



# Renewing Alabama's Investment in Student Excellence (RAISE) Act

## What is it?

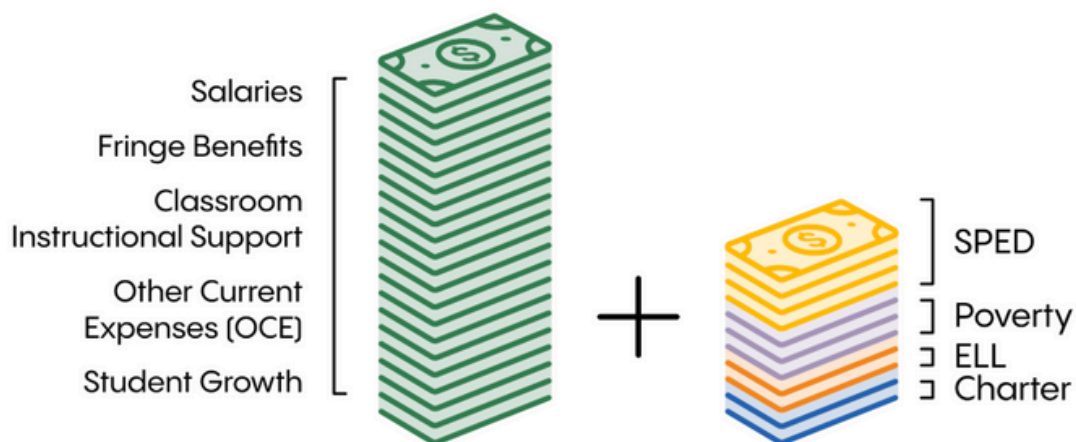
Alabama legislators have introduced a new bill focused on modernizing Alabama's school funding formula. The **RAISE Act** introduces a **hybrid funding formula** for Alabama's K-12 public education system, enhancing the existing Foundation Program to **target student needs**, such as special education, poverty, and English language learners, and **improve academic outcomes for all students**. It creates the RAISE Fund to provide additional funds to all districts based on student needs, holds districts accountable for using those funds to benefit students, and establishes a unified application that streamlines the applications and reporting that school districts complete for all state and federal funding. To support the RAISE Act, the Legislature is proposing a total of \$163.9 million to fund student needs in the first year. This includes \$57.9 million in existing ETF funding and \$106 million in new funding from the Education Opportunities Reserve Fund.

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

1. Our current Foundation Program has not been significantly updated in 30 years.
2. Alabama is 1 of only 6 states still using this type of funding formula and spends, on average, \$4,000 per pupil less than the national average.
3. In FY24, the Foundation Program allocated just 1.2% of funds (\$139/student) to specific needs like poverty, disabilities, or English learners.
4. The RAISE Act targets additional resources to students who need it most, and research shows that this works. Increasing funding by \$1,000 per student in low-income districts over 10 years is equivalent to 72 additional days of learning, closing up to half of the test score gap between low- and high-income districts.
5. The hybrid formula was a recommendation of the Joint Legislative Commission on Modernizing Alabama's K-12 Education Funding, which studied the need to move to a more student-centered funding formula from May 2024 through February 2025.
6. While this is not a full student-weighted formula, it is a step in the right direction and will help Alabama build on its positive academic momentum.

## What is the hybrid funding formula? How would it work?

- This new hybrid, weighted formula would be built on the state’s Foundation Program per-pupil funding average, which would be considered the “base” amount that every student receives in the state.
- The legislature would set a percentage of that total base amount for each student weight. For example, if the base is \$7,500 and the poverty weight is set at 2%, then for every student in poverty they serve, districts would receive an additional \$150 per student in poverty to support their needs. This additional money will be sent to school districts for every student who qualifies for that weight to help them meet the academic needs of that student group. For example, if a district serves 1,000 students in poverty, they would receive an additional \$150,000 in funding.
- **The Foundation Program would continue to exist as the main funding formula for public schools in Alabama**, with the RAISE Act formula adding additional funding for student needs. Districts will continue to receive their Foundation Program allocations on the typical timeline, plus additional funds through the RAISE Act for student groups with greater academic needs based on their district’s student population.



## What are the benefits of the RAISE Act?

- **More student-centered.** Many students have different needs which may need more funding to educate. Through the weights, funds are targeted to students with higher needs. This type of investment can be transformational for student outcomes.
- **Increases flexibility.** While Foundation Program funds would still be subject to current rules and regulations, dollars generated through the RAISE Act would be more flexible. The RAISE Act ensures that funds are used only for the student groups that generate them while allowing districts to be flexible and innovative to address student needs.
- **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. There will also be additional accountability built in to ensure that RAISE Act funding is used effectively to increase student achievement.
- **All districts will receive more money with no new taxes.** The Foundation Program will continue to operate as it has, which means districts will still receive their Foundation Program funding plus new funding through the RAISE Act. The new hybrid formula will be funded through growth in the Education Trust Fund and funding from the Education Opportunity Reserve Fund, allowing the new student weights to grow over time. Alabama would not have to increase taxes to move to this model.

## What does the RAISE Act do?

**Establishes the RAISE Fund** to provide additional funding for students with specific needs, starting in the 2025-2026 school year.

**Provides additional funds to all districts based on student needs** by establishing an additional percentage, called a weight, that each student will generate. To calculate this amount, the previous year's Foundation Program cost will be divided by the state's average daily membership to find the average per-pupil expenditure. This number will be multiplied by the weight, established each year in the budget, for each student group:

- a. **Students in Poverty:** Up to 20% of the base
- b. **Special Education Students:** Up to 25% (Tier 1), 50% (Tier 2), and 150% (Tier 3) of the base
- c. **English Language Learners:** Up to 15% of the base, with an additional 5% for districts with large, concentrated EL populations
- d. **Gifted Students:** Up to 5% of the base for 5% of ADM in each district
- e. **Charter School Students:** Up to 10% of the base

**Creates a Unified Application system to streamline applications and reporting for all state and federal funding.** The Unified Application will combine federal and state program applications, data collection, and goal setting into one efficient system by the 2028-2029 school year, managed by the ALSDE with support from an external partner.

## How will we ensure that funds will get to students who generate them?

The RAISE Act requires that all RAISE Act funds be used only for the students who generate those funds.

- To hold districts accountable, the RAISE Act requires each district to set achievement goals for each student group, report planned expenditures for RAISE Act funding, and share reflections on student group outcomes, along with potential revisions to RAISE Act expenditures to the ALSDE annually.
- The RAISE Act Review Committee will be established to evaluate district-level progress and suggest improvements to both district initiatives and the Act itself.
- Finally, the RAISE Act will create an Accountability and Implementation Board to ensure that funds are used for students effectively. The Board will include state leaders and experts in the school turnaround or education policy field. If districts are not meeting their goals, the Board, in partnership with the ALSDE, will conduct a hearing process and propose corrective action, which may include a loss of autonomy over RAISE fund budgeting and prescriptive measures.

## Frequently Asked Questions

- **Where will the money come from?**

- The Legislature will use \$57.9 million from existing line items in the Education Trust Fund. These existing line items will include At Risk, the English Language Learners Grant Program, and the Gifted Students Program.
- The Legislature will appropriate \$106 million in new funding from the Educational Opportunities Reserve Fund to launch the RAISE Fund.

- **Will districts receive less money?**

- No. The RAISE Act is in addition to the existing Foundation Program. So, all districts will receive more money than they do now.

- **Will any districts have money taken away from them?**

- No. No districts will have money taken away from them.

- **Could the RAISE Act be a step towards a full, student-weighted formula?**

- Yes. The RAISE Act establishes a pathway where more funding could move through weights to districts and students. This is a step towards a full, student-weighted formula.
- The RAISE Act includes a Review Committee that will assess the RAISE Act over time and make recommendations for continuous improvement.