

## Adjusting Weighted Pupil Funding for Concentrated Poverty

By Margaret Weston, UC Davis

The California state legislature's 2013 budget deal included an overhaul of the state's school finance system, which has long been criticized for being inequitable, inadequate and overly complex. The budget allocates the vast majority of state funds through a "weighted pupil funding formula" (WPF), which involves base funding for all students as well as additional funding for the plan's targeted disadvantaged students.

The disadvantaged students this plan targets are English learners, foster youth and low-income students as defined by eligibility for free or reduced-price lunch. Districts in which more than 55 percent of the students are those targeted students would receive even more funding through a concentration grant.

By targeting disadvantaged students, the plan brought renewed attention to the relationship between economic disadvantage and achievement. This policy brief, based on a new study<sup>1</sup> in which Heather Rose and Margaret Weston estimate the funding needed to improve disadvantaged students' academic achievement, reviews academic research on concentrated poverty to understand whether weighted pupil formula is the most effective way to target disadvantaged students.

### Poverty and Student Outcomes

On average, students from low-income families struggle academically. In 2011, Reardon found that the income achievement gap is almost twice the black-white test gap, and has grown by

more than 30 percent since 1970.

Researchers have also documented the strong negative effects of living in a poor neighborhood and attending a high-poverty school. Students in high poverty schools have lower levels of academic proficiency and are less likely to graduate from high school, to attend college and to get jobs.

In 1997, Caldas & Bankston found that the socioeconomic status of peers has a significant, independent effect on a student's achievement that is only slightly smaller than the effect of a student's own family background. Students who are not poor but who attend high-poverty schools are more likely to struggle academically than poor students in low-poverty schools.

### Defining Disadvantage

One challenge in effectively targeting the most disadvantaged students is in figuring out the most accurate measure to identify them. The U.S. Census Bureau defines "poverty areas" as census tracts with 20 percent or more of its population living below the federal poverty line. Each year, the Census Bureau estimates the poverty rates in school districts.

Researchers typically use a 40 percent poverty rate to define concentrated poverty. Others use a threshold of at least 50 percent, or create quartiles of poverty. Rather than rely on Census estimates, researchers typically estimate school poverty by

<sup>1</sup>[www.ppic.org/main/publication.asp?i=1047v](http://www.ppic.org/main/publication.asp?i=1047v)

### About the Center

Over the past 50 years, the U.S. has experienced a rising standard of living without reducing the fraction of the population that live in poverty. In response to this, the Center for Poverty Research at UC Davis is one of three federally designated National Poverty Centers whose mission is to facilitate non-partisan academic research on poverty in the U.S., to disseminate this research, and to train the next generation of poverty scholars. Our research agenda spans four themed areas of focus:

- Labor Markets and Poverty
- Children and the Intergenerational Transmission of Poverty
- The Non-traditional Safety Net, focusing on health and education
- The Relationship Between Poverty and Immigration

The Center was founded in the fall of 2011 with core funding from the Office of the Assistant Secretary for Planning and Evaluation in the U.S. Department of Health and Human Services.

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counting the number of students on subsidized lunch.

To qualify for free lunch, family income must be less than 130 percent of the federal poverty line (\$29,008 in 2010). To qualify for reduced-price lunch, income must be less than 185 percent of the federal poverty line (\$41,281 in 2010). The National Center on Education Statistics (1996) defines a high-poverty school as one in which at least 40 percent of the student body is enrolled for subsidized meals.

The two measures of school poverty—federal poverty measures and enrollment rates for subsidized lunch—are highly related. Approximately 33 percent of students enrolled for free and reduced-price lunch live in poverty. The standard 40 percent poverty threshold is similar to an 80- to 90-percent threshold of free and reduced-price lunch.

Figure 1 shows the concentration of free and reduced price lunch students within California schools and districts. Approximately 60 percent of California's students attend schools in which more than 50 percent of students are eligible for free or reduced-price lunch. More than 10 percent of students are in schools with more than 90 percent of students on subsidized meals.

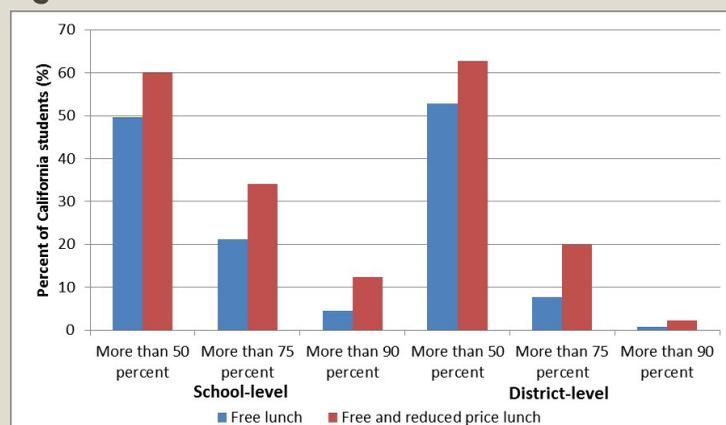
## Current Concentration Factors

The body of research makes clear that students in high-poverty schools are even more disadvantaged than students simply defined as low-income by federal measures. So far, however, the discussion around California's concentration grant has related to only district-level concentrations of poverty.

One major concern about district-level measures is that some students will not be served. Poverty is not always equally distributed across schools within a district. In 2010-11, 591 schools serving six percent of California students had more than half of their students on free or reduced price lunch but were in districts that do not meet the district-level threshold to win a concentration grant. Under this plan, these schools are ineligible for any additional funding.

A second major concern is that funds may not reach the neediest students. Reviews of Title I, a federal program that provides funding to help low-achieving students in high-poverty schools, find evidence that overall school funding does not increase significantly with the receipt of Title I funds. This means that districts may reduce or redistribute state and local funds away from Title I schools and the students they were intended to support. The California civil rights community has expressed concern that without regulatory strings to ensure that funds reach targeted students, districts may distribute these funds more equally across schools. In the coming year, the State Board of Education will draft policies and regulations to make sure.

**Figure 1**



Concentrations of students eligible for subsidized school meals. Source: 2010 Free and Reduced Price Meals/CalWORKS School Level File, California Department of Education

## Grant Alternatives

To combat some of these negative incentives, in 2007, Richard J. Murnane proposed offering competitive matching grants to school districts in a similar manner to the Obama Administration's Race to the Top competitive grants. The matching component ensures that total funding per pupil increases, that the competitive component ensures community buy-in, and that districts use research-driven strategies to improve achievement among poor students.

Competitive grants would also ensure that funds are used in new ways, rather than in common Title I fund uses that have been generally ineffective. Of course, a program of competitive concentration grants may not be politically feasible or desirable. Some poor students, by virtue of where they live, would not be awarded a grant.

Regardless, it is clear that under our current system, a majority of California's students are low-income and attend schools with many other low-income students. These disadvantaged students currently have lower average achievement than non-poor students and are more likely to have adverse long-term outcomes. These students warrant additional consideration, whether in a WPF or a supplemental grant. In the coming years we will see how California's definition of poverty—the formula which determines the grant—will serve the students it was designed to help.

For a complete list of references, view this brief online at [poverty.ucdavis.edu](http://poverty.ucdavis.edu)

## Meet the Researcher

Margaret Weston is pursuing a Ph.D. in school organization and education policy at UC Davis. She is also a policy fellow at the Public Policy Institute of California's Sacramento Center, where her work focuses on topics in public and school finance.

View more of Margaret's work online at: [www.ppic.org](http://www.ppic.org)