

# Alabama School Funding 101



## The Big Idea:



It's time to make school funding more student-centered and equitable in Alabama.

## Where does the money for Alabama schools come from?

The funds for our schools come from three different “pots” - federal (US), state (AL), and local (county or city). In recent years, the range looks roughly like this:

Funding source	Where do these funds come from?	Share of funding
<b>Federal Funding</b>	The biggest programs are Title I (extra \$ to support programs serving low-income students) and the School Nutrition Program (free or reduced-price school meals).	<b>10.3% - 14%</b>
<b>State Funding</b>	All state funding comes from the Education Trust Fund (ETF) budget. Alabama uses the Foundation Program (FP) to determine how much state money each district gets. Additional state money comes to schools through specific “line items” in the ETF budget (example: the Alabama Reading Initiative). This is funded by 10 tax sources, with the majority coming from individual & corporate income tax, sales tax, utility tax, and use tax.	<b>55% - 65%</b>
<b>Local Funding</b>	Local funding comes largely from a share of local ad valorem property taxes, which is collected on the value of the local real estate property in a county/city.	<b>21% - 34.7%</b>

## How do we distribute this money to Alabama Public Schools?

- The Alabama Foundation Program is the formula that the state uses for funding each school district. The Foundation Program calculates each district's budget based on student population and student grade level, which is a resource-based funding model. The Foundation Program uses set ratios to determine the baseline funds that districts will receive for staffing & materials.
- The cost of educating all students is not the same, but Alabama does not consider student characteristics or needs (e.g. Students living in poverty, the actual number of students with Special Education plans, and English Language status) in the FP. AL districts serving high populations of these students are essentially 'underfunded.'
- A 2015 analysis of Alabama's funding model found the FP to be neither equitable (yielding roughly similar amounts for all students) nor adequate (yielding sufficient funding to get the job done). A 2019 evaluation drew the same conclusion. Despite these findings, the state has made no changes to the FP funding formula.

## Important notes on school funding in Alabama

- With the exception of the recent federal COVID recovery funds, the US government usually plays a small part in overall educational spending.
- In the US, the amount spent on each child's education is not equal. In Alabama, cities and counties with higher real estate values have more funds available for public education. A child's zip code often determines the funding available for a child's education.
- Besides Hawaii, Alabama maintains the lowest ad valorem property tax rate in the nation. What does that mean? Simply put, AL property owners here are asked to contribute substantially less in property taxes than citizens of other states. What's the result? Alabama state and local governments have fewer funds to spend on all public services, including public schools.
- Communities with less real estate wealth rely on the state for a larger share of their budget. When recessions hit, school budgets in these communities are hit the hardest.

