

Office for Education Policy

Arkansas' Categorical Poverty Funding System (NSLA)

March 7, 2013
Joint House and Senate Education Committee

Office for Education Policy

Presentation Outline

1. Arkansas poverty funding system
2. How do other states distribute poverty funding?
3. Achievement for poor and non-poor students
4. Have the additional resources at the "cliffs" improved outcomes for kids?
5. How do AR districts use NSLA Funding?
6. Our Policy Recommendations

Poverty Funding in Arkansas (NSLA)

- Arkansas' system to distribute poverty funding is tiered, depending on the overall percentage of Free-and-Reduced Lunch (FRL) students served in each district in the prior school year.

Arkansas' Current Tiered Poverty Funding System, 2011-12

NSLA Funding Thru, 2011-12

% FRL (Funding)	Number of Districts	Percent of Districts
0-20%	10	14.3%
20-30%	10	14.3%
30-40%	10	14.3%
40-50%	10	14.3%
50-60%	10	14.3%
60-70%	10	14.3%
70-90%	10	14.3%
90-100%	10	14.3%

The tiered system creates two "cliffs."

- In the 2013 *Quality Counts* report, Arkansas received a B+ on equity funding, ranking it as one of the top states in the nation in distributing equity funding to districts.
- Arkansas should be commended for its focus on students in poverty, as the formula does channel more resources toward students in poverty, particularly those in very poor districts.

Poverty Funding in Other States

- In 2008-09, Editorial Projects in Education Research Center recognized that **31 states use weight adjustments on foundation funding** to provide additional funding for students in poverty, while a **number of the other states provide the funding through categorical funding**.
- Some states, including Arkansas, use "progressive" funding systems that provide additional funds for students in poverty based on the **concentration of poverty in the school/district**.
- But, **no other state** uses a weighting formula that creates the **discontinuous "cliffs"** that exist in Arkansas' system.

Poverty Funding in Other States

*Poverty Funding, By State (Not Comprehensive)**

State	Foundation Funding Weight Based on Student-Low Income Ratio	Categorical Grant Funding Based on Student-Low Income Ratio	Proportion of Grant Weight Available	Expenditure Limits for Students with Learning Difficulties	Expenditure of Eligibility
Alabama	Yes			Yes	FRL eligibility
Arkansas	Yes	Yes	0.08, 0.14, 0.25	No	FRL eligibility
California		Yes			FRL eligibility
Illinois	Yes		0.15		FRL, categorical
Iowa	Yes		0.485	Yes	FRL, categorical
Kansas	Yes				FRL, categorical
Louisiana	Yes		15 w/ 20		FRL, categorical
Missouri	Yes		0.07		FRL, categorical
Michigan		Yes	0.115		Free school meals
Minnesota	Yes		amt varies by rate	Yes	FRL, categorical
Mississippi	Yes		0.0		FRL, categorical
Missouri	Yes		0.25		FRL, categorical
Nebraska	Yes		0.0 w/ 20		FRL, categorical
New Jersey	Yes		0.1 w/ 10		None
Ohio	Yes		0.25	Yes	FRL, participation
Oklahoma	Yes		0.25		FRL, participation
Oregon	Yes		0.25		Yes
Rhode Island	Yes				Yes
Texas	Yes		0.2	Yes	FRL, participation
Vermont	Yes		0.25		low income
Virginia	Yes			Yes	FRL, eligibility
Washington	Yes	Yes	not amount		FRL, eligibility

States place different weights on low-income students.

*By Bureau of Legislative Research

Poverty Funding in Other States: Two Examples

- Other states that provide funding based on concentration of poverty utilize some type of sliding scale.
- For example, Illinois' Supplemental Poverty funding system uses a sliding scale by squaring the concentration of poverty ratio.

- Furthermore, some states, such as Minnesota, weight free and reduced lunch students differently, so that free lunch students receive more funding.

Achievement Gaps between Poor and Non-Poor

- Poor (FRL) students perform less well than non-poor students in math and literacy.

Math Benchmark (Grades 3-8) Achievement, 2005-06 to 2011-12

Year	2005-06	2011-12	Percentile Point Growth
All students	3.06	3.16	1.0
FRL students	2.40	2.40	0

In math, the gap between FRL and non-FRL students has widened over time.

Literacy Benchmark (Grades 3-8) Achievement, 2005-06 to 2011-12

Year	2005-06	2011-12	Percentile Point Growth
All students	3.06	3.16	1.0
FRL students	2.39	2.43	0.4

In literacy, FRL students have slightly closed the gap, but FRL students still perform less well.

Relationship between Poverty and Scores

- Furthermore, districts with higher concentrations of poverty perform less well than those districts with lower concentrations of poverty.

Achievement Categorized by District % FRL, Benchmark Math GPA, 2007-08 to 2011-12*

Year	0-20%	20-30%	30-40%	40-50%	50-60%	60-70%	70-80%	80-90%	90-100%
2011-12	3.36	3.36	3.33	3.31	3.16	3.13	3.02	2.72	2.45
2009-10	3.08	3.20	3.27	3.27	3.12	3.07	2.98	2.68	2.41
2007-08	2.83	3.24	3.13	3.12	3.07	2.90	2.79	2.42	2.21

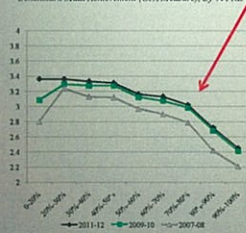
Achievement Categorized by District % FRL, Benchmark Literacy GPA, 2007-08 to 2011-12*

Year	0-20%	20-30%	30-40%	40-50%	50-60%	60-70%	70-80%	80-90%	90-100%
2011-12	3.52	3.45	3.39	3.38	3.25	3.23	3.15	2.95	2.74
2009-10	3.27	3.25	3.16	3.15	3.02	2.99	2.90	2.69	2.49
2007-08	2.90	3.19	3.04	2.99	2.87	2.81	2.70	2.38	2.20

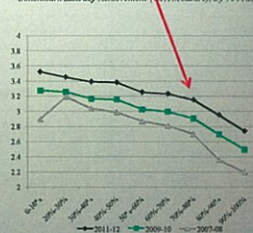
*Districts are categorized by % FRL from the 2010-11 school year.
 *On the GPA scale, scores derived from an average where an "A" ranged from 4.0 to 4.5, "B" from 3.5 to 4.0, "C" from 3.0 to 3.5, "D" from 2.5 to 3.0, and "F" from 2.0 to 2.5.

Steep Drops Begin around 70% frl

Benchmark Math Achievement (GPA Measure), By % FRL



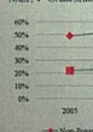
Benchmark Literacy Achievement (GPA Measure), By % FRL



Similar Gaps Evident on NAEP

- Arkansas has seen growth on the NAEP for low-income students, in line with national trends, and above-average growth for ethnic minority students (particularly Hispanic students).
- However, Arkansas' progress with higher-income students has been progressed more quickly, so the achievement gap has not shrunk.

NAEP, 4th Grade Math



NAEP, 8th Grade Math

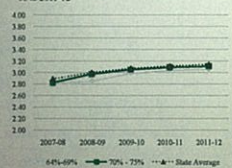


Have the additional resources at the "cliffs" improved outcomes for kids?

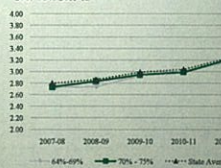
- The tiered system creates arbitrary cutoffs such that districts with very similar demographics are treated differently in the funding system. For example, a district with 69% FRL receives less funding per FRL pupil than a district with 70% FRL; however, student bodies with 69% and 70% FRL look relatively similar.
- This discontinuous break in the funding system allows us to compare the academic achievement of districts around the 70% and 90% "cliffs."
- Based on the comparisons of these schools around the "cliffs", we cannot claim justification for the discontinuous 70% and 90% "cliffs." (See following slides.)

Achievement Comparisons at the 70% "Cliff"*

Districts at the 70% Cliff, Benchmark Math GPA, 2007-08 to 2011-12

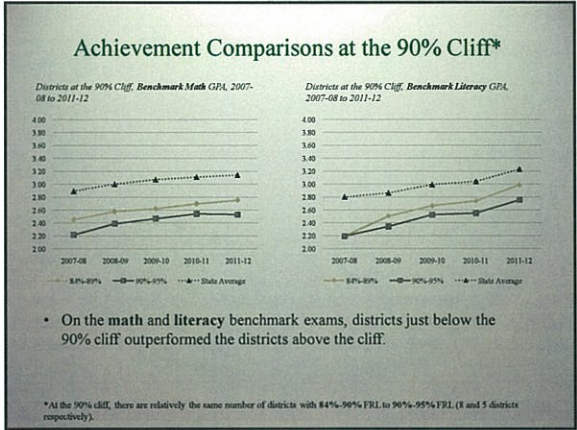
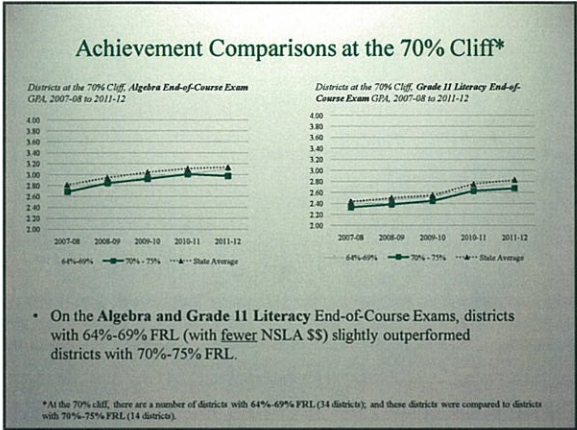


Districts at the 70% Cliff, Benchmark Literacy GPA, 2007-08 to 2011-12



- On the math and literacy benchmark exams, the districts just above and below the cliff (thus, districts who are socio-economically "equal") perform **nearly identically**.

*At the 70% cliff, there are a number of districts with 64%-69% FRL (14 districts), and these districts were compared to districts with 70%-75% FRL (14 districts).



Have the additional resources at the “cliffs” improved outcomes for kids?

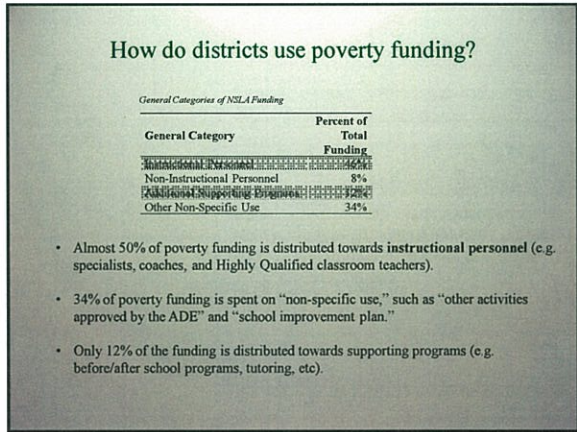
- We did one more check of achievement data.
- Since 2004-05, some districts have moved into a higher tier of poverty funding. The achievement of these districts was compared and at both the 70% and 90% cliffs, **no district showed an increase in achievement as a result of a financial windfall.**
- Therefore, with the current system, we cannot claim **justification for the discontinuous 70% and 90% cutoffs**, based on the academic comparisons shown above.

Overall, What Can Do We Know about Arkansas’ current system of poverty funding?

- It is important to note that we do not have the counterfactual to examine how districts would perform without poverty funding. Nevertheless, we do know that:
 - Most agree that additional resources should be provided to schools with higher concentrations of poverty (to help students overcome additional challenges associated poverty).
 - No research indicates exact \$\$ amount needed to create equal opportunities for poor students.
 - No justification for cliffs (theoretical or empirical)
- Given this background, it is worth asking how these \$\$ are spent

How do districts use poverty funding?

Expenditure Categories	Year Coded	Percent of NSLA Funding in as Exp.	2011-12
Literacy, Math, and Science Specialists and Coaches	2009	-	24.33%
Other activities approved by the ADE	-	-	11.54%
High Qualified Classroom Teachers	2009	-	8.42%
Transfer to ADE Categorical Fund	-	-	6.42%
School Improvement Plan	-	-	6.42%
Coordinators, Social Workers, Nurses	2009	-	4.39%
Teacher Aides	2009	-	4.17%
Curriculum Specialist	2009	-	4.09%
Pre-K/Kindergarten	2009	-	3.27%
Student and After School Academic Programs	2009	-	2.29%
Supplementing Salaries of Classroom Teachers	-	-	2.17%
Other	2009	-	1.93%
Transfer to SLL Categorical Fund	-	-	2.29%
Professional Development in Literacy, Math, and Science	2009	-	2.07%
Summer Programs	2009	-	1.38%
Early Intervention	2009	-	1.32%
Transfer to Special Education Programs	-	-	0.97%
Transfer to Professional Development Categorical Fund	-	-	0.87%
Student Required Free Meal Program	2011	-	0.79%
Special Education	2009	-	0.52%
ACT Fees for 11 th Grades and Operating/Supporting a Post-Secondary Preparatory Program	2011	-	0.19%
Scholarship Aids	2011	-	0.17%
Continued Student/Teacher Mentor Program	2011	-	0.07%
Remediation activities for college	2011	-	0.05%
Teach For America professional development	2011	-	0.03%
Implementing Arkansas Achievement Initiative for Math and Science	2011	-	0.01%
Living Career and College Coaches	2011	-	0.00%
Materials, supplies, and equipment including technology	2009	-	-
Expenses related to a longer school day	2011	-	-
Expenses related to a longer school year	2011	-	-



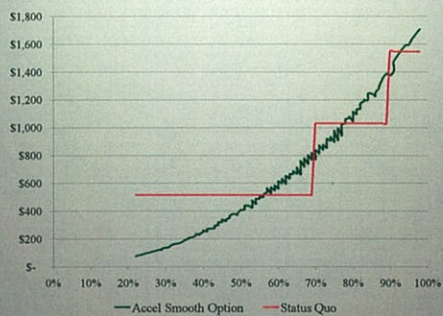
How do districts use poverty funding?

- The majority of districts distribute funding among 8 or more expenditure codes.
- Districts seldom focus the money in one or two specific areas; therefore, it seems if many districts use the funding to **plug gaps in budgets**.
- Furthermore, it is unclear as to whether all districts are specifically pinpointing the funding towards students in poverty (or schools serving these students).
 - For example, a district may spend a large portion of funding on Highly Qualified teachers or Specialists – these teachers may or may not work specifically with the low-income students.

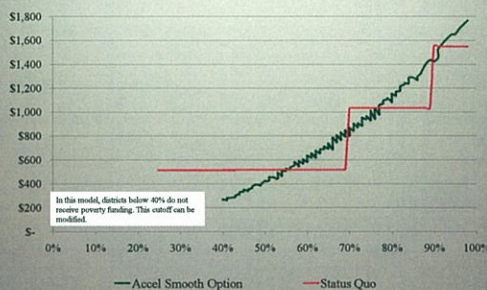
Our Policy Recommendations

- Distributing the Funds:
 - We propose the “smoother” model, in which districts receive **additional funding per pupil for higher concentrations of poverty** through a sliding scale, with no discontinuous “cliffs”.
 - Additionally, our proposed model accounts for differences in free and reduced lunch students, by giving **more weight (and thus resources) to free-lunch students than reduced-lunch students**.
- Regulating Use of the Funds:
 - Long debate over extent of “mandating the spending matrix”
 - Some argue flexibility is needed – perhaps offer this to districts that are succeeding with poor students
 - For those still not meeting the needs of poor kids, develop a “menu” of promising programs targeted to poor students (this will help ADE learn more about effectiveness.)

Model A: Weights are 75% for Reduced-Lunch Students and 100% for Free-Lunch Students.



Steeper Model B: Weights are 75% for Reduced-Lunch Students and 100% for Free-Lunch Students.



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Questions?

Thank you for your input and time.

Dr. Gary Ritter
www.uark.edu/ua/oep