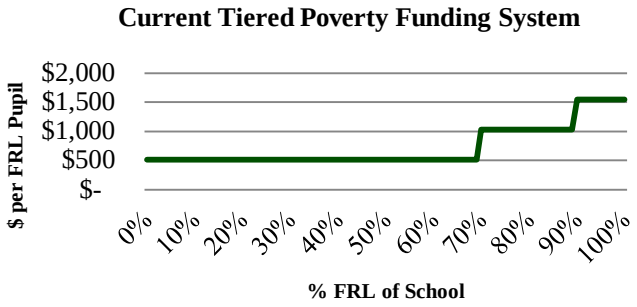
Arkansas' Categorical Poverty Funding System

In examining Arkansas' categorical poverty funding system, the OEP believes there is a need for and an interest in modifying the distribution and usage of categorical poverty funding.

Distribution of Categorical Poverty Funding

- 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.
- In Arkansas, on average, districts with **higher concentrations of poverty perform less well than those districts with lower concentrations of poverty**.
- Most states provide additional funding for students in poverty; however, **no state has the discontinuous "cliffs" that currently exist in our system.**



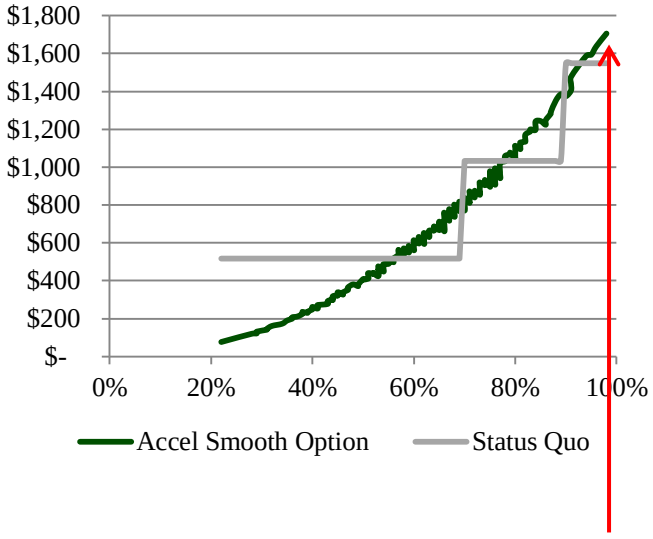
- Other states, such as Minnesota, use a formula to distribute poverty funding based on the concentration of students in poverty and provide additional weight for free-lunch students.

Our Policy Recommendations

- We propose the **"smoother" model**, in which districts receive **additional funding per FRL pupil for higher concentrations of poverty** through a sliding scale that has no discontinuous "cliffs."
- Additionally, our proposed model accounts for differences in free and reduced lunch students, by giving **more weight to free-lunch students than reduced-lunch students.**

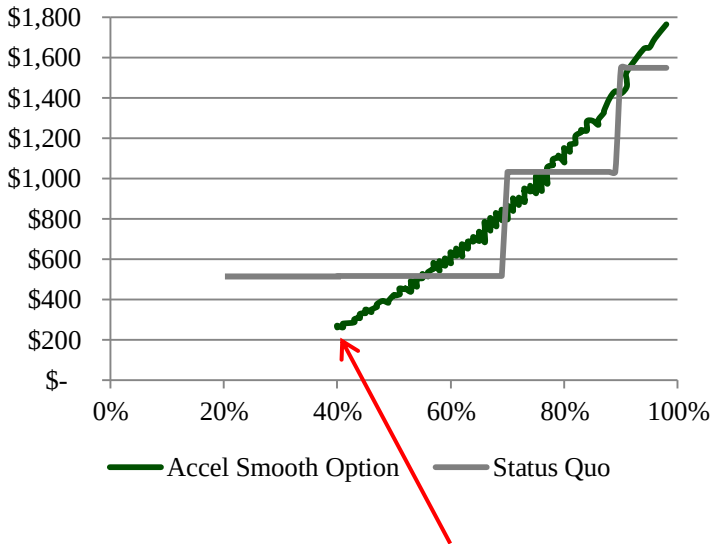
Example Model Options
**These models can easily be modified.*

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



This model distributes more to high-poverty districts.

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



In this model, districts below 40% do not receive poverty funding. This cutoff can be modified.