

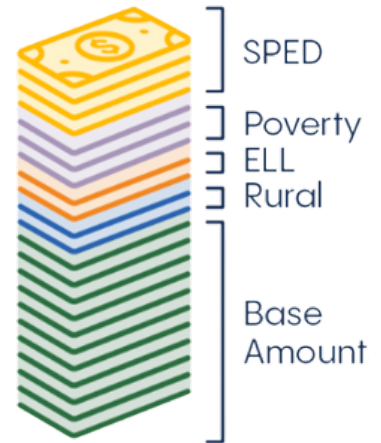
With a winning playbook of strong policy, strong implementation, and strong investments, Alabama students are making progress. Our 2024 NAEP results are proof of this. However, we still have a long way to go before every child has access to an excellent education. A+ strongly believes that modernizing our school funding formula is the next step to getting us closer to this goal.

Why do we need a new funding formula? What's wrong with our current one?

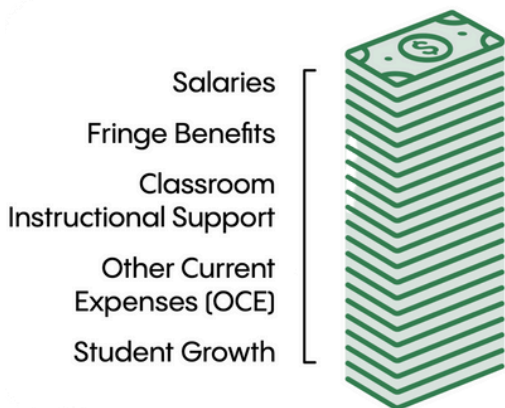
- Alabama has made record investments and reforms over the past few years that have resulted in some student gains. In order to continue to see the benefits of these investments, the time has come to address our outdated school funding policy.
- Alabama is one of only six states still using a resource-based formula, which has not been updated in over 30 years. Our current formula distributes money based on the number of students in a school and not the needs of those students, like living in poverty or having a disability.
- It does not provide enough money, is not transparent, is not flexible, and does not allow schools to adjust how they spend money to address their students' needs.
- Additionally, public charter schools did not exist 30 years ago when the Foundation Program was created, so they operate with significant funding gaps that need to be addressed in an updated funding formula.

What kind of a formula do we need in Alabama?

- Alabama needs a **student-weighted formula** to fund districts based on the needs of the actual students in their schools. Every child is different, and some children need more support to be successful.
- A student-weighted formula will provide more funding to address the students with greater needs, like students living in poverty, English-language learners, students with disabilities, and students in rural communities.
- A student-weighted formula is flexible and allows policymakers to address unique community challenges. For example, Alabama's English Language Learner population has rapidly grown in some areas, putting districts at a funding deficit to educate that student population. A student-weighted formula would allow policymakers to adjust for this.



How are Alabama Schools currently funded?

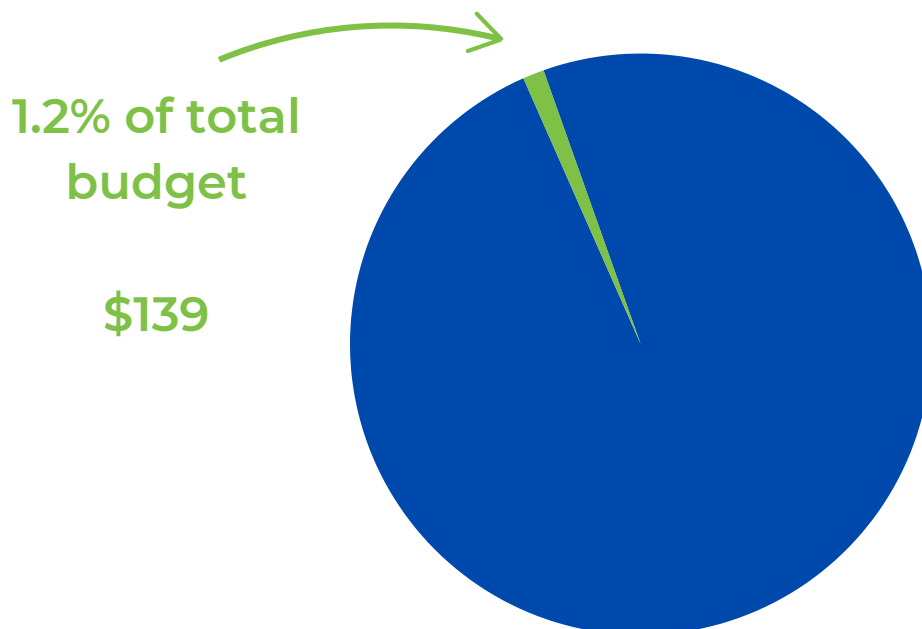


Alabama schools are currently funded through the Foundation Program, which is a resource-based formula that was passed by the legislature in 1995.

Through the Foundation Program, funding is driven by student count instead of student needs. Funding is provided for teacher units, instructional support units, other current expenses, classroom instructional support, and student growth.

What are the challenges with our current formula?

- **It's outdated.** Alabama is one of only six states still using a resource-based model, and the Foundation Program hasn't been updated in over 30 years.
- **It's under-resourced.** In 2022, Alabama spent only \$6,957 per pupil through the Foundation Program. Alabama spends 25% less per pupil than the national average.
- **It's inflexible.** The Foundation Program dictates where every dollar needs to be spent, leaving districts with little room to make adjustments for the specific needs of their students.
- **It's inefficient and doesn't target student needs.** Students with greater needs do not receive more funding under the Foundation Program. The \$5.3 billion K-12 budget only allocates 1.2% to specific student needs, including those in poverty, with disabilities, or English learners, which equates to only \$139 per student.



Why do we need to modernize Alabama's funding formula?

- **Research shows that it works.** Spending \$1,000 more per student in low-income districts over ten years is equivalent to 72 additional days of learning. This investment can also close a third to a half of the test score gap between low-income and high-income districts.
- **We have Alabama proof points showing success.** The Governor's Turnaround Schools Initiative proves that an increased investment with targeted implementation leads to greater academic outcomes. ABC Elementary School in Wilcox County saw a nearly 20-percentage-point jump in its third-grade reading scores, from 41% reading on grade level during the 2021-22 school year to 60% in 2022-23.
- **An investment in education is an investment in Alabama's economic future.** Education investments increase local job availability, property values, and community revitalization while reducing social and judicial costs to the state.

Pathways to Modernizing Our Funding Formula

Recognizing the need for reform, the Alabama Legislature established the Joint Legislative Study Commission on Modernizing K-12 School Education Funding in the 2024 legislative session. Over five meetings, the commission learned about the challenges of our current formula and the benefits of a new funding formula. In their January 2025 meeting, they proposed three potential pathways to modernize our outdated system:

Option 1: Make no changes to the Foundation Program.

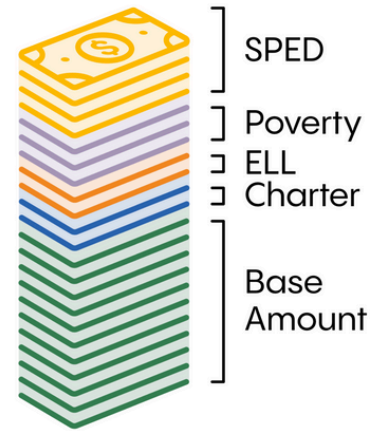
Option 2: Move to a Student-Weighted Formula.

Option 3: Shift to a Hybrid Formula.

Pathways to Modernizing Our Funding Formula

Option 2: Move to a Student-Weighted Formula.

This option fully replaces the current Foundation Program. The SWF would fund districts by providing a dollar amount for each student called the “base” and adding additional funding for students who need additional support through “weights.” The Commission’s report found that weights should be incorporated for students in poverty, students with disabilities, English learners, students in charter schools, and gifted students.



Benefits of Option 2

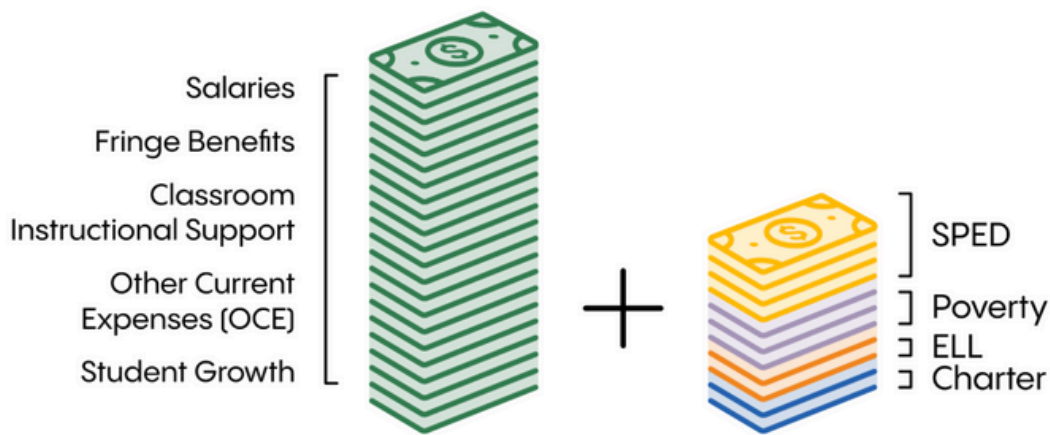
Highly student-centered. Base covers all costs that are currently in the Foundation Program, plus other programs, and should fully cover the cost of educating a child with typical needs. The weights are a percentage calculation of the base multiplied by the number of students in the districts with higher needs. Student groups who require additional resources include students in poverty, students with disabilities, students enrolled in charter schools, and English learners.

All districts will win. Alabama has the funds to move to a SWF and increase its investment in students through the money in the Education Reserve Fund. Alabama would not have to increase taxes to move to this model, and the legislature has committed to no districts getting less state funding than they currently receive.

Flexibility with accountability. Alabama districts would have the flexibility to adjust spending to meet the needs of their students. This increase in flexibility would come with increased accountability to ensure funding is impactful and increases student outcomes.

Option 3: Shift to a Hybrid Formula.

This option pairs the existing Foundation Program with a new weighted formula for students who need additional support. This new weighted formula would be built on the state’s Foundation Program per-pupil average, which would be considered the “base.” The legislature would set a percentage for each student weight, which would drive funding for every student who qualifies for that weight to the district to meet the academic needs of that student group.



Districts will receive their allocations through the Foundation Program on the typical timeline, plus a lump sum of additional funds for student groups with higher needs based on their district’s student population. By shifting to a hybrid system, Alabama could make significant and impactful strides in investing in student needs.

How this could work:

Foundation Program Per-Pupil State Average	Potential Weight for Student Need	Amount of Funding for Student Need
~\$7500 (FY25)	10%	\$750 for every student who qualifies for the weight
\$8000 (in future years)	10%	\$800 for every student who qualifies for the weight

Benefits of Option 3

Increases flexibility. Funds allocated to districts under the Foundation Program would still be subject to current rules and regulations. Funds received through the additional weights would be flexible. All districts would gain flexible dollars to improve outcomes for students.

More student-centered. Through the weights, funds are targeted to students with higher needs. This type of investment can be transformational for student outcomes.

All districts will win with no new taxes. The Foundation Program will continue to operate as it has, which means districts will not receive less money. The new hybrid formula could be funded through funding from the Education Opportunity Reserve Fund or growth in the Education Trust Fund. Alabama would not have to increase taxes to move to this model.

Benefits of Option 3 (Continued)

Grows with Foundation Program. Weights are stacked on top of the Foundation Program, and their dollar amount is responsive to changes in the state's education investment. As the Foundation Program grows through teacher pay raises, PEEHIP increases, or other investments, funding flowing to students with the highest needs will also grow.

More transparency and accountability. There will be a more transparent and direct connection between how much funding a district receives for student groups with greater needs and its student outcomes for those groups. Legislators have also signaled that they would like additional accountability for these new investments to ensure funding is impactful and increases student outcomes.

While we still stand behind the need for a Student Weighted Formula, A+ fully supports the Legislature in pursuing a hybrid formula.

We believe that a hybrid formula will make a significant impact on student needs and academic outcomes, both in the short and long term.

School Funding Reform in Alabama: Other Frequently Asked Questions

Where will the money come from if a student weighted formula or hybrid formula is passed?

The Legislature will decide to either fund new dollars for these formulas either from growth in the Education Trust Fund and/or funding from the Educational Opportunities Reserve Fund, a savings fund created in 2022 that will total over \$1 billion by March 2025.

Will districts receive less money?

If the Legislature decides to pursue a hybrid formula, the Foundation Program will stand as it currently is. Therefore, no districts will lose money.

Will any districts have money taken away from them?

No districts will have money taken away from them.