



State And Local Funds Distributed To Higher Poverty Schools

Presentation to the Education Assessment and Accountability Review Subcommittee by the Office of Education Accountability
November 20, 2018

Presentation Outline

- Major conclusions
- Distribution of state & local funds
 - To districts' general funds
 - To schools
- Differences in FRPL rates within districts
- Expenditure gaps between higher- and lower-poverty schools
- Persistent poverty and student outcomes

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Major Conclusions

- The SEEK funding formula provides districts extra funds for at-risk students; however, these funds do not have to follow students.
- Few districts have policies in place to consider poverty in allocating funds to schools.

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Major Conclusions

- Statewide, average per-pupil expenditures are greater at all levels in the state's highest- versus lowest-poverty schools; the same does not always hold true among schools in individual districts.
- Within individual districts, schools can vary greatly in the percentage of students qualifying for FRPL.
 - One district had a range of 86.9% in FRPL eligibility between its highest- and lowest-poverty school.

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Major Conclusions

- Less than half of districts analyzed have greater per-pupil expenditures at the district's highest poverty **elementary** and **middle** schools.
- Slightly more than half of districts analyzed have greater per-pupil expenditures at the highest-poverty **high** schools.

Note: The analyses are based only on districts that contained more than one school. Out of Kentucky's 173 districts, 129 districts or 75 percent were included in the elementary analysis; 38 districts or 22 percent were included in the middle school analysis; and 25 districts or 14 percent were included in the high school analysis.

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Major Conclusions

- 72 districts had 50 percent or more of their students living in persistent poverty.*
- 8th-grade reading and math proficiency rates for students who qualified for FRPL each year were approximately 35 percent lower than for students who had never qualified for FRPL between 3rd and 8th grade.

*Based on an OEA analysis of 2017 8th-grade students qualifying for FRPL each year between 2012 and 2017.

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Data Used In The Report

- OEA survey of district superintendents
 - 98% response rate
- 2017 financial data
- Membership
 - Preschool – 12th grade
- 2017 K-PREP
- Student FRPL eligibility

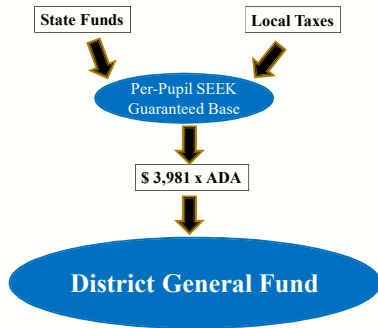
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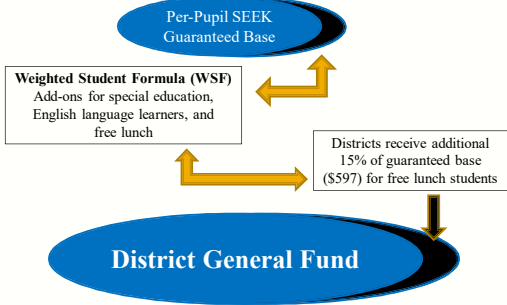
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Distribution Of State And Local Funds To District's General Fund



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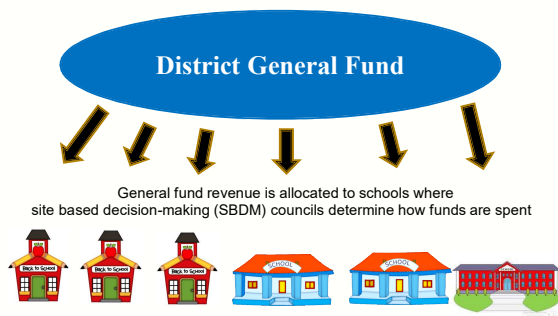
Distribution Of State And Local Funds To District's General Fund



Note: Free lunch is calculated using average daily membership.

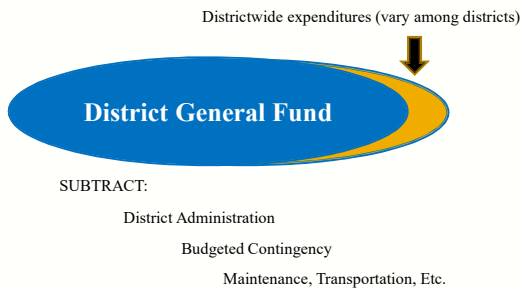
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District Allocations To Schools

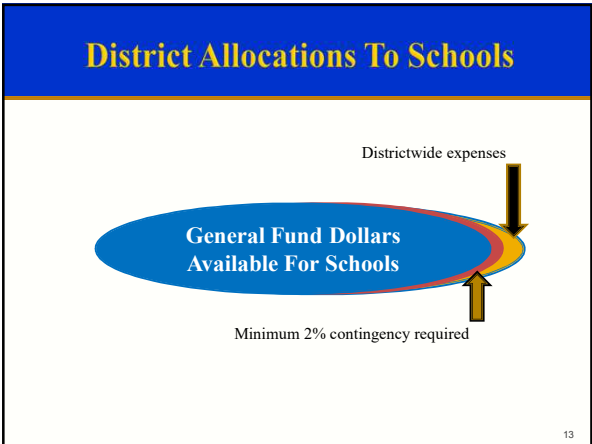


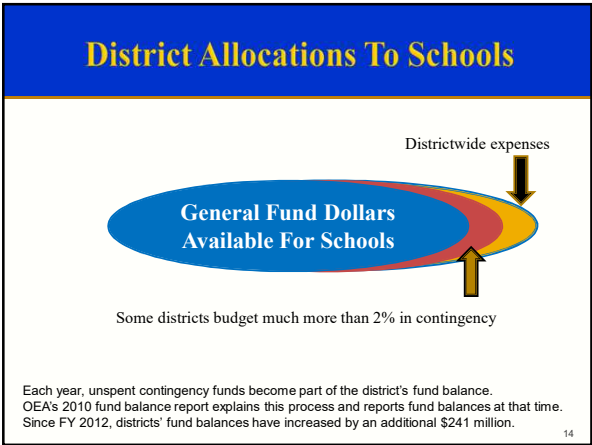
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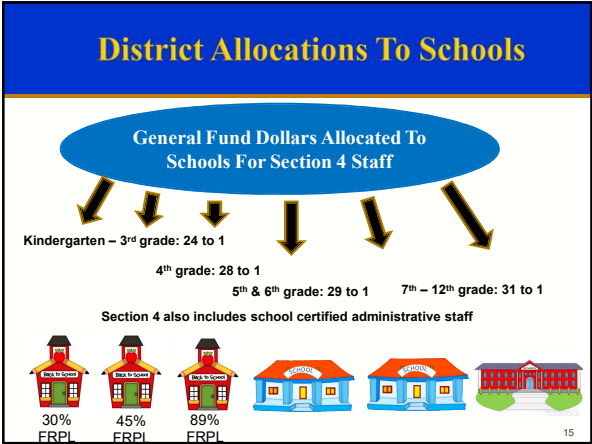
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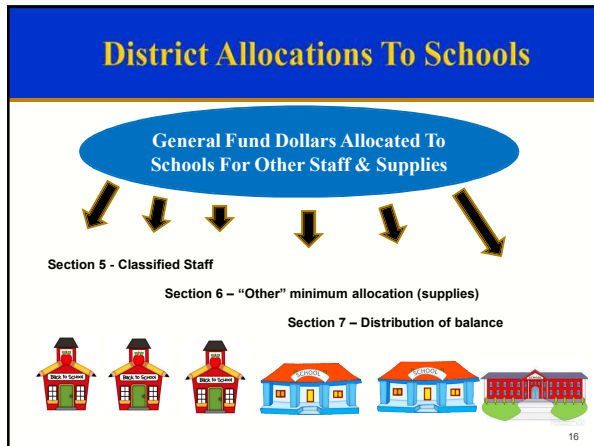


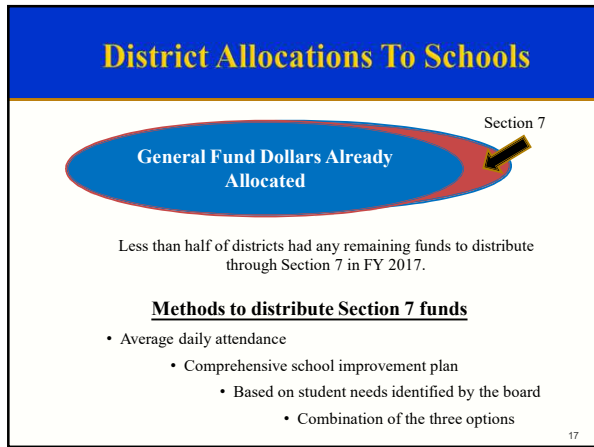
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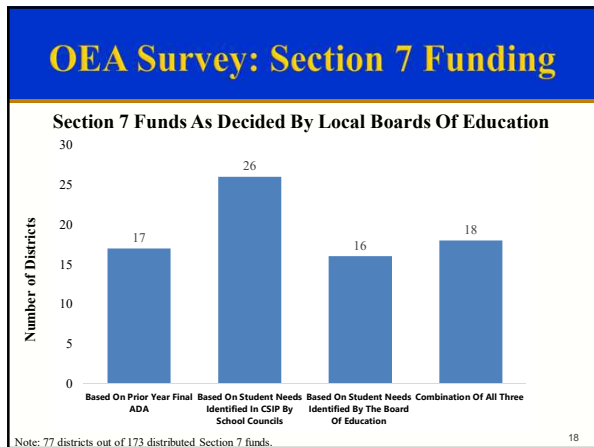












**OEA Survey Findings:
Superintendent Comment**

“We have been having this very conversation about the money following the student (with poverty being one of the weights). It makes perfect sense, but have had little success with the Board or with the principals from the less poor schools because it obviously involves taking some resources away from the wealthier schools.”

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OEA Survey Findings: Staffing Policies

While six districts reported on the OEA survey that their staffing policies took poverty into account, only two districts’ staffing policies really did allocate funds based on poverty.

District 1: schools receive an additional \$18.00 per FRPL student.

District 2: If schools FRPL rate is 75% or above, student teacher ratios are lowered by two.

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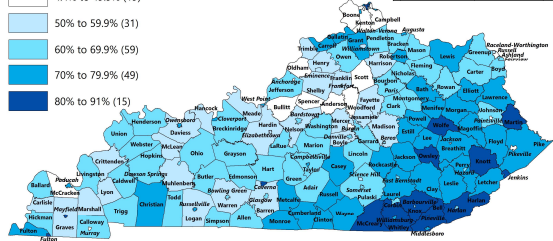
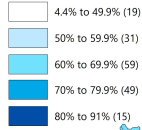
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District Free And Reduced-Price Lunch Percentage, FY 2017

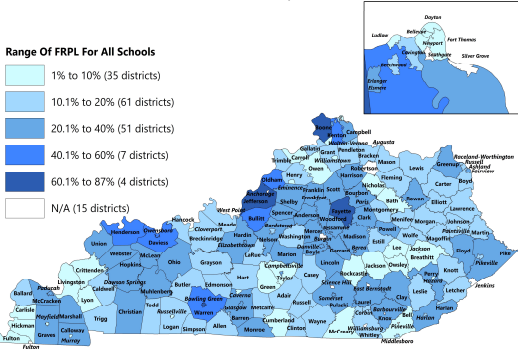
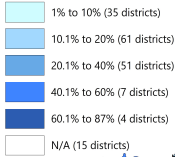
District FRPL Rate



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Range of Schools' FRPL Rates Within Districts, FY 2017

Range Of FRPL For All Schools



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Coding & Reporting

The per-pupil state and local expenditures were calculated from the General Fund and Special Revenue Fund, less federal and special education expenditures.

Coding and reporting errors found in data

- Local & State Grant project codes not used correctly
- Some extended school services (ESS) expenses are not coded to schools
- Missing limited English proficiency expenses
- Incorrect pre-school expenditures
- KDE not including Pre-school children in per-pupil expenditure calculation on school report cards

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Finding 2.1

School level expenditures are not being captured correctly on annual financial reports.

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State-Level Expenditure Gaps Between Higher- and Lower-Poverty Quartiles

**Average Per-Pupil Gaps In State And Local Expenditures By Elementary School FRPL Quartile
FY 2017**

Quartile	School Count	Percent FRPL	Average Per-Pupil Expenditures	Difference Between Quartile 4
1	155	39.0%	\$5,936	\$337
2	187	59.5	5,512	761
3	199	68.4	5,519	754
4	208	81.8	6,273	N/A

Note: FRPL = Free and reduced price lunch; N/A = not applicable; Expenditures = includes all General Fund expenses and local and state grants in special revenue fund, less special education expenditures.

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Per-Pupil Expenditures In Highest-Poverty Schools Within Districts

Number Of Districts, By School Level In Which Per-Pupil Expenditures Of State And Local Funds Are Greatest In The Highest-Poverty School

School Level	Number of Districts With Greatest Funding At Highest-Poverty School	Total Number of Eligible Districts	Percent of Eligible Districts
Elementary School	52	129	40%
Middle School	15	38	39
High School	15	25	60

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Example Of Per-Pupil Expenditures In A Higher-Versus Lower-Poverty Elementary School In Two Kentucky Districts

District/School	Percent FRPL	Membership	Per-Pupil Spending	Per-Pupil Spending Difference
District 1: Higher-poverty school	74%	241	\$6,949	\$1,243
District 1: Lower-poverty school	49	206	5,706	
District 2: Higher-poverty school	80	479	5,649	(595)
District 2: Lower-poverty school	47	510	6,244	

Note: The lower-poverty school in District 2 spent \$303,450 more than the higher poverty school even though the higher poverty school has a student population with 33 percent more students living in poverty.

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Recommendation 3.1

The General Assembly may wish to revisit how districts allocate funds to schools and consider switching to a Weighted Student Formula that would provide funds based on the number of students enrolled and those students' needs.

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Reasons For Recommendation 3.1

- On average, higher-poverty schools have lower academic achievement.
- State and federal level policies require schools to close achievement gaps.
- Districts receive SEEK funds to assist students living in poverty but are not required to take school poverty into account in the distribution of these funds.

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Reasons For Recommendation 3.1

- The majority of state and local funds are allocated to schools through staffing formulas that are not linked to school poverty.
 - Only two districts take poverty into account
- Districts can, but are not required to, distribute funds to higher-poverty schools through Section 7 funds.
 - Fewer than half of Kentucky districts distributed Section 7 funds in 2017.
 - Of these, some are distributing Section 7 based only on ADA
- Requires political will

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Reasons For Recommendation 3.1

- ESSA equitable per-pupil funding pilot
 - Using a student-centered funding system based on a weighted student formula (WSF)
- WSFs are transparent and allocate state and local funds to specific types of students enrolled
- Districts using WSFs:
 - Baltimore, Indianapolis, New Orleans, and Cincinnati

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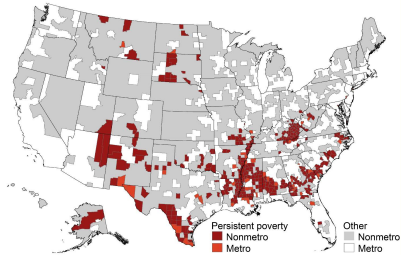
Persistent Poverty Counties

- Temporary vs. persistent poverty
- Persistent poverty counties
 - 20% or more of the population have lived in poverty since the 1990 census
 - There were 395 persistent poverty counties in the United States
 - 43 of Kentucky's 120 counties are persistent poverty counties

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Persistent Poverty Counties in US

Persistent poverty counties, 2015 edition



Persistent poverty counties are those where 20 percent or more of county residents were poor, measured by the 1980, 1990, 2000 censuses, and the 2007-11 American Community Survey.
Note that county boundaries are drawn for the persistent poverty counties only.
Source: USDA, Economic Research Service using data from U.S. Census Bureau.

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Persistent Poverty Counties: Superintendent Comment

"My district is in a persistent poverty county and in everything we do, we understand the challenge of poverty and diversity and so we do over-staff and increase SBDM funding to assist in our fight against poverty. By changing our focus in funding, it has assisted in providing necessary funding that has provided higher achievement data including [my district] being a proficient district and [the high school] being a distinguished school."

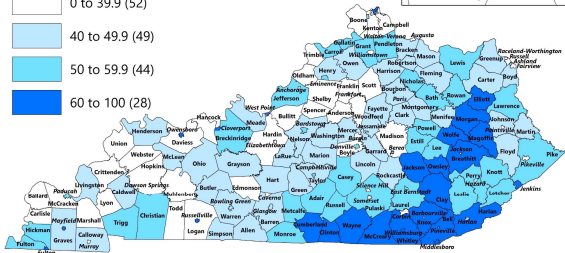
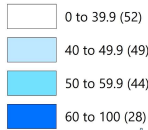
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Persistent Poverty In Kentucky School Districts

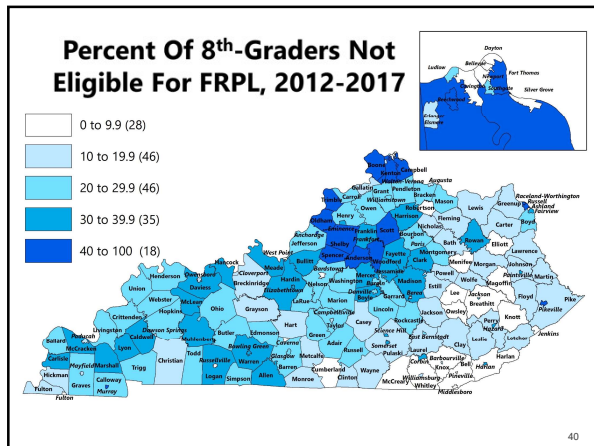
- While persistent poverty is concentrated in certain regions, almost all districts have students who are in persistent poverty
- Measured by years students qualified for FRPL
 - Number of years 2017 8th grade students qualified for FRPL between 2012 and 2017 (6 years)
 - FRPL data from K-PREP data file
- Measured association between number of years qualifying for FRPL and achievement

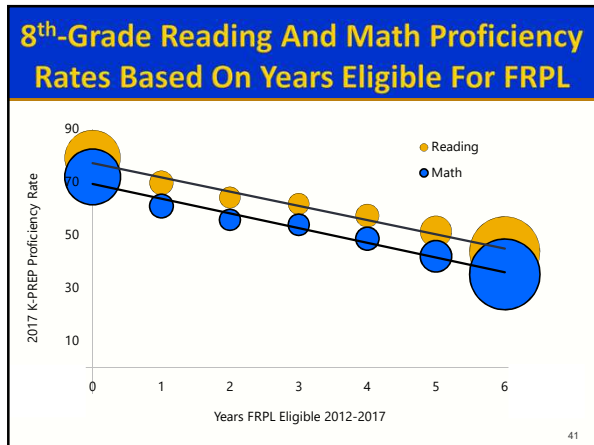
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Percent Of 8th-Graders Eligible For FRPL All 6 Years, 2012-2017



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8th-Grade Reading And Math Proficiency Rates Based On Years Eligible For FRPL

8th-Grade Math And Reading Proficiency Rates And Number Of Students By Number Of Years Receiving Free Or Reduced-Price Lunch, 2017

Years FRPL	Math Proficiency Rate	Reading Proficiency Rate	Number of Students
0	72.0%	79.2%	11,912
1	61.0	69.8	2,183
2	55.8	64.2	1,734
3	53.9	61.8	1,753
4	48.7	57.4	2,065
5	42.0	51.3	3,801
6	35.2	43.7	19,180
Total	50.0	58.1	42,928

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