

Investing Additional Resources in Schools Serving Low-Income Students

Evidence for Advocates

Mary McKillip and Theresa Luhm

Introduction

Money matters in education, especially for students from families that are struggling financially. Increasing school funding not only leads to improved school completion rates and higher achievement in low-income school districts,¹ but over the long-term it can increase educational attainment, wages, and family incomes for children from low-income families.²

While the benefit of investing additional resources in schools serving low-income students is well-established in research, it is often ignored or not well understood by policymakers. This brief provides the research evidence advocates need when confronted with a fundamental question in the education policy debate: ***Why should states invest additional resources in low-income students?***

This brief is the first in a three-part series, “Evidence for Advocates.” Subsequent briefs summarize the research on the most effective State school funding mechanisms and resource priorities for low-income students.

The Impact of Poverty

Explaining why resources need to be directed to schools serving low-income students requires an understanding of the profound impact poverty has on students’ lives and their access to opportunities to learn. Along with a lack of financial resources, low-income parents and guardians are less likely to be able to access programs and activities to improve their children’s academic skills. They are also more likely to be impacted by low-wage jobs with long and/or odd hours, lack of job security, and limited access to benefits such as paid time off and adequate health care. As a result, students living in poverty are more likely than students from wealthy families to face a number of unique challenges, including:

- Physical health issues and mental stressors that take them out of school for extended periods of time or make it harder for them to focus on academics;
- Inability to access preschool and out-of-school enrichment opportunities after school and in the summer;
- Afterschool work obligations to help with family finances, whether in the workforce or by providing childcare and supervision to younger children in the home;

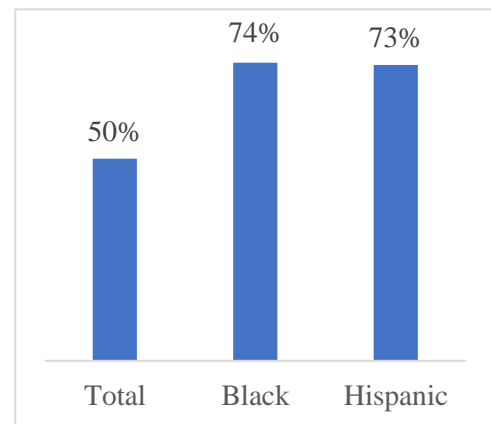
- Housing instability, food instability and other issues impacting a student’s ability to get to school, stay in school, and concentrate while in the classroom.³

The negative impacts of poverty on academic success are often compounded when families live in communities of concentrated poverty, a situation that affects a staggering number of American children. As shown in Figure 1, half of all students in U.S. public schools attend schools where a majority of the population is low-income, based on their qualification for free or reduced-price lunch.

In addition to attempting to mitigate the disadvantages experienced by individual low-income students, schools with high concentrations of students in poverty face additional challenges, including:

- Fewer resources than wealthier schools have, due to funding inequities;⁴
- Teachers with less experience, less education and poorer evaluations, and higher rates of teacher turnover than schools educating more advantaged students;⁵
- Significant numbers of students dealing with the impacts and stressors of poverty, requiring more teacher and staff support in the classroom;⁶
- Many more students with increased exposure to environmental hazards and safety concerns.⁷

Figure 1: Percent of students who attend school with majority low-income students, NCES Common Core of Data, USDOE, 2016-17



Many racially segregated districts that are majority Black and/or Hispanic are also frequently districts with high proportions of lower-income students.⁸ As can be seen in Figure 1, nearly 75% of Black and Hispanic students attend schools with a majority low-income population. The impact of racial segregation of schools on student outcomes is often connected to high proportions of students in poverty in those same schools.⁹

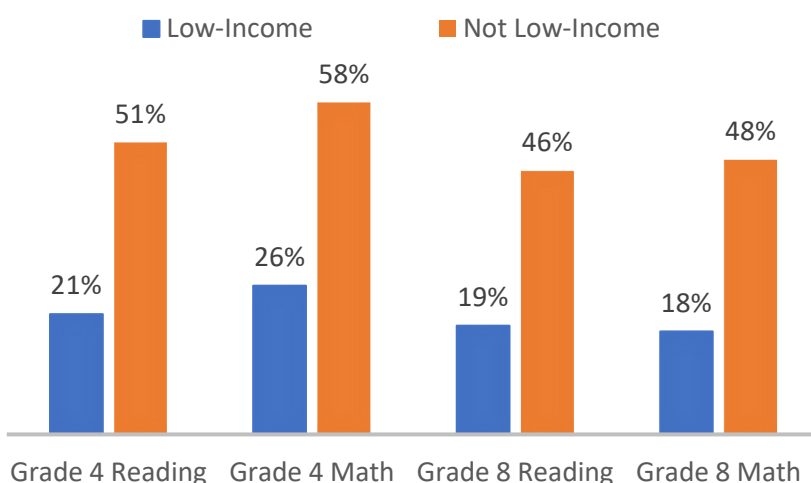
How Poverty Impacts Student Achievement

All of the factors that affect individuals and families in poverty converge to impact students’ academic achievement, even and especially when children are first entering school.¹⁰ Children from disadvantaged households consistently perform worse than children from more advantaged households. The achievement gap between low-income and high-income students tends to be stable and persistent.¹¹

Figure 2 shows student performance in 4th grade and 8th grade reading and math on the National Assessment of Educational Progress (NAEP). In both grades and in both subject areas, low-income students have proficiency rates that are half that of students from higher income backgrounds. The clear relationship between student poverty and achievement has been documented in studies at every level of analysis: the individual student, the school, the district, the state, and the nation.¹²

While it is true that students from low-income backgrounds have lower achievement, and that schools of concentrated poverty are more likely to lack resources, it is difficult to fully separate individual poverty effects from the effects of concentrated poverty.¹³ What is certain is that due to housing segregation by income, far too many students in poverty are concentrated together in schools and in districts.

Figure 2: NAEP National Proficiency Rates, Low-Income Students Compared to Higher-Income Students, 2019



Money Matters for Low-Income Students

While there is no question that children in poverty are harmed by the systemic inequities that influence their preparation for and growth in school, this does not mean these children do not have the potential for academic success. Multiple recent research studies, using many years of data on spending and student outcomes across a number of states, have found that increased spending by higher poverty districts has a significant positive impact on student outcomes.¹⁴

Regardless of how money is generated – whether through local tax increases¹⁵, bond referenda,¹⁶ state level increases in revenue to low-income districts,¹⁷ or court-ordered reform¹⁸ – more funding leads to significant increases in high school graduation rates and academic achievement and reduced dropout rates and achievement gaps between high- and low-income school districts. The research shows that effects tend to be stronger over time as the additional funds have a cumulative impact on student outcomes. Additional resources are found to have a more powerful effect on low-income students than on wealthier students, with increased spending positively impacting the level of education and earnings and the poverty rate in adulthood among children from low-income families.

In one of the most robust research studies available, increases in funding to low-income districts not only resulted in improved academic outcomes, but also increases in wages, family income, and reductions in the annual incidence of adult poverty. The study found that a 10% increase in per pupil spending each year for all 12 years of a public school education for a low-income student is associated with 0.46 additional years of completed education, 9.6% higher earnings,

and a 6.1 percentage point reduction in the annual incidence of adult poverty (see details in box). School spending increases were associated with sizable improvements in measured school inputs, including reductions in student-teacher ratios, increases in teacher salaries, and longer school years, leading the authors to conclude that the estimated benefits to increased school spending are large enough to justify the increased spending under most reasonable benefit-cost calculations.¹⁹

If a state spends \$1,220/year more to educate a low-income student (a 10% increase in the national average of \$12,201 in 2017), then over 12 years that student represents an additional **cost of \$14,640**.

That student is estimated to go on to earn a 9.6% higher salary. Based on the median national salary of \$31,562 in 2017, over an average career of 30 years, that is \$3,030/year more, or an additional **benefit of \$90,900**.

Conclusion

Because students in poverty tend to enter school less prepared than their wealthier peers and may lack other family and community resources that would further support their learning growth, schools require ample funding to be able to provide additional resources and supports to address this gap. Research has shown that increased school funding targeted to the needs of low-income students has a significant impact on the educational and life outcomes of those students.

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