



Why Funding Matters

for Students from Low-Income Backgrounds

In the 2021-2022 school year, 47.7% of Alabama students were from low-income backgrounds. Recent research illuminates how money matters in schools, especially for students from low-income backgrounds. Increasing funding for these students leads to [higher test scores](#), [higher educational attainment](#), [higher wages](#), and [lower poverty](#).

Funding matters for students from low-income backgrounds because they often have unique needs that schools must meet. Unfortunately, these students have not received the additional support they need from schools to be successful for far too long. These supports, like social workers, wraparound services, before and after-school programs, and mental health therapists, require additional funding above the average per-student amount. Providing all students from low-income backgrounds with a world-class education requires ensuring that schools have the money they need to provide the necessary resources for them to thrive.

Student-Weighted Funding Formulas Matter for Students from Low-Income Backgrounds

Educating students from low-income backgrounds presents unique challenges and requires more resources. Student-weighted funding formulas ensure that schools have enough money to help all students, no matter how much money their families have or what educational support they need. Forty-one states already use a student-weighted formula to give more money to schools that have more students from low-income backgrounds.

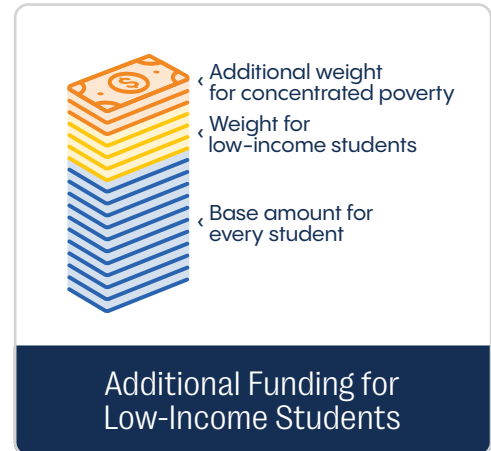
Each school gets a certain amount of money for each student from a low-income background. This amount can change if the needs of the students change. In addition, having a clear amount set aside for each student allows policymakers and the public to hold leaders accountable for how those funds are used for the students they are intended to benefit. As such, this is a fairer and clearer way to give money to schools and allow them to use the funds to meet low-income students' specific needs.

Half of all students in the U.S. attend public schools where a majority of the population is low-income.

In schools that educate students where the community as a whole lacks resources, the challenges encountered and resources required to serve those students are even greater. Schools serving high concentrations of students from low-income backgrounds should receive further funding to meet these challenges.

A New Funding Formula for Alabama Should Include:

- A weight for all students from low-income backgrounds based on eligibility for the federal free and reduced lunch program in addition to the base amount for each student.
- An additional, escalating weight that is based on the total number of students in the district from low-income backgrounds. Schools serving the highest percentages of low-income students, or “concentrated poverty” would receive the most per-pupil funding for this weight to account for the additional challenges in schools where a large percentage of students are from a low-income background.



*Base amount is the same for every student

What Other States Are Doing

- [South Carolina](#) has a single flat weight of 20% for students in poverty.
- [Texas](#) uses 5 tiers based on the severity of poverty to determine student weights, which range from 22.5% to 27.5%.
- [Tennessee](#) recently passed a new funding formula with multiple weights for low-income students:
 - There is a 25% for economically disadvantaged students.
 - There is a 5% additional weight for students attending schools in which 40% or more of students are in poverty.

See a complete 50 state comparison of funding for students from low-income backgrounds [here](#).

Additional Resources

- [How Can School Finance Systems Support Students with Additional Learning Needs?](#) Bellwether, 2021
- [State Education Funding: The Poverty Equation](#), FutureEd, 2020