RESOURCE INEQUALITY: SHORTCHANGING STUDENTS

edbuild

When President Lyndon Johnson signed the Elementary and Secondary Education Act (ESEA) in 1965, his purpose was plain: "As a son of a tenant farmer," he said at the ceremony, "I know that education is the only valid passport from poverty… As President of the United States, I believe deeply no law I have signed or will ever sign means more to the future of America."[i] The law was a centerpiece of Johnson's War on Poverty, and its premiere provision—appropriately listed as Title I of the Act, and making up roughly 80% of its budget—specifically supported the education of low-income children.[ii] To this day, the Title I program directs extra federal funding to schools and districts serving high concentrations of students in poverty.[iii]

Congress was right in 1965, and federal law is right today: Low-income students, and especially those attending high-poverty schools, really do need a greater level of resources than their more-advantaged peers. These children face greater academic challenges throughout school, demonstrated by lower rates of preschool attendance or mastery of early academic skills before kindergarten;[iv] economic gaps in achievement scores that appear early and persist throughout grade school;[v] and high school graduation rates notably lower for students in poverty.[vi] But supportive school funding really can make the difference. Research indicates that greater spending on the education of students in poverty can improve their performance on state tests[vii] and national assessments.[viii] The financial investment in low-income students shows its impact in the results of college preparedness exams[ix] and high school completion rates. And a sustained increase in school funding can even narrow gaps in long-term economic outcomes as students leave school and enter the workforce.[xi]

However, while providing additional resources for low-income students has been a congressional priority for over fifty years, the federal government does little to ensure that the rest of school funding goes where it is most needed. It is ultimately the states that are responsible for properly supporting students in poverty.

A FEDERAL PRIORITY, LEFT TO THE STATES

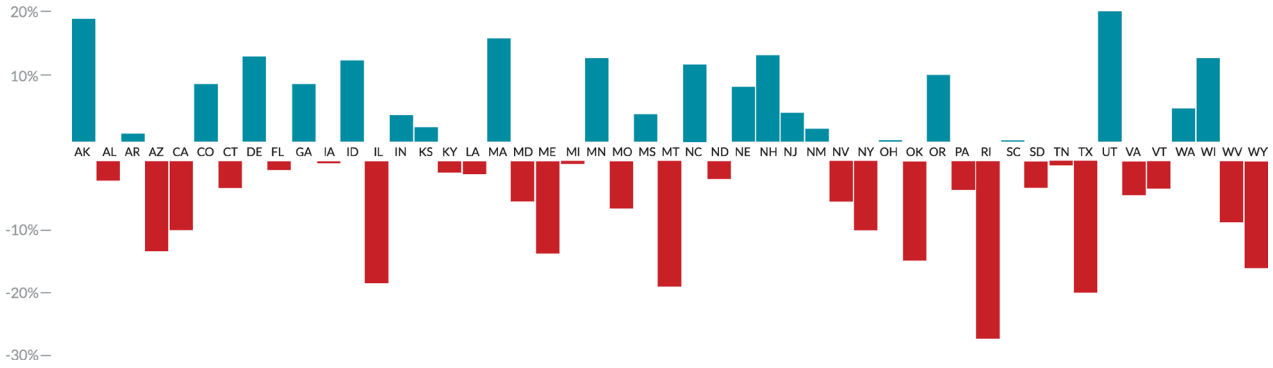
In the 1973 case *San Antonio v. Rodriguez*, the United States Supreme Court ruled that the federal Constitution does not guarantee students from low-income communities even education funding equal to that in wealthy districts—much less the greater resources they need in order to succeed.[xii] As a result, progressive funding cannot be secured through the federal courts.

While the courts have thus far refused to act, Congress has specified that Title I dollars be targeted so that they augment rather than replace state and local dollars.[xiii] This provision, known as "supplement, not supplant," would seem to mandate that the "additional" federal funding does, in fact, give low-income students a boost instead of simply taking the place of what they would otherwise get from non-federal sources. But when the U.S. Department of Education sought late last year to back this law with meaningful regulation,[xiv] the draft rule faced stiff opposition from states[xv] and members of Congress.[xvi] The regulators withdrew the proposal,[xvii] and states have been left to handle the matter on their own.

This federal retreat is of a piece with overall trends in education policy; the latest iteration of the ESEA, called the Every Student Succeeds Act, transferred a significant amount of the authority for education accountability from the federal Department of Education to the states.[xviii] But if our laws are going to charge states with properly supporting low-income students, then they must also be held accountable to that goal. In this analysis, EdBuild uses federal education revenue data to reveal that in over half of states, the highest-poverty districts are receiving less state and local money per pupil than the lowest-poverty ones. This suggests that the federal Title I dollars going to those districts are filling a hole left by state shortfalls, not getting students in poverty the *extra* resources they need.

WHAT THE DATA SHOWS

The chart below displays how state and local funding per pupil[xix] differ between each state's highest- and lowest-poverty districts.[xx] A red bar in the chart indicates a state with regressive funding, meaning that its highest-poverty districts receive less state and local funding than those serving higher-income students. A blue bar signifies progressive funding and shows how much more state and local funding the state's highest-poverty districts receive.



In 27 states, school districts serving the fewest poor students have more per-pupil funding than those serving the greatest number of poor students. In just 22 states do the highest-poverty districts have more. (Hawaii and Washington, D.C. each comprise a single school district and are therefore not included in this count.) In ten states, the poorest districts have over 10% less money per pupil.

AIMING HIGH AND FALLING SHORT

Many states where education funding is regressive at the district level—where high-poverty districts have less state and local funding than low-poverty districts—have state policies that specifically target students in poverty to receive more education dollars. How, then, are they receiving less?

Nationally, the most common method of directing additional state and local dollars to students in poverty is a system called weighted student funding. In this system, the state sets a general amount of funding per "pupil," but counts students with greater need more than once in the enrollment count that generates the district's funding.[xxi] For example, in Kentucky, each student in poverty is counted as 1.15 students for funding purposes.[xxii] This additional "weight" of .15 means that, all else being equal, these students should be funded at a level 15% higher than non-poor students.

The data reveals, though, that Kentucky's highest-poverty districts have 2% *less* per pupil than its lowest-poverty districts. Maine has a parallel weight of .15 for its low-income students,[xxiii] but its highest-poverty districts have a striking 14% less per pupil—nearly $1,800—than its lowest-poverty districts. Similarly, Oklahoma applies an added weight of .25 for its low-income students,[xxiv] but its poorest districts have 15%, or close to $1,500, less per student.

In the spirit of the weighted student funding approach, EdBuild considered how many states' funding allocations would still be progressive once various weights were applied to students in poverty. For example, if each student in poverty was counted 1.1 times—reflecting an expected 10% boost in funding for every student enrolled in the district living below the poverty line—how many states would continue to have as much funding available per weighted "pupil" in their highest-poverty districts as in their lowest-poverty districts? What if students in poverty were counted at 1.4 times their true number, raising the threshold for equity to 40% more funding for students in poverty?

The table below displays how per-pupil funding in each state's highest-poverty quartile of districts compares to that in its lowest-poverty quartile of districts once weights (increasing from left to right in the table) are applied to the number of enrolled students in poverty. As in the chart above, blue indicates progressive funding, while red indicates regressive funding.

In many states, a funding distribution that seems progressive initially appears far less generous when the standard for equity is raised above simple parity between those on the bottom and those on the top. For example, in Mississippi, the highest-poverty districts have 4% more funding per pupil than the lowest-poverty districts.

This table shows the percent difference in state and local funding between the highest- and lowest-poverty school districts in each state, given a weight of:

Table 1: Progressivity at increasing poverty weights

State	Poverty Enrollment	1.1 x Poverty Enrollment	1.2 x Poverty Enrollment	1.3 x Poverty Enrollment	1.4 x Poverty Enrollment	1.5 x Poverty Enrollment	1.6 x Poverty Enrollment
Alabama	-3%	-5%	-7%	-9%	-11%	-13%	-14%
Alaska	18%	15%	12%	10%	7%	5%	3%
Arizona	-13%	-16%	-18%	-20%	-22%	-23%	-25%
Arkansas	1%	-1%	-2%	-4%	-6%	-7%	-8%
California	-10%	-13%	-15%	-17%	-19%	-21%	-23%
Colorado	9%	6%	4%	2%	0%	-2%	-3%
Connecticut	-4%	-5%	-7%	-8%	-9%	-10%	-11%
Delaware	12%	11%	10%	8%	7%	6%	5%
Florida	-1%	-3%	-4%	-5%	-7%	-8%	-9%
Georgia	9%	6%	4%	2%	0%	-2%	-4%
Idaho	12%	10%	9%	8%	6%	5%	4%
Illinois	-18%	-20%	-21%	-23%	-24%	-26%	-27%
Indiana	4%	2%	0%	-1%	-3%	-4%	-5%
Iowa	0%	-2%	-3%	-4%	-5%	-6%	-7%
Kansas	2%	1%	-1%	-2%	-3%	-4%	-6%
Kentucky	-2%	-4%	-6%	-8%	-10%	-12%	-13%
Louisiana	-2%	-4%	-6%	-8%	-9%	-11%	-12%
Maine	-14%	-15%	-17%	-18%	-19%	-21%	-22%
Maryland	-6%	-8%	-9%	-11%	-12%	-14%	-15%
Massachusetts	15%	13%	12%	10%	9%	7%	6%
Michigan	0%	-3%	-5%	-6%	-8%	-10%	-12%
Minnesota	12%	11%	9%	8%	6%	5%	3%
Mississippi	4%	1%	-1%	-3%	-5%	-7%	-8%
Missouri	-7%	-9%	-11%	-13%	-14%	-16%	-17%
Montana	-18%	-20%	-22%	-24%	-25%	-27%	-28%
Nebraska	8%	7%	5%	4%	2%	1%	0%
Nevada	-6%	-7%	-8%	-9%	-10%	-11%	-12%
New Hampshire	13%	11%	9%	7%	6%	4%	3%
New Jersey	4%	2%	0%	-2%	-3%	-5%	-7%
New Mexico	2%	0%	-2%	-4%	-6%	-7%	-9%
New York	-10%	-12%	-14%	-16%	-17%	-19%	-20%
North Carolina	11%	10%	8%	6%	5%	3%	2%
North Dakota	-3%	-4%	-6%	-7%	-9%	-10%	-11%
Ohio	0%	-2%	-4%	-6%	-8%	-10%	-11%
Oklahoma	-15%	-16%	-18%	-19%	-21%	-22%	-23%
Oregon	10%	8%	6%	4%	2%	0%	-1%
Pennsylvania	-4%	-6%	-8%	-9%	-11%	-12%	-14%

State	Poverty Enrollment	1.1 x Poverty Enrollment	1.2 x Poverty Enrollment	1.3 x Poverty Enrollment	1.4 x Poverty Enrollment	1.5 x Poverty Enrollment	1.6 x Poverty Enrollment
Rhode Island	-26%	-28%	-29%	-30%	-31%	-33%	-34%
South Carolina	0%	-2%	-4%	-5%	-7%	-8%	-10%
South Dakota	-4%	-6%	-7%	-9%	-10%	-12%	-13%
Tennessee	-1%	-2%	-3%	-5%	-6%	-7%	-8%
Texas	-19%	-21%	-23%	-25%	-26%	-27%	-29%
Utah	19%	18%	16%	15%	13%	12%	10%
Vermont	-4%	-6%	-7%	-9%	-10%	-12%	-13%
Virginia	-5%	-7%	-9%	-10%	-12%	-14%	-15%
Washington	5%	3%	1%	-1%	-3%	-4%	-6%
West Virginia	-9%	-10%	-11%	-12%	-13%	-14%	-15%
Wisconsin	12%	10%	9%	7%	5%	4%	2%
Wyoming	-16%	-17%	-18%	-19%	-20%	-21%	-21%

But when funding is held constant and the threshold for equity set higher—for instance, when the enrollment of students in poverty is weighted at 1.2, setting an expectation that districts spend an extra 20% on each poor student—the state's funding cannot keep up. Once that poverty weight is applied, the funding available per "pupil" in Mississippi's highest-poverty districts drops below that available in the state's lowest-poverty districts.

In this way, we see that fewer and fewer states remain progressive as the funding target for low-income students is made more ambitious. Twenty-two states fund their districts progressively when there is no additional weight for students in poverty. But when a weight of just 1.1 is set—reflecting an expectation that each student in poverty should receive 10% more funding—only 18 states succeed at funding districts progressively. When the goal is 40% more funding for low-income students (the threshold suggested by Congress in the Title I statute[xxv]) only 12 states fund districts progressively.

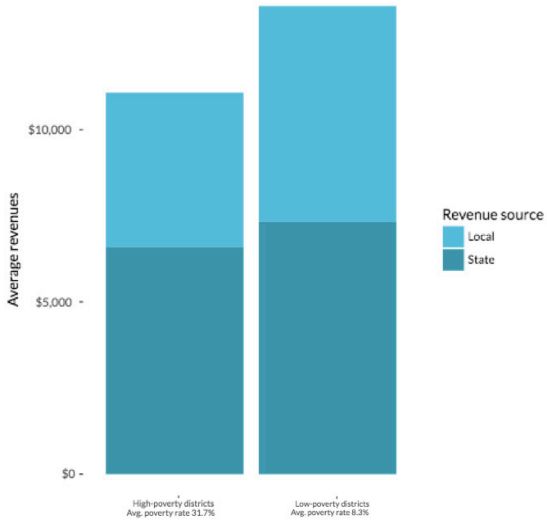
STUDENTS NEED EQUITY ON ALL SIDES

If so many states use this weighted funding approach (or something similar) to support high-need students, then why do so few end up with a progressive funding picture?

The data above compares totals of state and local funding per pupil across districts of different poverty levels. While a student in the classroom will see no difference between a state dollar and a local one, the two types of funding are subject to different policies, and equity is impacted by state policies regarding each revenue category. States may allocate state-level education funding through a progressive formula, but that is not enough; they must also set fair rules for how local funds can be raised and spent, because inequitable local funds are what usually allow higher-income communities to outspend their needier neighbors. Fairness in school funding requires good policy on all sides.

One example is the state of Montana:

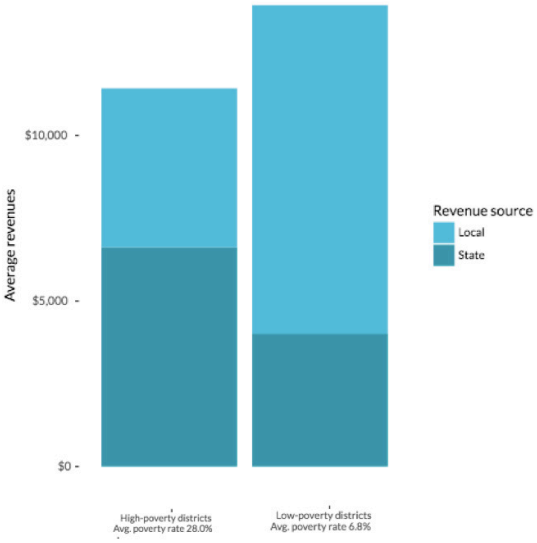
In Montana, there is no additional state funding allocated for students in poverty.[xxvi] As a result, state funding is not progressive; high-poverty districts actually receive *fewer* state dollars per pupil than low-poverty districts do. Moreover, the state funding formula demands that all districts raise a significant proportion of their revenues from local property taxes, regardless of how much local wealth they have to draw upon.[xxvii] Given this inequitable expectation, it is no wonder that low-poverty districts are able to raise significantly more in local funding than high-poverty districts are, compounding the imbalance in state funding. Together, these policies result in high-poverty districts having 18% less funding per pupil than low-poverty districts.



In a different vein, take the funding picture in Illinois. The state of Illinois itself *does* provide more money to high-poverty districts.[xxviii] When state and local dollars are grouped together, though, school funding is quite regressive—the highest-poverty districts end up with 18% less money to spend per pupil than the lowest-poverty districts. This is because wealthier school districts are capable of raising so much more in local property taxes. The state places no cap on local funds,[xxix] and without a rule to curtail high spending by districts in affluent communities, local dollars in low-poverty districts come to dwarf the state's contribution to higher-poverty districts. Each state's policy environment is different, producing varying state and local contributions to school funding in districts of different need and wealth levels.

MEETING A HIGHER STANDARD

There are many sides to education funding, and a number of policy levers can be used to make a system more or less equitable. Given the diversity among states' economies, tax bases, and student populations, it is difficult to pinpoint a uniform suite of policies that would set all states on the path to fair and progressive funding. It is certainly the case, though, that if state education funding doesn't account for the greater needs of low-income students, or if a state's policy does not effectively address disparities in local funding capacity, students in poverty will almost certainly be shortchanged.



The aim is simple: school funding systems should meet greater needs with greater resources. That priority is expressed in federal law with the Title I program, and most states have policies in place that align with that goal, at least at first glance.[xxx] But the devil is in the details, and a majority of states fall short of achieving even equal funding between high-poverty and low-poverty districts, much less the progressive funding that would set all students up for success. For public education to truly be a passport out of poverty, it must be financed in a way that faces that poverty head on. School funding matters to children in poverty. States must show that children in poverty matter to their funding policies.

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