

# Utah's Economically Disadvantaged Students

## A review of the data and the role of education

Many Utah children face economic hardship leading to significantly worse educational results. **Targeted funding** for this population can **improve academic achievement**, enhance economic outcomes, provide a multitude of societal benefits, and ensure Utah's future success.

### 1. Education creates greater economic opportunity.

- **Decreases poverty**– The poverty rate declines by nearly 10% for those with a high school diploma compared to those without.
- **Increases employment**– Unemployment rates continually decline with increasing years of education.
- **Increases earnings**– Median earnings continually rise with increasing years of education.
- **Increases economic mobility**– Those with a college degree are more than 20% more likely to move to a higher income quintile than their parents.

### 2. One in three Utah students experience economic hardship.<sup>1</sup>

- **Statewide**– Economically disadvantaged students attend school in all 41 school districts and charter schools statewide.<sup>2</sup>
- **Lifetime hardship**– Utah children are more likely to be lower income than adults. This portends a future increase in economically disadvantaged Utahns if their trajectory is unchanged.
- **Compounded by demographics**– Students of color face economic hardship at higher rates than white students.<sup>3</sup> Thus, as Utah diversifies, the number of economically disadvantaged students may increase.

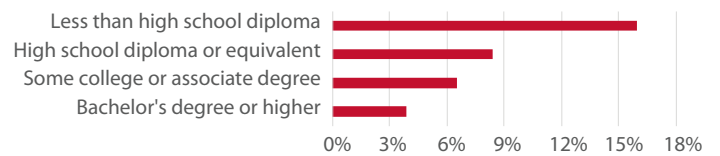
### Utah's Student Population by Economic Status, FY 2020

453,167	214,236
Not Economically Disadvantaged	Economically Disadvantaged

Source: Kem C. Gardner Policy Institute 2021 Economic Report to the Governor

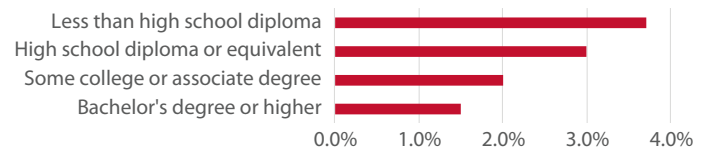
### Economic and Education Indicators

#### Utah Poverty Rate, 2019



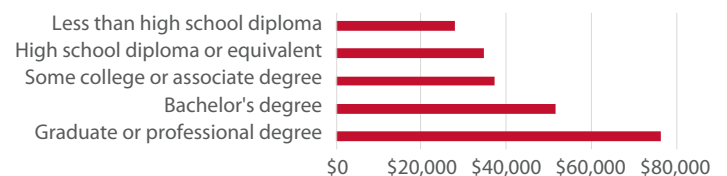
Note: Data are for individuals age 25 and older.  
Source: U.S. Census Bureau American Community Survey

#### Utah Unemployment Rate, 2019



Note: Data are for individuals age 25 to 64.  
Source: U.S. Census Bureau American Community Survey

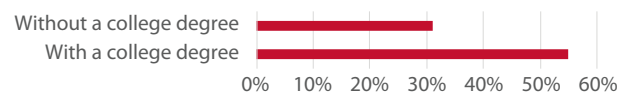
#### Utah Median Annual Earnings, 2019



Note: Data are for individuals age 25 and over.  
Source: U.S. Census Bureau American Community Survey

#### U.S. Economic Mobility, 2011

Probability of a child moving to a higher income quintile than their parents



Note: Data only includes children born into the 2nd, 3rd, or 4th quintiles.  
Source: Brookings Institute, Isaacs, Sawhill, and Haskins (2011) and U.S. Treasury calculations.

### 3. Economically disadvantaged students face far worse educational results.

- **Lower graduation rates**– Economically disadvantaged students graduate at a rate 9.6% lower than their peers who are not economically disadvantaged. This is the 11<sup>th</sup> largest difference in the country.
- **Lower math and ELA proficiency**– Disparities in math and English language arts emerge as early as 3<sup>rd</sup> grade and persist throughout K-12 education.
- **Lower ACT Score**– Students who are not economically disadvantaged score as college ready on the ACT at a rate nearly 30% higher than economically disadvantaged students.<sup>4</sup>

### 4. Targeted funding for economically disadvantaged students makes a difference.<sup>5,6,7,8,9</sup>

- **Lives impacted**– Poverty decreases, earnings rise, and students achieve more education when funding is targeted to low-income students.<sup>10</sup>
- **Utah provides targeted funds**– Existing Utah programs provide approximately 1-5% in additional funding for economically disadvantaged students through various programs.
- **Additional targeted funds improve opportunities**– A recent WestEd study found that the cost of providing equal education opportunities for Utah students from economically disadvantaged backgrounds is 42% greater than the general student population.<sup>11</sup>

### 5. Utah’s long-term future improves for everyone.

- Improving outcomes for economically disadvantaged students benefits not only these students, but society as a whole.

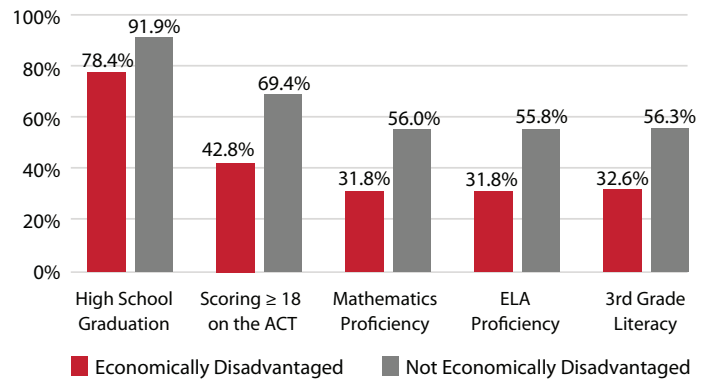
*“Utah will continue to prosper as we work to provide opportunities for every student to reach their academic and economic potential.”*

Senator Ann Millner

### Endnotes

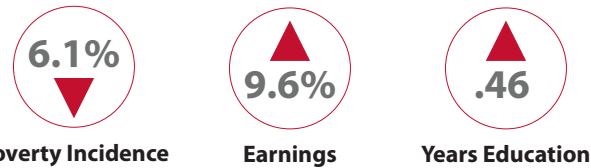
1. Students from households earning 185% of the poverty level or less qualify for free or reduced lunch.
2. Kem C. Gardner Policy Institute 2021 Economic Report to the Governor
3. U.S. Census Bureau American Community Survey 5-year Estimates
4. “College ready” is measured as scoring 18 or higher on the ACT
5. Baker, B. & Weber, M. (2016). Beyond the Echo-Chamber: State Investments and Student Outcomes in U.S. Elementary and Secondary Education. *Journal of Education Finance*. 42(1), 1-27. <https://www.jstor.org/stable/44162572>
6. Darling-Hammond, L. (2019). Investing for Student Success: Lessons from State School Finance Reforms. Learning Policy Institute. <https://learningpolicyinstitute.org/product/investing-student-success-school-finance-reforms-report>
7. Parker, E. & Griffith, M. (2016). The Importance of At-Risk Funding. Education Commission of the States. <https://eric.ed.gov/?id=ED566703>

### Utah Student Achievement by Economic Status, 2019–2020



Note: “Economically disadvantaged” refers students receiving free/reduced lunch. Mathematics and English Language Arts proficiency represent an average of 3<sup>rd</sup>-8<sup>th</sup> graders. High school graduation rates and ACT scores use 2020 data while the remaining metrics use 2019 data.  
Source: Utah State Board of Education

### For low-income children, a 10% increase in per-pupil spending for all 12 years in public school is associated with:



Source: Jackson, C.K., Johnson, R.C., & Persico, C. (2015). The effects of school spending on educational and economic outcomes: Evidences from school finance reforms. *The Quarterly Journal of Economics*, 131(1): 157–218

### Benefits of Education

Individual Benefits	Societal Benefits
<ul style="list-style-type: none"> <li>■ Increased earnings</li> <li>■ Increased economic mobility</li> <li>■ Better health outcomes</li> <li>■ More likely to receive employer-provided health insurance</li> <li>■ More likely to do educational activities with their children</li> </ul>	<ul style="list-style-type: none"> <li>■ Stronger community</li> <li>■ Increased GDP</li> <li>■ Decreased crime</li> <li>■ Increased volunteering</li> <li>■ Increased voter participation</li> <li>■ Increased tax contributions</li> <li>■ Lower unemployment rate</li> <li>■ Reduced reliance on public assistance</li> <li>■ Reduced healthcare costs</li> <li>■ Decreased poverty rate</li> </ul>

Source: Kem C. Gardner Policy Institute based on Literature Review