adding additional layers of complexity around how education dollars are allocated and spent.*

”

In its latest review of the Title I program, the federal government concluded that, despite good intentions and significant expenditure of funds, it has failed to improve student achievement while adding additional layers of complexity around how education dollars are allocated and spent.<sup>12</sup>

## 2.2

### STATE-LEVEL FUNDING FOR STUDENTS IN POVERTY

Funding for student poverty varies between states. Forty-two states and the District of Columbia provide some additional funding to school districts based on either the number of individual students identified (or classified) as being in poverty, the concentration of student poverty within a school or district, or both.<sup>13</sup>

The rationale behind allocating additional funds based on the concentration of students in poverty, rather than (or in addition to) allocating additional funds for individual students in poverty, is based on research that finds higher poverty concentration in a school correlated with lower school-wide achievement that exceeds the effect of poverty on individual

<sup>11</sup> “Title I, Part A Schoolwide Program.” California Department of Education. *Cde.ca.gov*. 8 April 2019. Web. <https://www.cde.ca.gov/sp/sw/t1/schoolwideprograms.asp> Accessed: 20 May 2020.

<sup>12</sup> Puma, Michael J. “Prospects: The Congressionally Mandated Study of Educational Growth and Opportunity. The Interim Report.” <https://files.eric.ed.gov/fulltext/ED361466.pdf> (1993).

<sup>13</sup> “FundEd: Poverty Funding Policies in Each State” Edbuild, 2019. Web. <http://funded.edbuild.org/reports/issue/poverty/in-depth> Accessed: 20 May 2020.



students.<sup>14</sup> These states typically attach additional funding to the base per-pupil funding amount via a multiplier or weight that varies depending on the concentration of disadvantaged students in the district. Arkansas and Colorado exemplify this approach.<sup>15</sup> Twenty-four states currently allocate additional funds for student poverty concentration, and, of these, 15 also allocate additional funds for individual students classed as being in poverty.<sup>16</sup>



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*The rationale behind allocating additional funds based on the concentration of students in poverty, rather than (or in addition to) allocating additional funds for individual students in poverty, is based on longstanding research that finds higher poverty concentration in a school correlated with lower school-wide achievement that exceeds the effect of poverty on individual students.*

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Thirty-three states and the District of Columbia fund schools and districts based on individual student poverty counts. Fifteen of these jurisdictions do by applying a multiplier or weight to their funding formula's basic per-student funding amount for every economically disadvantaged student attending school or residing within a school district. For instance, Louisianan students who qualify for a free or reduced price lunch, typically due to their family income, attract 1.22 times the basic per-student funding amount that their school district receives for each student who isn't eligible.<sup>17</sup> Of the jurisdictions that

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<sup>14</sup> See: Coleman, James S. "Equality of educational opportunity." *Integrated Education* 6.5 (1968): 19-28. <https://files.eric.ed.gov/fulltext/ED012275.pdf>

<sup>15</sup> "FundEd."

<sup>16</sup> Ibid.

<sup>17</sup> "National School Lunch State Categorical Funding and Expenditures" State of Arkansas Bureau Of Legislative Research. *Arkleg.state.ar.us*. 19 September 2017. Web. [https://www.arkleg.state.ar.us/Bureau/Document?type=pdf&source=education%2fK12/AdequacyReports/2018%2f2017-09-19&filename=NSLStateCategoricalFundingAndExpendituresReport\\_BLR2](https://www.arkleg.state.ar.us/Bureau/Document?type=pdf&source=education%2fK12/AdequacyReports/2018%2f2017-09-19&filename=NSLStateCategoricalFundingAndExpendituresReport_BLR2) Accessed: 20 May 2020. 19.

use a funding weight, the weights in question vary from 0.01 in Virginia (whose weighting increases depending on the district’s poverty concentration) to 0.97, which is nearly double the basic per-student funding amount, in Maryland.<sup>18</sup>

Eight states do not provide additional funding for students who are afflicted by poverty. Of these, some states, like Florida, provide additional funding to children at risk of “falling behind,” which has some overlap with student poverty.<sup>19</sup> Others, like West Virginia, while not directly providing additional funds for student poverty, allocate funds for specific programs that take student poverty into account as a factor.<sup>20</sup>

**TABLE 1: JURISDICTION-LEVEL WEIGHTING FOR STUDENT POVERTY, BY STATE OR JURISDICTION**

Poverty Adjustment Only (19)	Concentrated Poverty Only (9)	Both (15)	No Poverty Adjustment (8)
Hawaii, Iowa, Illinois, Kentucky, Louisiana, Maryland, Maine, Michigan, Mississippi, North Dakota, New Hampshire, Oklahoma, Oregon, Rhode Island, South Carolina, Tennessee, Vermont, Washington DC, Wyoming	Delaware, Minnesota, Missouri, Nebraska, New Mexico, New York, North Carolina, Utah, Washington	Arkansas, California, Colorado, Connecticut, Indiana, Kansas, Massachusetts, Montana, Nevada, New Jersey, Ohio, Pennsylvania, Texas, Virginia, Wisconsin	Alabama, Alaska, Arizona, Florida, Georgia, Idaho, South Dakota, West Virginia

Based on data obtained from “FundEd: Poverty Funding Policies in Each State.” Edbuild, 2019. Web. <http://funded.edbuild.org/reports/issue/poverty/in-depth> Accessed: 20 May 2020; “FundEd: Concentrated Poverty Policies in Each State.” Edbuild, 2019. Web. <http://funded.edbuild.org/reports/issue/concentrated-poverty> Accessed: 20 May 2020; “Kansas School Finance System” Kansas Bureau Of Legislative Research. *Kslegresearch.org*. 18 January 2019. Web. <http://www.kslegresearch.org/KLRD-web/Publications/Education/2019-School-Finance-System-Overview.pdf> Accessed: 8 June 2020. “FundEd: State Policy Analysis: District of Columbia.” Edbuild, 2019. Web. <http://funded.edbuild.org/state/DC>. Accessed: 23 July 2020.

States that provide additional funding or resources for student poverty also vary substantially in the degree of flexibility they allow school districts to have to tailor how these funds or resources are used. For example, Minnesota mandates that these additional funds can only be used for specified purposes.<sup>21</sup> This inhibits a district’s flexibility in

<sup>18</sup> “FundEd.”

<sup>19</sup> Ibid.

<sup>20</sup> Ibid.

<sup>21</sup> Ibid.

tailoring this spending to local priorities and needs.<sup>22</sup> And although states like Arkansas statutorily allow these funds to be spent outside the specified purposes, school districts and schools must apply for special permission to do so from the state,<sup>23</sup> which can impose substantial administrative burdens and resource wastage. By contrast, California includes additional funding for poverty within its general funding allotment for schools,<sup>24</sup> thereby granting districts the same autonomy in how these funds are deployed as is granted to the base funding attached to pupils who aren't economically disadvantaged.



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*Importantly, using funding streams from outside many states' main funding formula can also limit the effectiveness of these additional funds in truly ensuring that poor students receive more funding than their wealthier peers, as such streams are not typically equalized for a district's ability to raise local revenues through its own property wealth.*

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Importantly, using funding streams from outside many states' main funding formula can also limit the effectiveness of these additional funds in truly ensuring that poor students receive more funding than their wealthier peers, as such streams are not typically equalized for a district's ability to raise local revenues through its own property wealth. As a result, low-income students may receive very different levels of funding depending on the property wealth of the district they reside in or attend, as families on low incomes are not necessarily concentrated in areas with low property wealth or a lower ability to raise

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<sup>22</sup> See: Barnard, Christian. "A Roadmap To Fix Arizona School Finance: Steering The Grand Canyon State Toward Fairness And Innovation In K-12 Education." *Reason Foundation*. 2020. 31-33. <https://reason.org/wp-content/uploads/roadmap-to-fix-arizona-school-finance.pdf>

<sup>23</sup> 005-23-06 Ark. Code R. § 3. <https://casetext.com/regulation/arkansas-administrative-code/agency-005-department-of-education/division-23-legal-services/rule-0052306-003-ada-252-rules-governing-the-distribution-of-student-special-needs-funding-and-the-determination-of-allowable-expenditures-of-those-funds>

<sup>24</sup> Roza, Marguerite, Tim Coughlin and Laura Anderson. "Taking stock of California's weighted student funding overhaul: What have districts done with their spending flexibility?" Edunomics Lab, 2017, <https://edunomicslab.org/analyzing-early-impacts-californias-local-control-funding-formula/>

education funds locally with less state assistance. As of 2016-17, 20 states were providing their poverty funding through non-equalized funding streams that don't account for these local resource disparities.<sup>25</sup>

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<sup>25</sup> "National School Lunch State Categorical Funding and Expenditures" State of Arkansas Bureau of Legislative Research. *Arkleg.state.ar.us*. 19 September 2017. Web.  
[https://www.arkleg.state.ar.us/Bureau/Document?type=pdf&source=education%2fK12/AdequacyReports/2018%2f2017-09-19&filename=NSLStateCategoricalFundingAndExpendituresReport\\_BLR2](https://www.arkleg.state.ar.us/Bureau/Document?type=pdf&source=education%2fK12/AdequacyReports/2018%2f2017-09-19&filename=NSLStateCategoricalFundingAndExpendituresReport_BLR2) Accessed: 20 May 2020. 19.

## PART 3

# METRICS FOR DETERMINING STUDENT POVERTY

The metric different states use to determine the number of economically disadvantaged students in a district also varies. Thirty-four states determine eligibility for additional poverty funding based on a student's eligibility for the federal government's National School Lunch (NSL) program.<sup>26</sup> This program provides children from families with incomes under 130% of the FPL with free meals, and provides reduced-price meals to those from families with incomes between 130% and 185% of the FPL.<sup>27</sup> Some of these states only allocate additional funding for students eligible for the free lunch rather than the reduced-price lunch (6), while the majority (28) allocate additional funds for both.<sup>28</sup> Note that funding provided for poverty based on this metric through state and/or local dollars is entirely separate from and unrelated to the federal funds earmarked for the actual provision of free or reduced-price meals.

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<sup>26</sup> "FundEd.

<sup>27</sup> "National School Lunch State Categorical Funding and Expenditures." 1.

<sup>28</sup> "FundEd.

**TABLE 2: POVERTY FUNDING FOR STUDENTS WITH/WITHOUT FREE OR REDUCED PRICE LUNCH**

Poverty funding for students eligible for free or reduced-price lunch (28)	Poverty funding for students eligible for free lunch only (6)
Alaska, California, Connecticut, Hawaii, Indiana, Iowa, Louisiana, Maine, Maryland, Michigan, Minnesota, Missouri, Nevada, New York, New Hampshire, New Jersey, New Dakota, Ohio, Oklahoma, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Washington, Wisconsin, Wyoming	Colorado, Kansas, Kentucky, Mississippi, Nebraska, Virginia,

Based on data obtained from “FundEd: Poverty Funding Policies in Each State.” Edbuild, 2019. Web. <http://funded.edbuild.org/reports/issue/poverty/in-depth> Accessed: 20 May 2020; “FundEd: Concentrated Poverty Policies in Each State.” Edbuild, 2019. Web. <http://funded.edbuild.org/reports/issue/concentrated-poverty> Accessed: 20 May 2020; “Kansas School Finance System” Kansas Bureau Of Legislative Research. *Kslegresearch.org*. 18 January 2019. Web. <http://www.kslegresearch.org/KLRD-web/Publications/Education/2019-School-Finance-System-Overview.pdf> Accessed: 8 June 2020. Eight states, including Connecticut and South Carolina, continue to use the NSL-eligibility metric alongside eligibility or certification for other public assistance programs like Medicaid or the Supplemental Nutrition Assistance Program (SNAP), which was previously known as food stamps.<sup>29</sup>

Some states and the District of Columbia do not or no longer rely on the NSL-eligibility metric. Massachusetts is an example. It currently uses eligibility for four other government programs: the Supplemental Nutrition Assistance Program (SNAP), a state-based Medicaid pilot, familial eligibility for the Temporary Assistance for Needy Families (TANF) program, and whether the student is in a foster home.<sup>30</sup> These programs are intended to capture economic disadvantage at the more severe threshold of under 133% of the federal poverty line instead of the more generous 185% threshold connoted by the NSL program.<sup>31</sup> In 2019, however, Massachusetts passed a law which will raise the threshold back to 185%,<sup>32</sup> thereby necessitating the inclusion of other means-tested public assistance programs in order to capture students up to this higher threshold.

<sup>29</sup> Ibid.

<sup>30</sup> Greenberg, Erica. “New Measures of Student Poverty: Replacing Free and Reduced-Price Lunch Status Based on Household Forms with Direct Certification.” *Urban Institute*. 2018. [https://www.urban.org/sites/default/files/publication/99325/new\\_measures\\_of\\_student\\_poverty\\_1.pdf](https://www.urban.org/sites/default/files/publication/99325/new_measures_of_student_poverty_1.pdf)

<sup>31</sup> “Low-Income Student Calculation Study.” Massachusetts Department of Elementary and Secondary Education. *Massupt.org*. February 2017. Web. [https://www.massupt.org/wp-content/uploads/2017/12/Low\\_income\\_student\\_calculation\\_legislative\\_report.pdf](https://www.massupt.org/wp-content/uploads/2017/12/Low_income_student_calculation_legislative_report.pdf) Accessed: 17 June 2020.

<sup>32</sup> Edge Staff. “News Brief: Mass. Senate unanimously passes Student Opportunity Act.” *The Berkshire Edge*, 8 October 2019. Web. <https://theberkshireedge.com/news-brief-mass-senate-unanimously-passes-student-opportunity-act/> Accessed 8 June 2020.

Some states base funding on disadvantages or indicators that correlate with poverty in addition to poverty-specific indicators, for example, a students’ unsatisfactory academic performance. New Mexico, for instance, does not use the NSL-eligibility metric and instead allocates funds for “at risk” students by taking into account a district’s federal Title I students, the number of English language learners, and the number of students moving into or out of a district.<sup>33</sup> Nevada uses the NSL-eligibility metric and a specified academic benchmark, only allocating funding if the eligible student scores at or below the 25<sup>th</sup> percentile on one of a list of approved assessments.<sup>34</sup>

**TABLE 3: CERTIFICATION METRICS BY STATE/JURISDICTION**

NSL-eligibility only (23)	Direct Certification (family eligibility for TANF, Medicaid, SNAP etc.) only (6)	Combination of NSL-eligibility and Direct Certification (8)	Federal Census Data (3)	Combination of NSL-eligibility and Federal Census Data (3)
Arkansas, Colorado, Hawaii, Iowa, Kentucky, Louisiana, Maine, Maryland, Minnesota, Missouri, Mississippi, Nebraska, New Jersey, North Dakota, Oklahoma, Rhode Island, Tennessee, Utah, Vermont, Virginia, Washington, Wisconsin, Wyoming	Delaware, Illinois, Massachusetts, Montana <sup>1</sup> , New Mexico <sup>1</sup> , Washington <sup>9</sup> , D.C.	California, Connecticut, Indiana <sup>6</sup> , Kansas, Michigan, New Hampshire, Ohio, South Carolina	North Carolina <sup>3</sup> , Oregon <sup>4</sup> , Pennsylvania <sup>5</sup> ,	Nevada <sup>7</sup> , New York <sup>2</sup> , Texas <sup>8</sup>

- 1- Montana and New Mexico distribute funding for student poverty and poverty concentration on the basis of Title I eligibility which in-turn considers federal census data as well as direct certification for some public assistance programs.
- 2- New York calculates per-student funding for concentrated poverty using a ‘pupil need index’ which incorporates 65% of the students eligible for free or reduced-price lunch under the National School Lunch Program and 65% of the students from households below the federal poverty level according to federal census data.
- 3- North Carolina uses a measure based on the district’s expected property tax revenue, its tax base per square mile, and its average per capita income, for both of its concentrated poverty-related funding streams to districts. North Carolina also provides funding on the basis of federal Title-I eligibility.
- 4- Oregon uses federal census data. Namely, the Small Area Income Poverty Estimate (SAIPE) published by the Census Bureau. The SAIPE is a statistical model that compares data from several sources, including the U.S. Department of Agriculture’s Supplemental Nutritional Aid Program (SNAP), IRS tax returns and yearly Census Bureau survey data.
- 5- Pennsylvania determines the number of students in the district who live in households earning between 100% and 184% of the federal poverty level using the most recent U.S. federal Census Bureau’s American Community Survey.
- 6- Indiana waives fees for NSL-eligible students and allocates poverty funding based on direct certification.
- 7- Nevada provides per-pupil state funding for poverty based on NSL-eligibility and separately provides program-specific grants to designated schools based on both low-performance and high poverty concentration as determined by federal census data.
- 8- Texas ascertains the number of low-income students in a district using NSL-eligibility, then sets the funding multiplier applicable to those students based on the “level of economic disadvantage” in the census block in which the low-income student resides. This measure is calculated using federal census data.

<sup>33</sup> Gates, Rebecca Grace. “Fiscal Equity for At-Risk Students: A Quantitative Analysis of the At-Risk Index Component of the New Mexico Public School Funding Formula.” *Diss. Virginia Tech.* <https://vtechworks.lib.vt.edu/bitstream/handle/10919/29703/RG51202E.pdf?sequence=1> (2005).

<sup>34</sup> “FundEd.”

9-DC also extends supplemental poverty funding to high school students who are at least one year older than the expected age for their grade level.

Based on data obtained from “FundEd: Poverty Funding Policies in Each State.” Edbuild, 2019. Web.

<http://funded.edbuild.org/reports/issue/poverty/in-depth> Accessed: 20 May 2020; “FundEd: Concentrated Poverty Policies in Each State.” Edbuild, 2019. Web. <http://funded.edbuild.org/reports/issue/concentrated-poverty> Accessed: 20 May 2020; “Kansas School Finance System” Kansas Bureau Of Legislative Research. [Kslegresearch.org](http://kslegresearch.org). 18 January 2019. Web.

<http://www.kslegresearch.org/KLRD-web/Publications/Education/2019-School-Finance-System-Overview.pdf> Accessed: 8 June 2020.

“FundEd: State Policy Analysis: District of Columbia.” Edbuild, 2019. Web. <http://funded.edbuild.org/state/DC>. Accessed: 23 July 2020.

**TABLE 4: METRICS FOR IDENTIFYING STUDENT POVERTY BY STATE OR JURISDICTION (EXCLUDING STATES THAT RELY SOLELY ON NSL-ELIGIBILITY)**

Metric >>>	NSL (free or reduced-price lunch eligible)	SNAP	TANF	Medicaid	Children's Health Insurance Program	Food Distribution Program on Indian Reservations (FDPIR)	Free Milk Program	Title I Data	Federal Census less	Home-Foster Home Family	Migrant Low Wealth County (property/income)
California	X	X	X			X					X
Connecticut	X	X	X	X			X				
Delaware		X	X								
DC		X	X						X	X	
Illinois		X	X	X	X						
Indiana	X	X	X								X
Kansas	X	X	X			X					X
Massachusetts*		X	X	X							X
Michigan	X	X	X	X					X	X	X
Montana								X			
Nevada	X							X			
New Hampshire	X	X	X								
New Mexico								X			
New York	X							X			
North Carolina								X			X
Ohio	X	X	X								
Oregon		X						X		X	
Pennsylvania								X			
South Carolina	X	X	X	X					X	X	X
Texas	X							X			

SNAP = Supplemental Nutrition Assistance Program TANF = Temporary Assistance for Needy Families

\*- Massachusetts additionally allows schools or districts to certify students who participate in Head Start/Early Head Start, are on a list of homeless children identified by the district homeless liaison, are migrants, or runaway children, for the purpose of meeting the 40% eligibility threshold for the Federal government’s Community Eligibility Provision (CEP). However, these students do not attract additional poverty funding from the state, though an estimated 80%+ of homeless students in the state are typically captured by directly certifying for SNAP, TANF, foster care and the state Medicaid pilot (MassHealth).

Based on data obtained from “Measuring Student Poverty: Dishing Up Alternatives to Free and Reduced-Price Lunch” Urban Institute, 2019. Web. <https://www.urban.org/features/measuring-student-poverty-dishing-up-alternatives-free-and-reduced-price-lunch> Accessed: 2 June 2020. “FundEd: State Policy Analysis: District of Columbia.” Edbuild, 2019. Web. <http://funded.edbuild.org/state/DC>. Accessed: 23 July 2020.



## 3.1

## PROBLEMS WITH NSL ELIGIBILITY-BASED POVERTY FUNDING

NSL eligibility remains a widely used determinant for additional school district funding based on student poverty.<sup>35</sup> However, its effectiveness and appropriateness as a proxy for student poverty are diminished by a range of issues.

**3.1.1 Administrative Burden:** Eligibility for the NSL program has generally and historically placed the responsibility for filling out individual application forms that provide information about family income on students. This is problematic as not all students who are eligible are likely to fill these forms out, with high school students being especially less likely than their younger peers to complete and submit forms.<sup>36</sup> Schools display high rates of variability in encouraging students to complete forms,<sup>37</sup> and this generally places a burden on a school's limited administrative resources.

These burdens are especially disadvantageous for public charter schools. Charter schools have cited barriers to taking part in the NSL program (and other federal child nutrition programs) including limited access to kitchen and cafeteria facilities, lack of equipment, and difficulties in setting up reliable administrative systems to receive reimbursements for eligible students.<sup>38</sup> For instance, in some states, less than half the public charters have kitchen facilities that meet federal standards.<sup>39</sup> In states like Arkansas that allocate supplemental poverty funding based solely on NSL eligibility and require schools to provide free or reduced-price meals in order to receive it, some charter schools receive no additional funding for student poverty since they don't participate in the NSL program.<sup>40</sup>

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<sup>35</sup> "K-12 Funding: At-Risk Funding For Low-Income Students." Education Commission Of The States, 2019. Web. <https://c0arw235.caspio.com/dp/b7f93000802671b651f94ed487ad> Accessed: 20 May 2020.

<sup>36</sup> Morcos, Sharon Hearne and Marian C. Spears. "The national school lunch program: factors influencing participation." *Sch Food Serv Res Rev* 16 (1992): 11-22. <http://docs.schoolnutrition.org/newsroom/jcnm/archives/SFSRR%201992%20Issue%201.pdf#page=13>

<sup>37</sup> "National School Lunch State Categorical Funding and Expenditures."

<sup>38</sup> "National School Lunch Program and School Breakfast Program: Questions and Answers for Charter Schools." U.S. Department of Agriculture Food and Nutrition Service. *Fns.usda.gov*. 14 November 2018. Web. <https://www.fns.usda.gov/cn/national-school-lunch-program-and-school-breakfast-program-questions-and-answers-charter> Accessed: 13 July 2020.

<sup>39</sup> National Charter School Resource Center. (2013). Charter Schools Facilities Initiative: Initial Findings from Twelve States. <http://facilitiesinitiative.org/> Accessed 20 March 2019.

<sup>40</sup> "National School Lunch State Categorical Funding and Expenditures" State of Arkansas Bureau Of Legislative Research. *Arkleg.state.ar.us*. 19 September 2017. Web.

This is especially concerning since many charters have a mission of serving disadvantaged or underserved communities, or serve large numbers of low-income students.<sup>41</sup>

**3.1.2 Undermined by Federal Government Reforms:** Also problematic are the effects of new federal government initiatives, like the Community Eligibility Provision (CEP) and Provision 2, intended to ameliorate the above-mentioned administrative problems with establishing students' eligibility by allowing certain schools to automatically qualify 100% of their students as "NSL-eligible" (instead of requiring individual applications) provided that certain conditions are met.<sup>42</sup>

Where these programs apply to schools or districts in states that still use NSL-eligibility as a proxy for student poverty, some, like Arkansas,<sup>43</sup> have resorted to using potentially outdated NSL application counts that could overestimate the number of low-income children at a particular school. Others flatly use a multiplier of 1.6 to adjust school-level counts of low-income children.<sup>44</sup> However, this approach fails to account for if and where additional students at the school are low-income.

As more schools opt for these new programs, the disparity between the number of students at the school that the state considers eligible for attracting additional funding for poverty, and the actual concentration of low-income background students in those schools, will widen over time.



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[https://www.arkleg.state.ar.us/Bureau/Document?type=pdf&source=education%2fK12/AdequacyReports/2018%2f2017-09-19&filename=NSLStateCategoricalFundingAndExpendituresReport\\_BLR2](https://www.arkleg.state.ar.us/Bureau/Document?type=pdf&source=education%2fK12/AdequacyReports/2018%2f2017-09-19&filename=NSLStateCategoricalFundingAndExpendituresReport_BLR2) Accessed: 20 May 2020. 7.

<sup>41</sup> Greene, Jay P., Greg Forster, and Marcus A. Winters. "Apples to Apples: An Evaluation of Charter Schools Serving General Student Populations. Education Working Paper No. 1." *Center for Civic Innovation* (2003). <https://files.eric.ed.gov/fulltext/ED498243.pdf> Accessed: 13 July 2020.

<sup>42</sup> Ibid.

<sup>43</sup> Ibid.

<sup>44</sup> "National School Lunch Program and School Breakfast Program: Eliminating Applications Through Community Eligibility as Required by the Healthy, Hunger-Free Kids Act of 2010." *Federal Register*. *Federalregister.gov*. 29 August 2016. Web. <https://www.federalregister.gov/documents/2016/07/29/2016-17232/national-school-lunch-program-and-school-breakfast-program-eliminating-applications-through> Accessed: 20 May 2020.

*As more schools opt for these new programs, the disparity between the number of students at the school that the state considers eligible for attracting additional funding for poverty, and the actual concentration of low-income background students in those schools, will widen over time.*



These programs are:

- **Community Eligibility Program (CEP):**<sup>45</sup> To qualify for this program, 40% of students at a school must already be certified as eligible for free lunches through their family's participation in means-tested government programs besides the NSL program such as SNAP. Schools that participate must commit to providing free lunch and breakfast to *all* students at no cost, and receive a more generous meal reimbursement than under Provision 2. This relieves participating schools of the responsibility and administrative burden of collecting individual NSL eligibility forms.
- **Provision 2:**<sup>46</sup> This program is less generous than CEP, but still allows school districts to reduce their administrative burdens by only having to collect NSL applications from their students once every four years, as long as they commit to providing meals to *all* students at no charge for all four years rather than each year separately. The funding provided by the federal government for participating school districts is commensurate with the free, reduced-price and student-paid lunch rates multiplied by the percentage totals of each category of student in the first year of the four-year cycle.

**3.1.3 Broad Scope:** As the NSL program's family income eligibility threshold of <185% of FPL is significantly higher than many other government programs that address economic

<sup>45</sup> "Community Eligibility Provision." U.S. Department of Agriculture Food and Nutrition Service. *Fns.usda.gov*. 19 April 2019. Web. <https://www.fns.usda.gov/school-meals/community-eligibility-provision> Accessed: 20 May 2020.

<sup>46</sup> "Provision 2 Guidance National School Lunch and School Breakfast Programs." U.S. Department of Agriculture Food and Nutrition Service. *Fns.usda.gov*. 14 August 2002. Web. <https://www.fns.usda.gov/provision-2-guidance-national-school-lunch-and-school-breakfast-programs> Accessed: 20 May 2020.

disadvantage,<sup>47</sup> there are concerns that it might over-identify student poverty.<sup>48</sup> This could result in the disbursement of a smaller additional funding amount to a larger number of students rather than a better-calibrated measure that could distribute greater funding per disadvantaged student targeted to those who are at greater disadvantage.

**3.1.4 Unclear Policy Intent:** Related to the broad scope created by a relatively high threshold is also the disagreement among policymakers and policy analysts about what exactly NSL-eligibility-based funding is meant to achieve or identify. In the state of Arkansas, for instance, some have argued that it's intended to support low-income students, others claim that it's intended for students who are likely to struggle academically, and some favor the broad scope approach because it supports *all* students at eligible schools and not a particular subgroup.<sup>49</sup>

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<sup>47</sup> For example: SNAP, TANF, Medicaid etc. For further discussion, see: Greenberg, Erica. "New Measures of Student Poverty: Replacing Free and Reduced-Price Lunch Status Based on Household Forms with Direct Certification." *Urban Institute*  
[https://www.urban.org/sites/default/files/publication/99325/new\\_measures\\_of\\_student\\_poverty\\_1.pdf](https://www.urban.org/sites/default/files/publication/99325/new_measures_of_student_poverty_1.pdf) (2018).

<sup>48</sup> "National School Lunch State Categorical Funding and Expenditures."

<sup>49</sup> Arkansas Bureau of Legislative Research, Memo to Sen. Johnny Key and Rep. James McLean, July 19, 2013, <http://www.arkleg.state.ar.us/education/K12/AdequacyReports/2014/2014-01-07/06-Referenced%20in%20Meeting%20-%20Original%20Intent%20of%20NSL%20Funding,%20BLR,%207-19-2013.pdf> Accessed: 20 May 2020. "National School Lunch State Categorical Funding and Expenditures" State of Arkansas Bureau Of Legislative Research. *Arkleg.state.ar.us*. 19 September 2017. Web.  
[https://www.arkleg.state.ar.us/Bureau/Document?type=pdf&source=education%2fK12/AdequacyReports/2018%2f2017-09-19&filename=NSLStateCategoricalFundingAndExpendituresReport\\_BLR2](https://www.arkleg.state.ar.us/Bureau/Document?type=pdf&source=education%2fK12/AdequacyReports/2018%2f2017-09-19&filename=NSLStateCategoricalFundingAndExpendituresReport_BLR2) Accessed: 20 May 2020. 20.

## PART 4

# LESSONS AND POLICY RECOMMENDATIONS

Various states employ a range of best practices to address the achievement gap correlated to student poverty. These policies can be adapted by others in order to foster more equitable student funding. They can also help ensure that additional funds for student poverty are well-calibrated to student need, and are based on a metric that's fit-for-purpose.

### 4.1

## DIRECT CERTIFICATION

States may consider shifting from NSL-eligibility to the direct certification model of Massachusetts and Delaware.<sup>50</sup> This method considers the student's family's enrollment into federal means-tested programs for addressing poverty (such as SNAP and TANF), based on government database records for these programs, as a more reliable proxy for determining student poverty.<sup>51</sup> In addition to overcoming the issues that arise due to federal programs that automatically certify all students in a school as NSL-eligible, the transition to direct certification also alleviates the stress and resource burden placed on school staff and students to fill out separate applications.

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<sup>50</sup> "Fall 2014–Low Income Measure." Delaware Department of Education, last updated December 5, 2016, <https://www.doe.k12.de.us/Page/1890>.

<sup>51</sup> Greenberg. "New Measures of Student Poverty."



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However, even these metrics have some caveats. For instance, placing the burden of applying for the programs on families rather than schools, and the generally lower family income eligibility thresholds for these programs relative to the NSL,<sup>52</sup> can cause an undercount of low-income students. SNAP applications, for example, look different in each state, might require official documentation of birth, residency, and income; and could entail an interview.<sup>53</sup> By contrast, while applications for the NSL program also vary, they are usually included in registration packets or are otherwise made widely available, are submitted directly to school staff (who can support or encourage their completion), and are based on self-reported statements of income rather than official documentation.<sup>54</sup>

So, then, shifting to direct certification from NSL-eligibility may affect students whose families have low literacy levels or English proficiency, those whose families have transportation challenges or inflexible work schedules, those whose families are unable to

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<sup>52</sup> Michelmore, Katherine and Susan Dynarski. "The gap within the gap: Using longitudinal data to understand income differences in educational outcomes." *AERA Open* 3.1 <https://journals.sagepub.com/doi/pdf/10.1177/2332858417692958> (2017).

<sup>53</sup> "10 Steps to Help You Fill Your Grocery Bag." U.S. Department of Agriculture, Food and Nutrition Service, last updated January 31, 2018, <http://www.vidyya.com/3pdfs/10steps.pdf>.

<sup>54</sup> "School Meals: Applying for Free and Reduced-Price School Meals." U.S. Department of Agriculture, Food and Nutrition Service, last updated April 24, 2018, <https://www.fns.usda.gov/school-meals/applying-free-and-reduced-price-school-meals>.

document income, students who might have otherwise qualified through old NSL program forms, and children of immigrant U.S. citizens or non-citizens.<sup>55</sup>

Another issue is that of technical challenges posed by trying to match school enrollment databases to public benefit databases, as this too could result in the undercounting of low-income students. Notably however, improvements in matching processes mean that multiple bits of data, including student names, birthdays, addresses, parents/guardians' names, and other identifying features, can be incorporated to increase the odds of matching every student. Despite this, some difficulties, such as the existence of students with varied name spellings, persist. Granting schools and districts access to government databases for public assistance programs in order to certify students automatically also raises privacy concerns.<sup>56</sup>



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*Granting schools and districts access to government databases for public assistance programs in order to certify students automatically also raises privacy concerns.*

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## 4.2

### DIRECT CERTIFICATION CASE STUDY: MASSACHUSETTS

Massachusetts provides a case study for transitioning from NSL-eligibility to direct certification as a proxy for student poverty funding. In order to capture as many economically disadvantaged students as possible, it directly certifies students and those whose household members are recipients of multiple public assistance programs like SNAP

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<sup>55</sup> Siskin, Alison. "Noncitizen eligibility for federal public assistance: policy overview." *Washington, DC: Congressional Research Service*. <https://pdfs.semanticscholar.org/6c36/626237939ab4eaa7a2aa2b34e80dfe05938b.pdf> (2016).

<sup>56</sup> Moore, Quinn, et al. *Direct Certification in the National School Lunch Program: State Implementation Progress, School Year 2014-2015*. No. b15caed2ecdf46099597e5c2c820ac36. Mathematica Policy Research, 2016. <https://fns-prod.azureedge.net/sites/default/files/ops/NSLPDirectCertification2015.pdf>

and TANF, as well as foster children.<sup>57</sup> A state Medicaid pilot also helps recover students eligible for reduced-price lunch (with household incomes between 130% and 185% of the federal poverty level).<sup>58</sup> This test was based on the decision to reset the standard for economic disadvantage from under 185% of the federal poverty line, as defined under the previous test of NSL-eligibility, to under 133% of the federal poverty line. This was implemented since the state of Massachusetts concluded at the time that it could only match reliably across programs at the 133% threshold and not the broader 133%-185% range.<sup>59</sup>

After implementing the new direct certification test, the state saw a 31.4% decrease in the share of students identified as economically disadvantaged,<sup>60</sup> although this connotes the targeting of students with the greatest degree of economic disadvantage. It is noted, however, that the failure to identify some students even at this great a degree of economic disadvantage could have played a role since some families do not participate in the public assistance programs despite being eligible for them.<sup>61</sup> In any case, reducing the number of students captured by the previous NSL-eligibility metric in this manner led the state to use a higher multiplier or weighting for each student now identified as eligible for attracting funding for economic disadvantage. This was implemented in Massachusetts alongside a “hold harmless” provision which guaranteed school districts at least the same funding level that they would have received under the previous low-income measure, i.e. by applying the NSL-eligibility metric using data collected pre-transition.

In 2019, however, Massachusetts passed the *Student Opportunity Act*. That law raises the threshold for economic disadvantage back to 185%.<sup>62</sup> It will hence require a recalibration of the state’s direct certification methodology and the possible inclusion of additional means-tested public assistance programs in order to capture more students. For instance,

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<sup>57</sup> “Redefining Low Income - A New Metric for K-12 Education.” Massachusetts Department of Elementary and Secondary Education. *Doe.mass.edu*. 6 July 2015. Web. <http://www.doe.mass.edu/infoservices/data/ed.html> Accessed: 20 May 2020.

<sup>58</sup> Greenberg. “New Measures of Student Poverty.”

<sup>59</sup> Massachusetts Department of Elementary and Secondary Education. “Low-Income Student Calculation Study.”

<sup>60</sup> Greenberg. “New Measures of Student Poverty.”

<sup>61</sup> Massachusetts Department of Elementary and Secondary Education. “Low-Income Student Calculation Study.”

<sup>62</sup> Edge Staff. “News Brief: Mass. Senate unanimously passes Student Opportunity Act.”



MassHealth already identifies families under 135% of the federal poverty line as well as those situated between 135% and 185% of the federal poverty line.<sup>63</sup> The state could hence opt to directly certify more students through an existing program by opting for the broader test.

## 4.3

## WEIGHTED STUDENT FUNDING (WSF)

Another advisable strategy for states that want to calibrate funding systems to better account and allocate resources for poverty is to collapse state-based categorical funding streams into a basic weighted student funding formula. Ideally this formula would adjust and equalize funding based on the differing abilities of districts to raise their own local revenue.

This offers three key advantages. Firstly, it adjusts for per-student funding disparities that aren't based on need by ensuring that students with similar needs are provided with similar levels of funding regardless of the district they live in or its level of property wealth. For this reason, reviews of both the Californian<sup>64</sup> and Hawaiian<sup>65</sup> school finance systems, in the wake of their state's respective transitions into a WSF model, found that the most economically disadvantaged students were attracting significantly more funding relative to the same level of overall expenditure after the transition. Those WSF systems have also garnered resounding support from parents,<sup>66</sup> district leaders,<sup>67</sup> and principals.<sup>68</sup>

<sup>63</sup> "MassHealth Coverage By Federal Reimbursement Matrix." *Mass.gov*. 2020. Web. <https://www.mass.gov/service-details/masshealth-health-care-reform/resources?page=9> Accessed: 8 June 2020.

<sup>64</sup> Chen, Theresa and Carrie Hahnel. "The Steep Road to Resource Equity in California Education: The Local Control Funding Formula after Three Years." *Education Trust-West* <https://files.eric.ed.gov/fulltext/ED588816.pdf> (2017).

<sup>65</sup> Levin, J., J. Chambers, D. Epstein, N. Mills, M. Archer, A. Wang and K. Lane. "Evaluation of Hawaii's weighted student formula." *San Mateo, CA: American Institutes for Research* [https://www.air.org/sites/default/files/downloads/report/AIR\\_Evaluation\\_of\\_Hawaii\\_Weighted\\_Student\\_Formula\\_Full\\_Report06-19-13\\_0.pdf](https://www.air.org/sites/default/files/downloads/report/AIR_Evaluation_of_Hawaii_Weighted_Student_Formula_Full_Report06-19-13_0.pdf) (2013).

<sup>66</sup> Wolf, Rebecca and Janelle Sands. "A preliminary analysis of California's new Local Control Funding Formula." *Education Policy Analysis Archives/Archivos Analíticos de Políticas Educativas* 24 (2016): 1-39. <https://epaa.asu.edu/ojs/article/view/2194>

<sup>67</sup> Marsh, Julie and Julia Koppich. "Superintendents Speak: Implementing the Local Control Funding Formula (LCFF)" *Local Control Funding Formula Collaborative*. [www.edpolicyinca.org/sites/default/files/LCFF\\_Superintendents\\_Survey.pdf](http://www.edpolicyinca.org/sites/default/files/LCFF_Superintendents_Survey.pdf) (2018).

<sup>68</sup> Koppich, Julia. "Principals' Perceptions: Implementing The Local Control Funding Formula." *Local Control Funding Formula Collaborative*. (2019) [https://www.edpolicyinca.org/sites/default/files/Report\\_PrincipalsPerceptions\\_Jan-19.pdf](https://www.edpolicyinca.org/sites/default/files/Report_PrincipalsPerceptions_Jan-19.pdf)

Secondly, by collapsing state categorical funding streams into the general or foundation funding formula, a transition to WSF allows for a greater equalization of education revenues between districts of varying property wealth, thereby promoting student equity. Most states utilize an “equalization formula” whereby the state compensates districts that cannot raise sufficient revenue from local sources through state aid. Some, like Wyoming, “recapture” excess local revenue raised by property-wealthy districts above a certain threshold and redistribute it for this purpose.<sup>69</sup> Funding streams that exist outside base or foundation formulas, such as state categorical funding for student poverty, are typically not equalized in this way.



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*...by collapsing state categorical funding streams into the general or foundation funding formula, a transition to WSF allows for a greater equalization of education revenues between districts of varying property wealth, thereby promoting student equity.*

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Finally, weighted student formula provides school districts with greater autonomy in customizing their spending decisions based on the unique needs of their own students by removing top-down, centralized state mandates that not only restrict how the money can be used, but also undermine the accountability of school and district leaders who can no longer be held responsible for improving education outcomes.

This is consistent with Organization for Economic Cooperation and Development (OECD) research which canvassed funding systems across the developed world:

*Experience in some of the OECD review countries indicates that an absence of resource autonomy at the school level risks constraining schools' room for manoeuvre in developing and shaping their own profiles and may create inefficiencies in resource management...School autonomy over budgetary matters can provide schools with needed flexibility to use allocated resources in line with local needs and priorities.<sup>70</sup>*

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<sup>69</sup> “Wyoming Property Taxation, 2017.” Wyoming Taxpayers Association. Wyotax.org. 2017. Web. [https://www.wyotax.org/\\_pdfs/2018/May/WTAPropertyTaxationBook17new.pdf](https://www.wyotax.org/_pdfs/2018/May/WTAPropertyTaxationBook17new.pdf)

<sup>70</sup> Organization for Economic Co-operation and Development (OECD). “The Funding of School Education: Connecting Resources and Learning.” June 2017 <https://doi.org/10.1787/9789264276147-en>



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*In 2015, for instance, the OECD found a significant positive correlation between the level of autonomy that school leaders, i.e. principals, have in making spending decisions and academic outcomes in science.*

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In 2015, for instance, the OECD found a significant positive correlation between the level of autonomy that school leaders, i.e. principals, have in making spending decisions and academic outcomes in science.<sup>71</sup> Although it should be noted that the same study also found that the ability of increased autonomy to improve results was influenced by how developed the country studied was, and the level of access to talented and capable staff.<sup>72</sup> For this reason, education policy experts recommend that school and district leaders who are conferred with greater autonomy be given guidance and support (such as in the form of finance and leadership training) in order to make the most of their newfound autonomy and responsibilities as part of the transition to a WSF system.<sup>73</sup>

In states like Arkansas that fund for student poverty concentration in schools through a funding weight incorporated into a state categorical stream outside their equalized foundation funding formula, school districts can only spend these funds for a specific set of circumstances, and must ask the state government for permission to spend them for other purposes.<sup>74</sup> Despite this hurdle and the significant administrative costs that it connotes, spending outside of the purposes mandated in statute remain among the most popular uses of these funds.<sup>75</sup>

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<sup>71</sup> OECD. “PISA 2015 Results (Volume II): Policies and Practices for Successful Schools.” OECD Publishing, 2016, <https://www.oecd.org/education/pisa-2015-results-volume-ii-9789264267510-en.htm>

<sup>72</sup> Ibid.

<sup>73</sup> Roza, M. and Georgia Heyward. “Highly Productive Rural Districts: What is the Secret Sauce?” *Rural Opportunities Consortium of Idaho*. [https://edunomicslab.org/wpcontent/uploads/2015/09/ROCI\\_SuperProductiveRuralDistricts\\_Final.pdf](https://edunomicslab.org/wpcontent/uploads/2015/09/ROCI_SuperProductiveRuralDistricts_Final.pdf) (2015).

<sup>74</sup> “National School Lunch State Categorical Funding and Expenditures.”

<sup>75</sup> Ibid.

Research has shown that no single set of mandated spending priorities is correlated with improving student achievement. For instance, studies of rural school districts find those that outperform their peers tend to be better at leveraging resources in ways that can't be replicated through top-down mandates, and instead can often spend on very different things.<sup>76</sup> Rather, the ability to tailor spending in consultation with community stakeholders encourages innovative responses that recognize that every student and every school is different and will benefit from customized approaches.



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This is confirmed by California's transition to a WSF model and its resulting benefits for economically disadvantaged students. Edunomics Lab found hiring growth in services for disadvantaged students after school and district leaders were given greater autonomy over how funds are used.<sup>77</sup> Researchers at PACE (Policy Analysis for California Education) similarly concluded that the examined districts "showed a strong alignment with [former] Governor [Jerry] Brown's vision of closing opportunity gaps by distributing greater resources to those with greater needs."<sup>78</sup> Notably, the reforms ensured a greater degree of consultation and responsiveness between school/district management and community

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<sup>76</sup> Roza and Heyward. "Highly Productive Rural Districts." [https://edunomicslab.org/wpcontent/uploads/2015/09/ROCI\\_SuperProductiveRuralDistricts\\_Final.pdf](https://edunomicslab.org/wpcontent/uploads/2015/09/ROCI_SuperProductiveRuralDistricts_Final.pdf) (2015).

<sup>77</sup> Roza, Marguerite, Tim Coughlin and Laura Anderson. "Taking stock of California's weighted student funding overhaul: What have districts done with their spending flexibility?" *Edunomics Lab*. (2017) <https://edunomicslab.org/analyzing-early-impacts-californias-local-control-funding-formula/>

<sup>78</sup> Koppich, J., and D. Humphrey. "The Local Control Funding Formula (LCFF): What have we learned after four years of implementation." *Getting Down to Facts II* <https://files.eric.ed.gov/fulltext/ED594756.pdf> (2018).

stakeholders when it came to budgeting.<sup>79</sup> Importantly, principals<sup>80</sup> and superintendents<sup>81</sup> reported that they felt “more accountable” for delivering the desirable education outcomes or improvements.

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<sup>79</sup> Wolf, Rebecca and Janelle Sands. “A preliminary analysis of California’s new Local Control Funding Formula.” *Education Policy Analysis Archives/Archivos Analíticos de Políticas Educativas* 24 (2016): 1-39. <https://epaa.asu.edu/ojs/article/view/2194>

<sup>80</sup> Koppich. “Principals’ Perceptions.”

<sup>81</sup> Marsh and Koppich. “Superintendents Speak.”

## PART 5

# CONCLUSION AND RECOMMENDATIONS

The previously discussed insights aim to better inform policymakers on providing appropriate and adequate educational funding for economically disadvantaged students based on limited funding and resources. They also highlight a few key factors that are crucial to improving any education finance system:

**#1 Accurate metrics are important:** Any school finance system that uses outdated poverty rates or poverty measurement measures that over-count or undercount the students that it's meant to capture should be reformed to uphold fairness as well as the desired policy goals. It's noted, for instance, that over-identifying economically disadvantaged students by capturing those who are not disadvantaged through imprecise metrics or outdated counts could have the perverse effect of showing statistical improvements in outcomes for students in poverty relative to their non-disadvantaged peers when no such positive result actually exists.<sup>82</sup> It could thereby misinform policy analysts and policymakers alongside supporting the inequitable allocation of funds intended for poverty-related difficulty alleviation.

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<sup>82</sup> "National School Lunch State Categorical Funding and Expenditures."

**#2 Choosing the appropriate funding weights or multipliers for student poverty is more of an art than a science:** While a progressive weighting system is desirable in that it delivers the best approximation of needs-based funding while promoting fairness and equity, precise weighting selection is a dynamic and context-dependent exercise. For instance, different states have different student populations and different concentrations of disadvantaged children. The limited (and varying) funding pools available in different states to cater to these needs must also be considered as the application of one state's weighting system in another state could result in relatively less or relatively more-equitable apportionment of funds.

**#3 Policymakers should consider a holistic appraisal of funding equity in any education finance system:** In other words, funding streams and local revenues that lie outside the main funding formula for students and that may aim to achieve some specific outcome or to cater to some specific need shouldn't hinder the goal of delivering a greater share of dollars to economically disadvantaged students. Similarly, the unique features of school districts in each state must also be considered. For instance,<sup>83</sup> New York and Florida vary in that the former has school districts of a generally smaller size, whereby it's easier to promote equitable poverty funding allocation by targeting those districts with higher poverty concentrations. However, Florida, by contrast, has larger countywide school districts with significant poverty concentration variations even within district boundaries. In such a case, students from poorer neighborhoods within higher wealth districts overall may not receive funding triggered by district-level poverty criteria. This could explain why the state of New York has opted for a school finance system that balances out regressive local revenues with progressive state revenues, yet Florida (where there is less variation in poverty rates between its large districts encompassing neighborhoods with radical variations in poverty between each other) has neutral levels of state and local (district) funding effort.

Funding weights and streams which target "concentrated poverty" on the basis that all students in a school with a higher poverty concentration are adversely impacted by the prevalence of poverty, or that concentrated poverty itself necessitates the addition of additional resources or a greater intensity of services, are well-intentioned. However, this principle should be weighed against its arguably and potentially inequitable result of allocating a proportionately smaller amount of the limited funds available to address the

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<sup>83</sup> Tilsley, Alexandra, et al. "School Funding: Do Poor Kids Get Their Fair Share?" *Apps.urban.org* Website. <http://apps.urban.org/features/school-funding-do-poor-kids-get-fair-share> (2017).

issue of student poverty to those economically disadvantaged students who do not attend school in a high poverty-concentration area.

This also has carry-over implications for open enrollment policies. For instance, states that operate such policies alongside funding for concentrated poverty would end up with a system that short-changes students who transfer schools from one district to another, as their full funding allotment from the state may not travel with them.

**#4 Flexibility and autonomy for local district and school leaders are key to meeting state policy objectives for education outcomes:** Studies of high-performing school districts that have found no single strategy or formula for success, but rather that the most successful districts relied on strategies that were tailored to their unique needs and proclivities.<sup>84</sup> This is only achievable if those with the best understanding of which programs and staffing arrangements their particular low-income students need—i.e. decision-makers with the most intimate knowledge of these unique and variable factors—are free to customize solutions to meet the policy objectives. This principle has contributed to the success and positive appraisal (by parents, district leaders and principals alike) of WSF reforms in California and Hawaii that fostered autonomy and flexibility in school budget-making.

## 5.1

# RECOMMENDATIONS

These four principles support the following best practices aimed at improving calibration and equity in poverty-based student funding:

- Moving away from the problematic use of NSL (National School Lunch) counts and toward a direct certification model, such as that of Massachusetts, which promotes more-accurate identification of economic disadvantage.
- Transitioning to a weighted student funding (WSF) model that provides local district and school leaders with greater flexibility and autonomy in tailoring school budgets to meet the needs of their economically disadvantaged students, as was the case in Hawaii and California.
- Using state dollars to equalize differences in the capacity of different districts to fund their own education needs based on property wealth.

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<sup>84</sup> Roza Heyward. “Highly Productive Rural Districts.”



- Holistically appraising funding equity, i.e. whether funds are actually reaching the most disadvantaged students, by observing trends in the per-student funding between schools and the variations between schools in this regard (rather than variations in funding allocated or earmarked specifically for poverty), to ensure that schools with similar poverty levels are receiving similar levels of per-student funding.

# ABOUT THE AUTHOR

**Satya Marar** is a Washington D.C.-based policy analyst at Reason Foundation who has written for the American, Australian, New Zealand and British media. He has also been featured on TV and radio. He previously worked as policy director for the Australian Taxpayers' Alliance where he analyzed federal and state budgets, produced research, and appeared before Parliamentary and Senate inquiries to give evidence on tax policy, trade, public health, energy, foreign affairs, and civil liberties. His articles have appeared in the *Washington Times*, *Washington Examiner*, *South Florida Sun Sentinel*, *Orange County Register*, *Townhall*, *Australian Financial Review* and more. He received a Bachelor of Arts and Bachelor of Laws degree with Honors from Macquarie University in 2017 and was admitted as a solicitor to the Supreme Court of New South Wales in 2018.

