



EDUCATION  
PARTNERSHIP

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## Modernizing Alabama's School Funding Policy

[aplusala.org](http://aplusala.org) | [#GreatSchoolsforEveryChild](https://twitter.com/GreatSchoolsforEveryChild) | [@aplusala](https://twitter.com/aplusala)

# A+ Education Partnership is building an Alabama where every child has access to a world-class education, regardless of circumstance.



With one foot in the statehouse and one foot in the schoolhouse and communities, we partner with families, educators, state leaders, and our community to advocate on behalf of **ALL** Alabama public school students.



# Today's Agenda

1. Modernizing Alabama's School Funding Policy: Why Now?
2. Alabama's Current School Funding Policy
3. Why Funding Matters to Alabama Students?
4. Solution: Student-Weighted Funding Formula
5. Every Child Alabama Coalition



# Key Takeaways

- 1) Alabama's current funding formula is outdated, inadequate, inequitable, inflexible, and not transparent.
- 2) Alabama needs a new student-weighted formula that would better serve the needs of its students.

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# **Modernizing Alabama's School Funding Policy: Why now?**

# Alabama is Making Progress Nationally



## Reading

49th

2019 Alabama  
4th Grade Reading

39th

2022 Alabama  
4th Grade Reading

Alabama was **1 of only 3 states** to **make gains** in our scores

## Math

52nd

2019 Alabama  
4th Grade Math

40th

2022 Alabama  
4th Grade Math

Alabama was **1 of only 2 states** to **hold steady** in our scores

# But We Still Have a Lot of Work to Do

## ELA on State ACAP Assessment

Only  
**49%**

of all **Alabama students** were **proficient in ELA**

Only  
**35%**

of **students in poverty** were **proficient in ELA**

Only  
**32%**

of **Black students** were **proficient in ELA**

## Math on State ACAP Assessment

Only  
**30%**

of all **Alabama students** were **proficient in math**

Only  
**17%**

of **students in poverty** were **proficient in math**

Only  
**13%**

of **Black students** were **proficient in math**

In 2023, there were **19 Alabama schools** with **0%** of their students **proficient in math**.

Additionally, there were **52 schools** with **0%** of **Black students** **proficient**.

# Tale of Two Cities

**DISTRICT A** Enrollment: 4,300

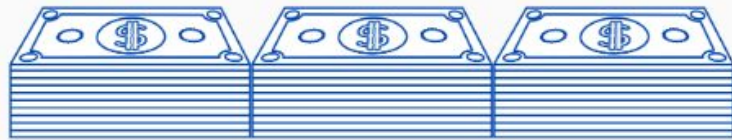
**DISTRICT B** Enrollment: 4,000

**0.3%**  
Economically disadvantaged



**48%**  
Economically disadvantaged

**\$18,766**



**\$13,585**



**83%**  
Proficient in ELA



**45%**  
Proficient in ELA

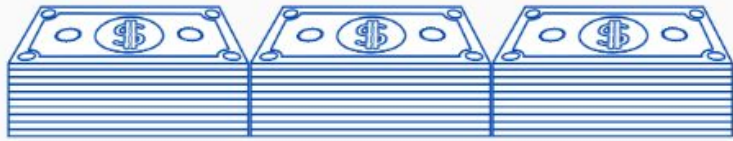


A look at funding disparities



# Tale of Two Cities: Part Two

## DISTRICT A



**\$18,766**

## DISTRICT B



**\$13,585**

**\$5,181**

Gap Between  
District A & B

 **Individual**

1 Year Difference:

**\$5,000**

13 Year Difference:

**\$67,000**

 **District**

1 Year Difference:

**\$20 Million**

13 Year Difference:

**\$268 Million**

Over the course of all 4,000 students' K-12 careers in District B,  
this funding gap would total

**\$268 million.**

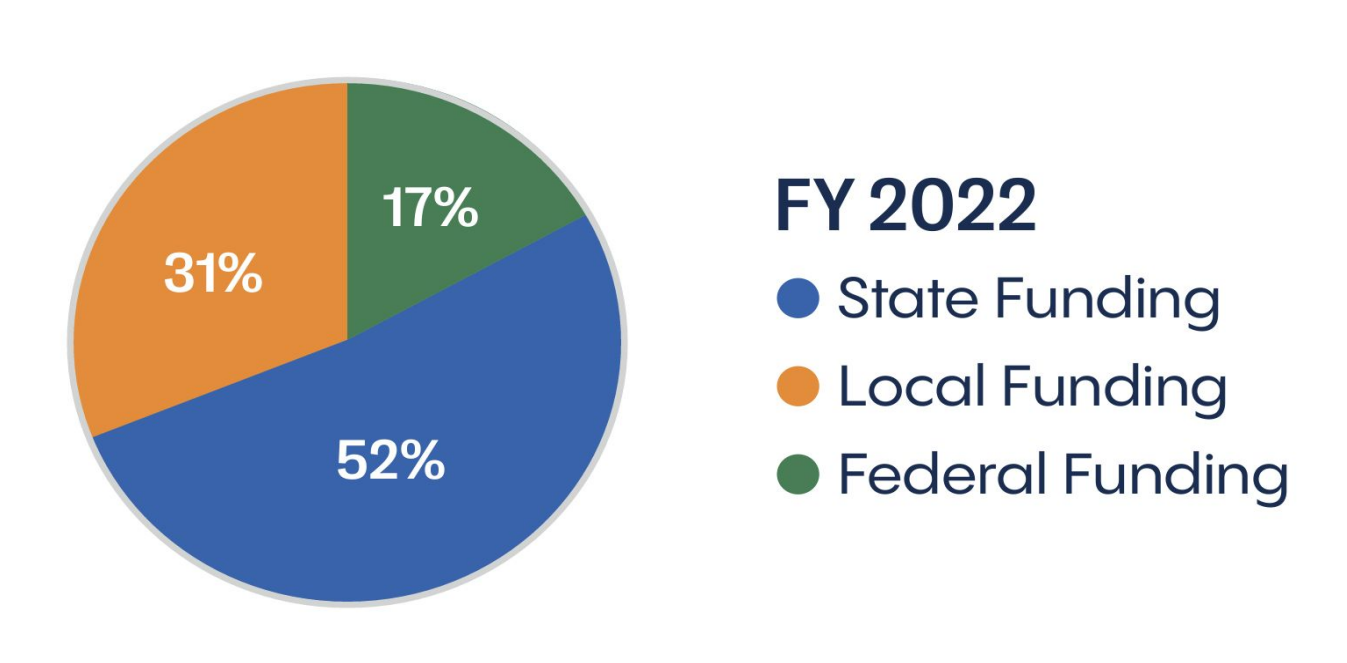
Funding is the one thing that **impacts everything**.

If we don't address school funding, we are **treating symptoms and not the root cause of our opportunity gaps**.

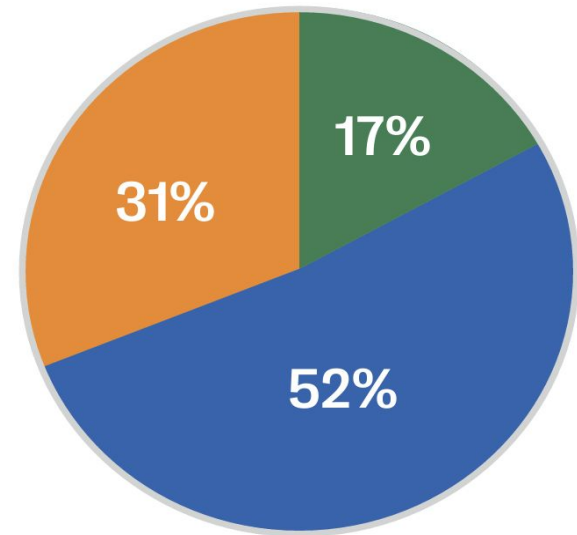
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# **Cracking the Code:** **Alabama's Funding Formula**

# Public schools receive money from three main sources.



# We are going to talk about our state funding formula today.



## FY 2022

- State Funding
- Local Funding
- Federal Funding



# Alabama has two budgets.

## General Fund



**Approx. \$3 billion  
in Fiscal Year 2024**

## Education Trust Fund



**Approx. \$8.79 billion in Fiscal  
Year 2024**

# Education Trust Fund

**Approx. \$8.79 billion in Fiscal  
Year 2024**



**Department of Early Childhood  
\$194 million**

**K-12 Education: Local Boards  
\$5.1 billion**

**K-12 Education: State Department of  
Education  
\$534 million**

**Higher Education  
Approx. \$2.25 billion**

# The Foundation Program is a line item located within the Local Boards Section of the Education Trust Fund.

**Approx. \$8.79 billion in Fiscal Year 2024**



Department of Early Childhood  
\$194 million

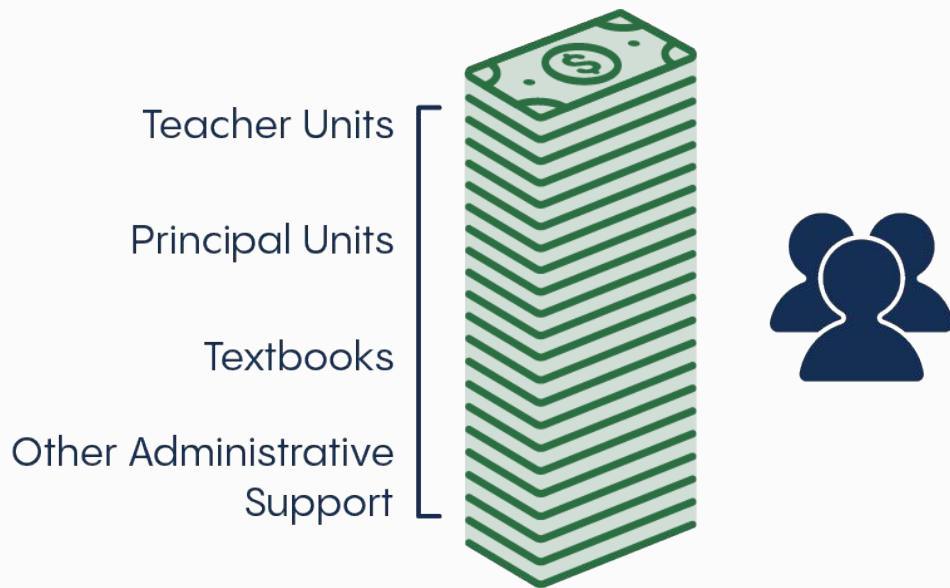
**K-12 Education: Local Boards**  
**\$5.1 billion**

K-12 Education: State Department of  
Education  
\$534 million

Higher Education  
Approx. \$2.25 billion



# Alabama currently has a Resource-Based Funding Formula called the Foundation Program.



Based simply on the the cost to provide resources, like teachers, principals, and materials.

Schools are allocated units, which are based on Average Daily Membership (ADM) and ratios that are set by law.

So, if a school has X number of students, they receive X number of teachers, textbooks, etc.

# The Foundation Program requires that districts contribute local dollars to access state funding.

We require districts to raise a minimum of **10 mills** of property taxes to access state funding.



Amount paid by the state

Amount paid for with local revenue (10 mill match)



District A Funding Calculation

# Mills are the unit of property taxes.

A mill rate of 1 means you pay \$1 in taxes for every \$1,000 of your property's assessed value.

Each mill is worth a different amount of money because they are based on property values.

Property in wealthy communities is worth a lot more than property in lower wealth communities, which is a significant equity challenge.



Home value: \$100,000

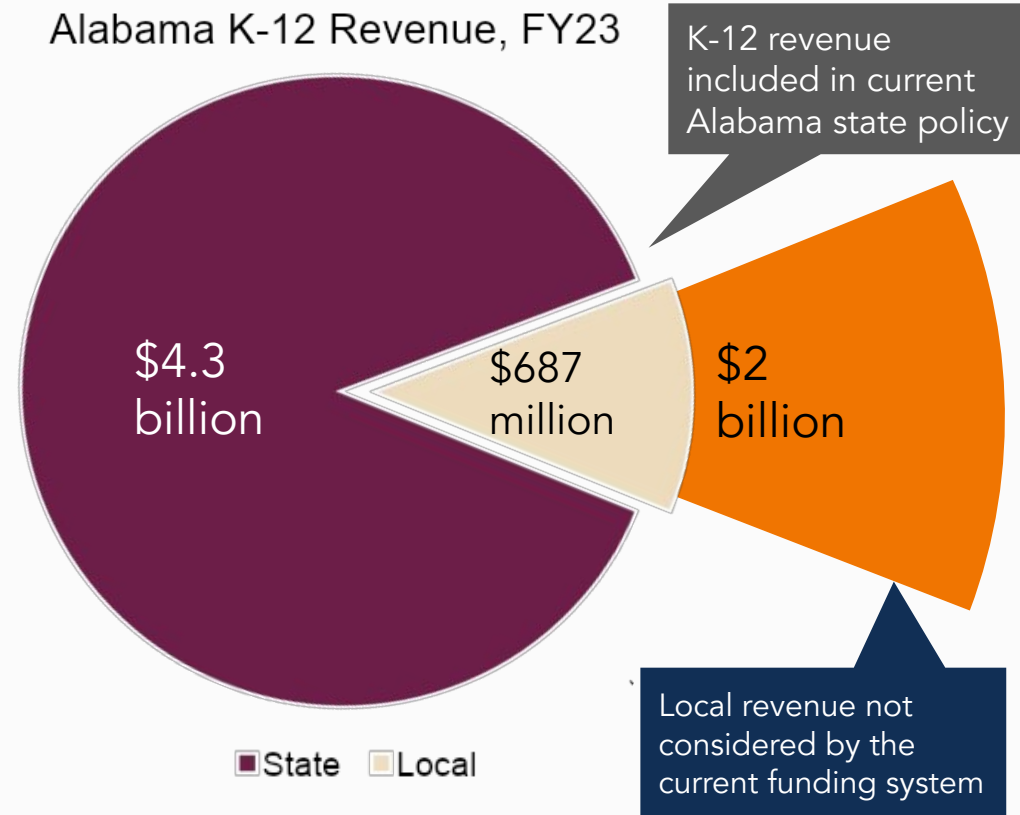
**1 mill = \$100**



Home value: \$500,000

**1 mill = \$500**

# Districts can also raise their local property taxes above this minimum requirement.



# The Foundation Program has not been updated since 1995.





# Alabama's Current School Funding Formula



# Vision

Bellwether envisions a future where *all* young people have access to an **equitable** and excellent education, and live lives **filled with opportunity**.

We're a nonprofit that has helped more than 600 education organizations, schools, districts, and charter networks across the country address their most pressing issues and achieve their goals.

# Bellwether's work in state education finance aims to change the status quo, state by state.

<p>Current state</p>	<p>Outdated, inequitable, and/or inadequate school funding formulas, created over the course of decades of political compromise, intentionally complex and opaque, understood by a select few with disincentives to change.</p>
<p>Bellwether's Role</p>	<p>We will equip state advocates and leaders with deep understanding of their states' ed finance systems, and compelling data-driven analysis of what various policy proposals could achieve via:</p> <ul style="list-style-type: none"><li>• Field-facing publications,</li><li>• Trainings for state-level advocates, and</li><li>• Capacity-building in specific states,</li></ul> <p>which will enable them to effectively plan and push for effective, equitable change.</p>
<p>Future state</p>	<p>More states across the country enact adequate, equitable, transparent funding formulas that set the conditions for higher levels of student success, especially for students and communities who need resources most.</p>



# Bellwether's work with A+ Education blends capacity- building, policy development, and strategic thought partnership

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Since May 2023, we've been working with the A+ team to:

- Align on principles that should underpin an exemplar funding system, considering the Alabama context and the priorities of various stakeholders
- Deeply analyze Alabama's current funding system and develop perspectives on the challenges a new state education finance system should address
- Develop policy options to address those challenges and testing them against guiding principles as well as practical and political feasibility

# Bellwether's framework for assessing state finance policies considers four principles:

## ADEQUACY

- Is there enough funding in the system to enable schools to meet the state's educational mandate?
- Does the policy fulfill and protect the state's constitutional responsibilities to oversee an education system that can serve every child?

## EQUITY

- Does the policy allocate greater resources toward groups of students with greater educational needs?
- Does it differentiate between wealthy and less-wealthy communities to ensure that limited state dollars are used where they are needed most?

## RESPONSIBILITY

- Does the policy make clear the locus of decision-making for funding and budgeting, and split local and state responsibilities appropriately?

## TRANSPARENCY & ACCOUNTABILITY

- Are the policies clear on how funding is calculated and allocated?
- Are formulas only as complex as they need to be?
- Does reporting of revenue and expenditures create a feedback loop between student needs and state funding?

# Alabama's faces challenges in each of the four principles we consider when assessing state school finance policy

Principle	Evaluating Alabama's current system across each principle
Adequacy	<ul style="list-style-type: none"><li>• Inflation adjusted per-pupil revenues have decreased over time, leaving schools with less buying power for resources and labor</li><li>• Alabama ranks 41<sup>st</sup> in the country for per-pupil funding</li></ul>
Equity	<ul style="list-style-type: none"><li>• Minimal additional funding for students with disabilities</li><li>• No correlation between rates of student poverty and additional state aid</li><li>• EL funding isn't tied to individual student need</li></ul>
Responsibility	<ul style="list-style-type: none"><li>• There is no flexibility in how districts spend Foundation Program funding</li><li>• The current school finance system is complex and requires significant legislative tinkering to adjust with few clear levers for policymakers to address changing needs</li><li>• Only a small fraction of local revenue is accounted for in state policy</li></ul>
Transparency & Accountability	<ul style="list-style-type: none"><li>• Foundation Reports includes revenues, but how those revenues (e.g. at-risk) are calculated is not clear to local districts and the public</li><li>• No clear mechanisms of accountability for state policymakers to address funding inequities</li></ul>

# Our current formula only provides a very small adjustment (2%) for student learning needs – just **\$139** per student

The funding streams highlighted in tan represent \$6,962 per-pupil. The additional funding streams for student learning needs highlighted in purple are equivalent to approximately 2% of that amount – just \$139 per-pupil.

Funding Source	2022-23 Amount	Combined funding
Foundation Program (State and Local)	\$4.9 billion	\$5 billion
School Nurses Program	\$49.6 million	
Technology Coordinator	\$20.4 million	
At Risk	\$20.9 million	\$103.5 million (2% of funding in tan rows)
English Language Learners Program	\$16.2 million	
High Needs Special Education Grant Program	\$17.4 million	
Gifted and Talented	\$9.8 million	
CTE/Dual Enrollment	\$39.2 million	
Transportation and Fleet Renewal	\$405.7 million	\$621.2 million (13% of funding in tan rows)
Capital Purchases/Debt Service	\$215.5 million	

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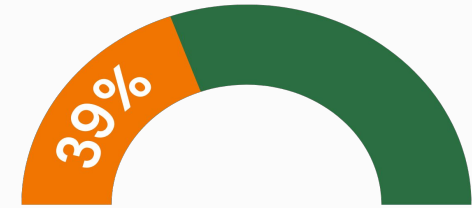
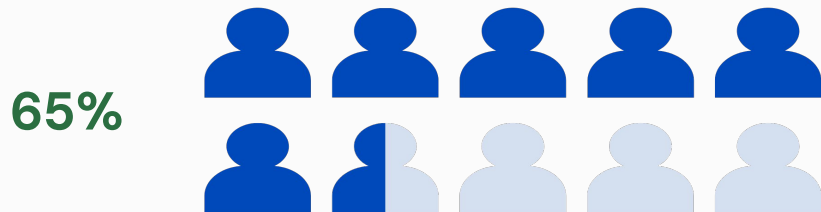
# **Cracking the Code:**

# **Why Funding Matters to Alabama Students**

# Why Funding Matters: Economically Disadvantaged Students

Alabama has one of the highest rates of students of economically disadvantaged backgrounds in the entire country.

In the 2022–23 school year, **65% of enrolled students directly qualified for a free or reduced-priced lunch** under the National School Lunch program.



Only **39%** of **economically disadvantaged students** were **proficient in ELA** (2023 ACAP)

**\$50–60**

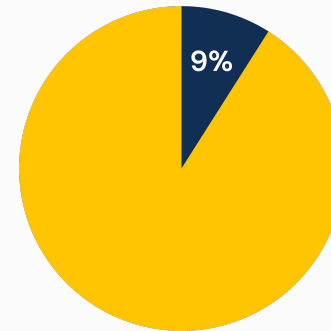
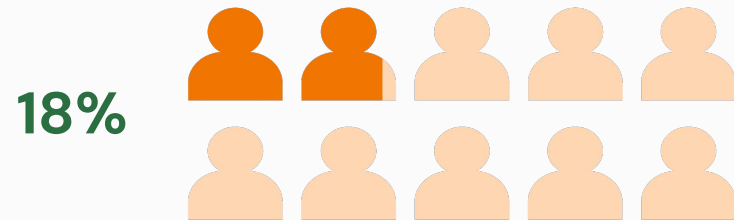


extra per student

On average, the state spends an **additional \$50–60 for each student who qualifies for free or reduced-price lunch and/or score a 1 or 2 on the ACAP test each year.**

# Why Funding Matters: Students with Disabilities

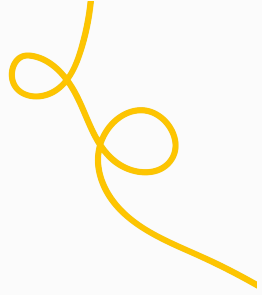
In the 2022–23 school year, **18% of Alabama students had a disability.**



**Only 9% of students with disabilities were proficient in Math.**

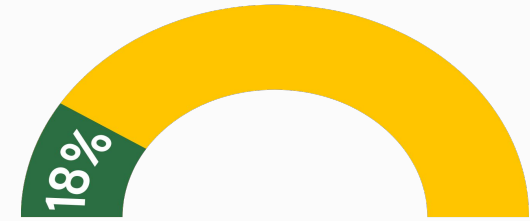
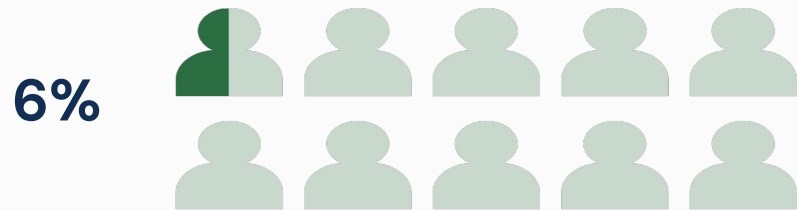
**Our current funding formula assumes that only 5% of a district's students have disabilities** and, based on that number, provides minimal additional funding for those students. However, 18% of Alabama students have a disability. This means that the state is underfunding support for students with disabilities.

# Why Funding Matters: English Language Learners



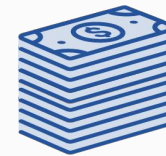
This is the fastest growing subpopulation of students in Alabama, with 42% growth since 2018.

In the 2022–2023 school year, approximately **41,430 of Alabama's public school students had limited English proficiency.**



Only **18%** of **EL students** were **proficient in ELA** (2023 ACAP)

**\$341**



extra per student

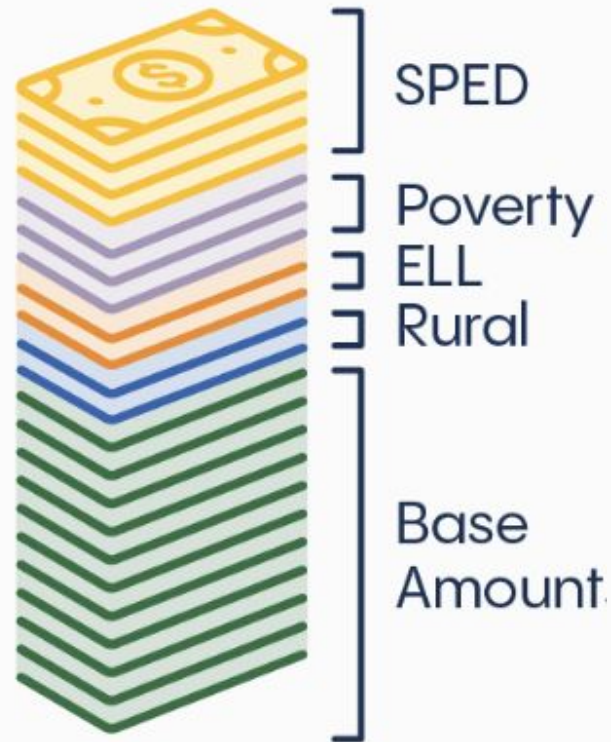
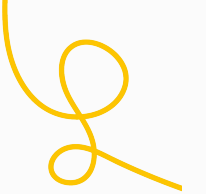
On average, the state spends an **additional ~\$341 per each EL student** through the English Language Learners Program grant program.



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**Cracking the Code:**  
**What's the Solution?**  
**A Student-Weighted Formula**

# Alabama needs a Student Weighted Formula.



In a student weighted formula, school districts receive a base amount of funding for the number of students enrolled.

Districts also receive additional funding through weights based on characteristics of enrolled students, such as low income, disability, and/or status as an English learner.

**41 states use a student-weighted formula.**

# Why modernize?



More money makes a difference, especially for economically disadvantaged students.



Our education system will not truly improve until all students have the resources they need to be successful.



And, Alabama voters overwhelmingly want to see this happen.

Modernizing our funding formula will transform the system for the next generation.

# Strategy to Modernizing Funding



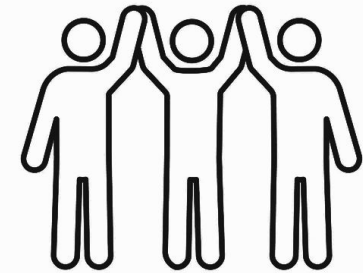
**Policy**



**Grasstops  
Champions**



**Communications**



**Community  
Coalition**

In order to accomplish this **once-in-a-generation** feat, we must come together to demand more for students. This includes **business leaders, organizations, and community voices.**



# Every Child

## Alabama Coalition

POWERED BY A+ EDUCATION PARTNERSHIP



# Every Child Alabama

We are advocating to modernize Alabama's school funding policy to a model that is **driven by student needs**.

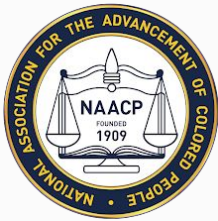
In order to accomplish this once-in-a-generation feat, **we must come together** to demand more for students.

**Every Child Alabama** will be a coalition of organizations and individuals working to ensure every child in Alabama has access to a world-class education to reach their full potential.

This includes **community leaders, business leaders,** and **non-profit organizations** across the state.



# We have 26 coalition partners!





# Every Dollar Counts

LEARNING SERIES

**Seven part virtual learning series**

Session 3:

*Thursday, May 16,  
3-4 pm*

*To watch previous sessions and register, visit  
[everychildalabama.org](https://everychildalabama.org)*



# Questions?

**LEARN:** [aplusala.org](https://aplusala.org)

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