

Poverty as a Factor in K-12 Funding

A technical amendment to the Road Map Project's Follow the Money analysis



January 2017

Analysis by Third Sector Intelligence



This document serves as a technical amendment to Road Map Project’s Follow the Money analysis done in 2016. The Community Center for Education Results (CCER) worked with Third Sector Intelligence in producing the Follow the Money Analysis as well as this memo on how state funding accounts for poverty within basic education funding allocation.

A summary is available on page 3, with the full analysis beginning on page 4.

Please visit the [Road Map Project website](#) for additional information about these efforts and analysis.

If you have questions or comments, please email info@ccedresults.org.

About Road Map Project & CCER

The Road Map Project is a collective impact initiative aimed at getting dramatic improvement in student achievement – cradle through college and career – in South Seattle and South King County. Road Map Project is supported by the Community Center for Education Results (CCER), a nonprofit organization. Founded in 2010, CCER provides staffing, communications and data support to the Road Map Project.

To learn more visit: www.roadmapproject.org

About Third Sector Intelligence, Inc.

3SI helps clients convert data into information and knowledge to make a positive social impact. We specialize in delivering business intelligence and program evaluation services to public sector organizations, philanthropies, and not-for-profits. 3Si is a Seattle based consulting firm.

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SUMMARY

Introduction:

The link between poverty and the student achievement gap is a well-researched topic nationally. Research suggests that it costs a school district up to twice as much to educate a student in poverty to the same standards as a higher income student.¹ In addition, “Researchers have also documented the strong negative effects of living in a poor neighborhood and attending a high-poverty school.”² It is noted that “Students in high-poverty schools have lower levels of academic proficiency and are less likely to graduate from high school, to attend college and to get jobs.”³ While there is no universally established level of funding per student needed to close the achievement gap, research on the topic suggests that the amount of money per student matters and that a school with a higher concentration of poverty requires even greater resources.

This memo examines how poverty⁴ - and proxies or other indicators - influence funding for basic education in Washington State by addressing the following three questions:

1. Are there formal mechanisms for poverty to influence basic education funding allocations in the prototypical school model?⁵
2. Do students in poverty receive more funding on a per student basis for basic education services?
3. Is concentration of poverty considered in funding allocations from the state to districts?

This memo provides descriptions of specific programs that use a measure, or proxy, of poverty as part of the funding formula, how those programs are funded, thresholds and other requirements. It also describes the prototypical school model allocations, how poverty is accounted for and aspects of the current system that may have a negative, unintended consequence on resource allocation. Finally, this memo is a description of the ways in which the existing funding allocation model takes poverty into account today.

Key Takeaways:

- Research suggests it costs a school district up to twice as much to educate a student in poverty to the same standards as a higher income student.
- In the 2015-16 school year, a non-ELL student eligible for FRPL in the Road Map Region generated additional funding of only 7% of the state’s average per student basic education allocation.
- The prototypical school model assumes uniformity in student need.
- Staff mix factor can have negative, unintended consequences for districts with greater levels of poverty and creates unequal funding for students who are considered uniform in need.
- There is a disconnect between the students that produce LAP funds and the students that LAP serves; students in poverty do not necessarily benefit from the additional funding they generate.
- The use of concentration of poverty as a threshold for inclusion means that some students in poverty will generate additional resources while others will not.
- Poverty as a factor for allocating limited resources does not mean additional resources for students in poverty but first access until universal funding is reached.
- National reports classify Washington State’s funding for students in poverty as “flat” and shows little difference in funding for students in poverty and their wealthier counterparts.

¹ <https://edtrust.org/resource/funding-gaps-2015/>

² The National Center on Education Statistics (1996) defines a high-poverty school as one in which at least 40 percent of the student body is enrolled for subsidized meals.

³ http://poverty.ucdavis.edu/sites/main/files/file-attachments/policy_brief_weston_pupil_funding.pdf

⁴ For purposes of this memo, poverty is measured as students who receive Free and Reduced Price Lunch (FRPL) services.

⁵ The prototypical school determines the level of funding allocated from the state to school districts based on the level of resources needed to operate a school of a particular size.

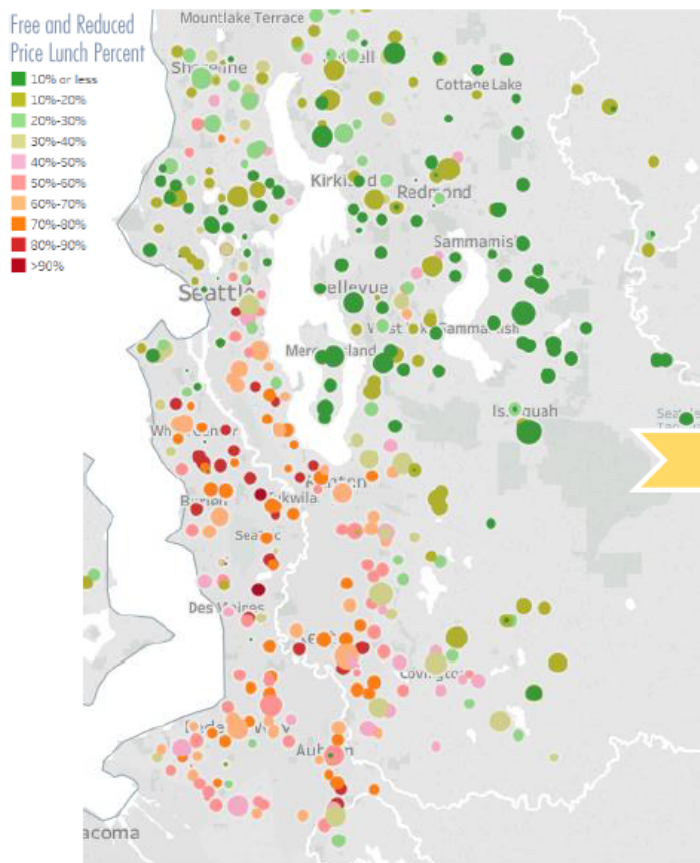
Poverty Influences within WA State K-12 Basic Education School Funding Allocations

Background: This memo is a technical appendix to the “Follow the Money” project commissioned by CCER and other partners. The memo will explore how poverty influences funding for the statutory programs of basic education in Washington State.

The “Follow the Money” project examined how the state allocates money to districts for the statutory programs of basic education, quantifies the additional money districts in South King County have received in the past two biennial budget cycles as a result of funding enhancements and analyzes the funding gap between state allocations and districts’ true costs for certain programs. Through the research conducted as part of the “Follow the Money” project, questions about how poverty is taken into account in K-12 funding arose and called for further inquiry.

The Road Map Project, geographically situated in the region’s area of highest need (South King County and South Seattle), has a particular interest in understanding how poverty is used as a factor in funding. Illustrated in the map below, the concentration of poverty in the region is substantial with 59 schools experiencing a poverty rate at or above 75%.

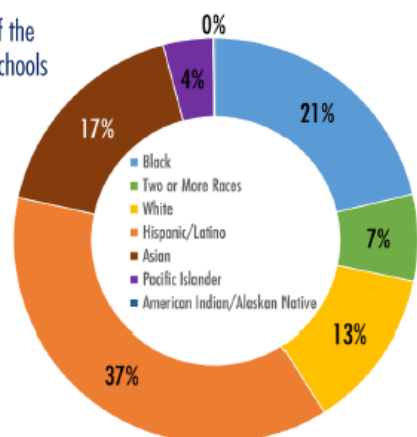
Mapping King County’s High Poverty Schools



In King County, there are 28,218 children attending the 59 schools with poverty rates at or above 75%. This map shows all schools (pre-K through 12th grade) in King County in 2015. The data includes 493 schools. The color of the dot represents the proportion of students qualifying for Free or Reduced Price Lunch (FRPL) in 2015, and the size of the dot represents the relative total enrollment of each school.

South King County has more high-poverty schools than the surrounding region

Racial Demographics of the Top-40 High Poverty Schools
N = 19,731



Data Source: OSPI Report Card, 2015 Demographics by School and CCER studentLevel database. Prepared by CCER October 25, 2016
<http://reportcard.ospi.k12.wa.us/summary.aspx?reportLevel=District&schoolId=1&reportLevel=State&year=2014-15&year=2014-15>

Introduction:

The link between poverty and the student achievement gap is a well-researched topic nationally. Research suggests that it costs a school district up to twice as much to educate a student in poverty to the same standards as a higher income student.⁶ In addition, “Researchers have also documented the strong negative effects of living in a poor neighborhood and attending a high-poverty school.”⁷ It is noted that “Students in high-poverty schools have lower levels of academic proficiency and are less likely to graduate from high school, to attend college and to get jobs.”⁸ While there is no universally established level of funding per student needed to close the achievement gap, research on the topic suggests that the amount of money per student matters and that a school with a higher concentration of poverty requires even greater resources.

This memo examines how poverty⁹ - and proxies or other indicators - influence funding for basic education in Washington State by addressing the following three questions:

1. Are there formal mechanisms for poverty to influence basic education funding allocations in the prototypical school model?¹⁰
2. Do students in poverty receive more funding on a per student basis for basic education services?
3. Is concentration of poverty considered in funding allocations from the state to districts?

This memo provides descriptions of specific programs that use a measure, or proxy, of poverty as part of the funding formula, how those programs are funded, thresholds and other requirements. It also describes the prototypical school model allocations, how poverty is accounted for and aspects of the current system that may have a negative, unintended consequence on resource allocation. Finally, this memo is a description of the ways in which the existing funding allocation model takes poverty into account today.

How Poverty Influences Basic Education Funding in Washington State:

Question 1: Are there formal mechanisms for poverty to influence basic education funding allocations in the prototypical school model in Washington State?

The prototypical school model assumes uniformity in student need and does not consider poverty a factor when calculating appropriations to districts. The same number of funded staff are allocated to students in poverty and their peers from higher income families through the prototypical school model. The two student groups have equal weight when determining allocations for certificated staff (teachers, nurses, guidance counselors, etc.), classified staff (parent involvement coordinators, custodians, etc.) and administrative staff (principals).

In addition, the prototypical school model is an allocation only funding model. An allocation based model distributes funding while providing flexibility at the local district and school level, acknowledging that no district is alike and that student and family needs vary across school districts in the state. For example, if a district receives funding for 5 guidance counselors from the state it is at the discretion of the district to determine the appropriate number of guidance counselors to meet the needs of its unique student population within the competing priorities of other funding needs and education initiatives. In turn, districts allocate funds to local schools.

For certificated instructional staff, inter-district per-pupil funding varies when a multiplier - staff mix factor - is applied to funded staff units. Staff mix factor accounts for a district’s average certificated instructional staff experience and level of education. The higher the staff mix factor the higher the allocation.¹¹

⁶ <https://edtrust.org/resource/funding-gaps-2015/>

⁷ The National Center on Education Statistics (1996) defines a high-poverty school as one in which at least 40 percent of the student body is enrolled for subsidized meals.

⁸ http://poverty.ucdavis.edu/sites/main/files/file-attachments/policy_brief_weston_pupil_funding.pdf

⁹ For purposes of this memo, poverty is measured as students who receive Free and Reduced Price Lunch (FRPL) services.

¹⁰ The prototypical school determines the level of funding allocated from the state to school districts based on the level of resources needed to operate a school of a particular size.

¹¹ For 2015-16 SY CIS salary schedule: <http://www.k12.wa.us/safs/PUB/PER/K-12SalAllocSchedCIS2015-16.pdf>

To understand the implications of this model, consider three districts with the same number of students. In the case of District A and B, which have the same staff mix factor, the same per pupil funding will be allocated to two districts with different levels of poverty. District C, which has a higher concentration of poverty and less experienced staff and thus a lower staff mix factor, will receive less per pupil funding than District A and B.

| District | % Poverty | Staff Mix | Level of funding (relative to other districts) |
|------------|-----------|-----------|--|
| District A | 25% | 1.6 | Same as District B |
| District B | 50% | 1.6 | Same as District A |
| District C | 75% | 1.2 | Less than District A and B |

The example of districts A, B and C illustrates unintended negative consequences on resource allocation for districts with a higher concentration of students in poverty and less experienced instructional staff. Districts with higher levels of poverty may struggle to attract and retain staff. Resource allocations based on current staff tenure and experience does not enable a district to leverage resources toward attracting and retaining staff. While the prototypical school model assumes uniformity in student need, staff mix factor as a determinant of funding allocations can create unequal resource allocation to the detriment of districts with a higher level of student poverty.

Question 2: Do students in poverty receive more funding on a per student basis for basic education services? (See Appendix for a full list of statutory programs of basic education)

In the Learning Assistance Program (LAP)¹² the number of students in poverty in a district is used to determine state allocations. LAP is a supplemental services program that serves eligible students who need academic support in reading, writing and math or who need behavioral support.¹³ Dollars must first be targeted toward students who qualify for LAP services in grades K – 4. All students eligible for FRPL¹⁴ in a district generate funding¹⁵ for this program. These students also generate the same amount of funding regardless of their level of poverty or concentration of poverty in their school.

In the 2015 – 2016 school year a family of four at 185% (\$44,863) of the federal poverty line qualified for reduced price meals. A family of four at 130% (\$31,525) of the federal poverty line qualified for free meals. Formulas that use FRPL to determine funding do not distinguish between 130% and 185% of the poverty line in Washington State.

¹² For the state defined description of LAP see: <http://apps.leg.wa.gov/WAC/default.aspx?cite=392-162&full=true#392-162-032>

¹³ <http://www.k12.wa.us/LAP/default.aspx>

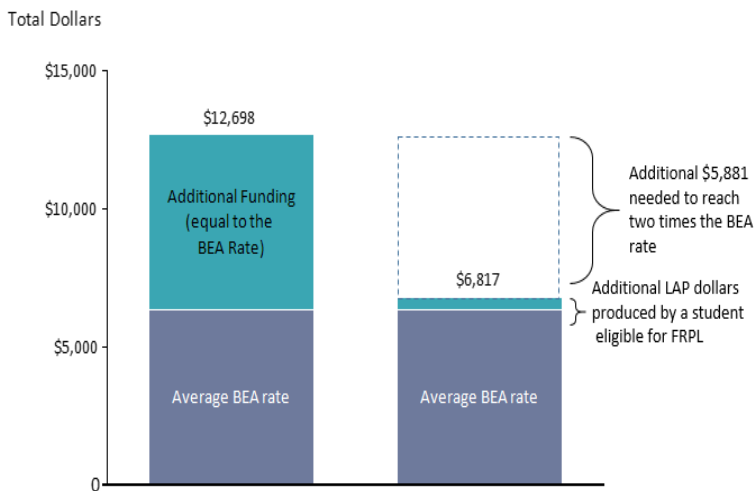
¹⁴ <https://www.gpo.gov/fdsys/pkg/FR-2015-03-31/pdf/2015-07358.pdf>

¹⁵ LAP funded teacher units = ((#FRPL*2.159 hrs. of instruction per wk.*36 wks. of instruction)/15 students per class)/900 hrs. of instruction per yr.

Research suggests that it costs a district up to twice as much to educate a student in poverty to the same standards as a higher income student. In the 2015-16 school year, a non-ELL student eligible for FRPL in the Road Map Region generated an additional \$468 dollars, on average, through the LAP program. This represents only 7% of the state’s average per student Basic Education Allocation (BEA) (\$6,349).¹⁶ Students eligible for FRPL in Tukwila (~80% FRPL) will generate the same level of funding per student as students eligible for FRPL in Mercer Island (~4% FRPL) when

controlling for staff mix. When taking staff mix factor into account, Mercer Island’s higher staff mix factor (1.54091 versus 1.47402) means that Mercer Island FRPL students will generate more per pupil LAP funding than FRPL students in Tukwila.

In addition, there is a disconnect between the students that produce LAP funds and the students that LAP serves. Students eligible for FRPL generate LAP funds but dollars are spent on students who qualify for the program based on achievement. The Revised Code of Washington (a compilation of all permanent laws now in force) defines student eligibility by the following guidelines:



1. Students who score below standard for

- his or her grade level using multiple measures of performance. Multiple measures may include the statewide student assessments or other assessments and performance measurement tools administered by the school or district;
- 2. Students who are in grades eleven or twelve and are not on track to meet state or local graduation requirements;
- 3. Students identified in eighth grade in need of high school transition services, which may continue up through the end of ninth grade; or
- 4. Are identified by the district as being significantly at-risk of not being successful in school and to be served under the district's readiness to learn program.

In the 2014-15 school year, 13.2% of students participated in LAP. Of the 141,502 students served by LAP in SY 14-15 approximately 70% were low income but represented only 21% of all students eligible for FRPL.¹⁷

Question 3: Is concentration of poverty considered in funding allocations from the state to districts?

There are two ways in which concentration of poverty is considered. In these two instances, discussed below, concentration of poverty is measured against a threshold to determine whether or not students are included or excluded from receiving funding. Defining funding against a threshold means that some students in poverty will generate additional resources while others in poverty will not, (i.e. students above the threshold will generate funding and those below will not). Alternatively, the use of an index could scale funding based on the level of poverty either by student or school.

- 1. Funding for class size reductions by SY 2017-18 was identified as a priority by Substitute House Bill 2776. It was determined that class size reductions would begin with the highest poverty schools. In this case, schools with more than 50% students eligible for FRPL (calculated at the district level) have priority for more class size

¹⁶ BEA rate calculated in the state summary apportionment reports: <http://www.k12.wa.us/safs/data/reportformatter.asp>

¹⁷ <http://k12.wa.us/LegisGov/2015documents/2015-12-LAPGrowth%20Data.pdf>

reduction funding until the class size reaches a 17:1 student to teacher ratio in grades K-3 in 2017-18.¹⁸ Under the “high-poverty” requirement only k-3 students in elementary schools with a concentration of poverty greater than 50% will generate additional funding. Consider, for example, 3 elementary schools in the same district with 100 students each. School A has 55 students eligible for FRPL, School B has 45 students eligible for FRPL, and School C has 80 students eligible for FRPL. Schools A and C will generate the same level of per pupil funding for additional classroom teachers. School B will generate no additional per pupil funds for classroom teachers.

| School (in the same district) | Number of Students | Students Eligible for FRPL | Per Pupil Funding for Additional Classroom Teachers |
|-------------------------------|--------------------|----------------------------|---|
| School A | 100 | 55 | Yes, same amount as School C |
| School B | 100 | 45 | No |
| School C | 100 | 80 | Yes, same amount as School A |

- Funding for full day kindergarten by SY 2017-18 was also identified as a priority of Substitute House Bill 2776. The highest poverty schools were identified as the first to receive funding for full day kindergarten. The state will phase in full funding for the program by SY 2017-18. During the ramp to full funding for all-day kindergarten concentration of poverty, ranked highest to lowest, is a metric for prioritizing limited resources. Once full funding is reached, concentration of poverty will not be a factor in funding allocations.

Funding for this program does not cover the capital cost associated with the additional classroom capacity or classroom supplies districts need to offer full day kindergarten. During the 2013-15 budget session, OSPI estimated that 5,698 additional classrooms would be needed to meet the requirements of full day K and K-3 class size reduction. It was estimated that 2,000 classrooms would be funded through the 2015-17 capital budget 2ESSB 6080. A district may serve high-poverty students and would be prioritized for funding but without the physical space may not be able to take advantage of the funding.

While concentration of poverty is considered in the funding allocation examples above, they are not without their challenges. The use of concentration of poverty as a threshold for inclusion means that some students in poverty will generate additional resources while others will not. Further the use of a threshold does not take into account the increasing needs of students as concentration of poverty increases within a school. Poverty as a factor for allocating limited resources, in the example of full day kindergarten, does not mean additional resources for students in poverty but first access until universal funding is reached.

A National Perspective:

Distribution, funding models and allocation formulas of state funding for K-12 public education varies from state to state. Nationally, reports show differences among states and funding per pupil for districts with higher populations of students in poverty when compared to their wealthier counterparts. A report published by the Education Law Center in 2016 noted that “Delaware, Minnesota, Utah and Ohio provide their highest poverty districts, on average, with between 27% and 81% more funding per student than their lowest poverty districts. In contrast, the most regressive states provide significantly less funding to their highest poverty districts. In Illinois and North Dakota, high poverty districts get only about 80 cents for every dollar in low poverty districts, while in Nevada high poverty districts receive only 71 cents to the dollar.”¹⁹ In the same report Washington State’s funding is considered “flat” and shows little difference in funding for students in poverty and their wealthier counterparts. For these details and more reference the following reports:

¹⁸ Funded teacher units are derived through a student to teacher ratio and a teacher planning time allocation. Although SHB 2776 specifies that enhanced funding for class size reduction is for “allocation purposes only,” the 2013-2015 operating budget required allocations for class sizes to be provided in proportion to each school district’s “demonstrated actual weighted average class size for grades kindergarten through three.” At a minimum, OSPI must provide allocations sufficient to fund a weighted average class size not to exceed 25.23 full-time equivalent students per teacher in grades K–3.

¹⁹ http://www.schoolfundingfairness.org/National_Report_Card_2016.pdf

- Baker, Bruce D., David G. Sciarra, and Danielle Farrie. "Is School Funding Fair? A National Report Card." Education Law Center (2010).
 - The National Report Card (NRC) evaluates and compares the extent to which state finance systems ensure equality of educational opportunity for all children, regardless of background, family income, place of residence, or school location. It is designed to provide policymakers, educators, business leaders, parents, and the public at large with information to better understand the fairness of existing state school finance systems and how resources are allocated so problems can be identified and solutions developed. http://www.schoolfundingfairness.org/National_Report_Card_2016.pdf
 - Interactive national data and reports: http://www.schoolfundingfairness.org/ia_reports_2016.htm
- Ushomirsky, Natasha, and David Williams. "Funding Gaps 2015: Too Many States Still Spend Less on Educating Students Who Need the Most." Education Trust (2015).
 - "Funding Gaps 2015," uses the latest available data to analyze funding disparities across the nation and within states. Our analysis finds that nationally, the highest poverty districts receive about \$1,200 less per student than the lowest poverty districts. The differences are even larger — roughly \$2,000 per student — among districts serving the most and the fewest students of color. http://edtrust.org/wp-content/uploads/2014/09/FundingGaps2015_TheEducationTrust1.pdf

Key Takeaways:

- Research suggests it costs a school district up to twice as much to educate a student in poverty to the same standards as a higher income student.
- In the 2015-16 school year, a non-ELL student eligible for FRPL in the Road Map Region generated additional funding of only 7% of the state's average per student basic education allocation.
- The prototypical school model assumes uniformity in student need.
- Staff mix factor can have negative, unintended consequences for districts with greater levels of poverty and creates unequal funding for students who are considered uniform in need.
- There is a disconnect between the students that produce LAP funds and the students that LAP serves; students in poverty do not necessary benefit from the additional funding they generate.
- The use of concentration of poverty as a threshold for inclusion means that some students in poverty will generate additional resources while others will not.
- Poverty as a factor for allocating limited resources does not mean additional resources for students in poverty but first access until universal funding is reached.
- National reports classify Washington State's funding for students in poverty as "flat" and shows little difference in funding for students in poverty and their wealthier counterparts.

Appendix:

Statutory Programs of Basic Education

| Program Accounting Code | Program Accounting Name |
|--------------------------------|---|
| 01 | Basic (General) Education |
| 02 | Basic Education – Alternative Learning Experience |
| 03 | Basic Education – Dropout Reengagement |
| 21 | Special Education – Supplemental, State |
| 22 | Special Education – Infants and Toddlers, State |
| 26 | Special Education, Institutions, State |
| 31 | Vocational – Basic, State |
| 45 | Skills Center - Basic, State |
| 55 | Learning Assistance, State |
| 56 | State Institutions, Centers & Homes, Delinquent |
| 59 | Institutions – Juveniles in Adult Jails |
| 65 | Transitional Bilingual, State |
| 74 | Highly Capable |
| 97 | Districtwide Support |
| 99 | Pupil Transportation |

Allocation for Class-Size Reduction:

| 2015-17 K-3 Class Size Compliance | Regular Class Size | | High Poverty Class Size | |
|--------------------------------------|--------------------|-----------|-------------------------|-----------|
| | 2015-2016 | 2016-2017 | 2015-2016 | 2016-2017 |
| Kindergarten | 22 | 19 | 18 | 17 |
| Grade 1 | 23 | 21 | 19 | 17 |
| Grade 2 | 24 | 22 | 22 | 18 |
| Grade 3 | 25 | 22 | 24 | 21 |