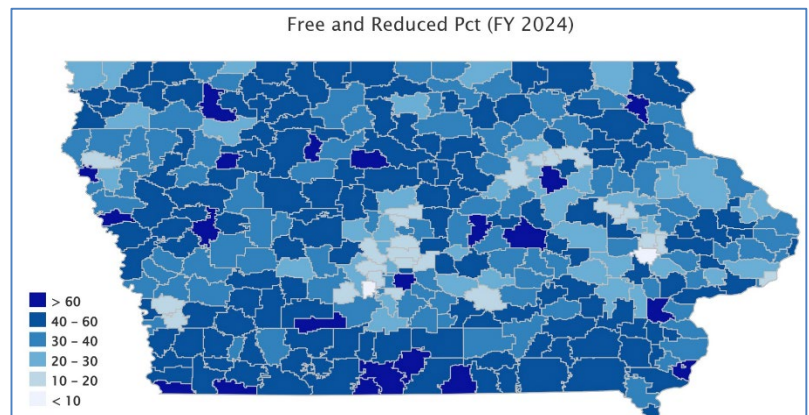


## UEN 2026 Legislative Priority: Opportunity Equity for High-Poverty Students

**Background:** Iowa's funding formula does not sufficiently recognize poverty as a driver of at-risk student programming. Historically, Iowa schools served a more homogenous, middle-class population. In 2001, about 27% of students were eligible for Free/Reduced Price Lunch (FRPL). Dropout Prevention funding is based on total enrollment, not a measure of students at risk. DoP capacity is limited to 2.5% of the regular program district cost or up to 5% based on historical practice. This inequity in DoP capacity is based on district decisions and student needs from decades ago. Low-income students are an important piece of Iowa's workforce puzzle, more apt to stay in Iowa, and will either be the backbone of our communities' potential or a drain on future resources.

The December 2019 School Finance Interim Committee passed a unanimous recommendation regarding poverty. The Committee saw a presentation by ISFIS reporting on the national average of 29%, and the shortfall in Iowa compared to best practice (access the Committee's Website showing the [ISFIS presentation](#)). The study was directed to review other states' formula resources for students from low-income families, which are showing successful student achievement outcomes. [HF 2490](#) Poverty Weighting Study was approved with strong bipartisan support in the House Education Committee in the 2020 Session, then stalled. This bill serves as a good starting point for continued conversation.

**Current Reality:** In FY 2025, 42.2% of students enrolled in public schools were eligible for FRPL. There were 74 districts with more than half of their students on FRPL, and 22 of those school districts had more than 60% of students eligible for FRPL. Poverty is found throughout the state, regardless of district size or geography, as the map shows. Districts above 70% include Storm Lake, Waterloo, Sioux City, Marshalltown, Des Moines, Postville and South Page (the state high of 87.1%). Two charter schools also enrolled more than 70% of their students eligible for FRPL.



### Impact of Poverty on Student Outcomes and School Resources

- Iowa's funding for at-risk (0.48%) and dropout prevention (2.5-5%) combined are well short of the national average 29% weighting for low-income students (AIR, [Study of a new Method of Funding for Public Schools in Nevada](#), Sept. 2012). Since Iowa spends \$2,734 less per student than the national average ([US Census data](#) reporting on FY 2024), the weighting per low-income Iowa student, applied to this lower base, is inadequate to provide needed supports.
- Students from low-income families are more likely to miss preschool, begin school academically behind, exhibit nonproficient literacy skills, especially in early elementary, and fall further behind over summer breaks, unless schools have the resources, staff and programs to meet their needs.

- Districts must waive fees for FRPL-eligible families, meaning districts with concentrated poverty have fewer resources for textbooks and driver's education, further stressing the general fund.
- High-poverty school investments boost achievement. Education Week, [Student Outcomes: Does More Money Really Matter?](#) *Fresh research bolsters the case for K-12 cash—and a rough road without it*, Daarel Burnette II, June 4, 2019 reports: "More money does, in fact, make a difference, they (researchers) say—provided that you spend enough, and in the right manner. They point to research in the past five years that provides examples of instances where politicians and taxpayers invested more money in teacher salaries, school construction, and schools with high populations of low-income students and saw students' test scores jump."
- Concentrated poverty impacts student learning when not addressed. The McCourt School of Public Policy, Georgetown, FutureEd, [State Education Funding; The Poverty Equation](#), March 2020, states, "What's more, when poverty is concentrated in a school—that is, when a significant portion of students in a school come from low-income households—the impact on performance is compounded. [A body of research](#) suggests that there is a 'tipping point,' somewhere between 50 to 60 percent of a school's students living in poverty, where performance for all students there drastically declines."
- Participation in Free and Reduced-Price Lunch echoes other indicators of poverty, such as lower property values supporting students and/or concentration of refugees and English-language learners. The [Final Report of the ELL Task Force in 2013](#) stated, "Note that property tax pressures are significant in most school districts with high concentrations of ELL students." Resources such as additional modified supplemental amount for excess ELL expenses beyond the formula weighting and dropout prevention funding are paid entirely with property taxes, already stressed in lower-income communities.

**Student Opportunity/Poverty:** Some students start school behind their peers, some by several grade levels. With the near doubling of poverty for young Iowa families over the last twenty years, the needs of many Iowa students are intense. Low socio-economic status is often a factor in achievement gaps for non-English speaking families, young families, and families with special needs living in poverty. It is challenging for many of these families to get their children to preschool or provide materials and experiences at home that promote literacy and learning.

Poverty is a predictor, but not a barrier to high student achievement, if schools have the staff and resources to work with students and their parents to support success. Iowa's funding formula should target funding based on the actual costs of closing achievement gaps evidenced in the Iowa Schools Performance Profile. The High-Needs Schools appropriation of \$10 million annually, created as part of Gov. Branstad's Education Reform Act in 2013, not funded once since its inception, should finally be appropriated, beginning in the 2026-27 school year.