



AUGENBLICK,
PALAICH AND
ASSOCIATES

Analyses of Alternatives to Using Free and Reduced Price Meal Counts as a Proxy for Economic Disadvantage and the Impact of the Community Eligibility Provision on State Aid Formulas

Mark Fermanich and Michaela Tonking, APA

May 18, 2020

Presentation Topics

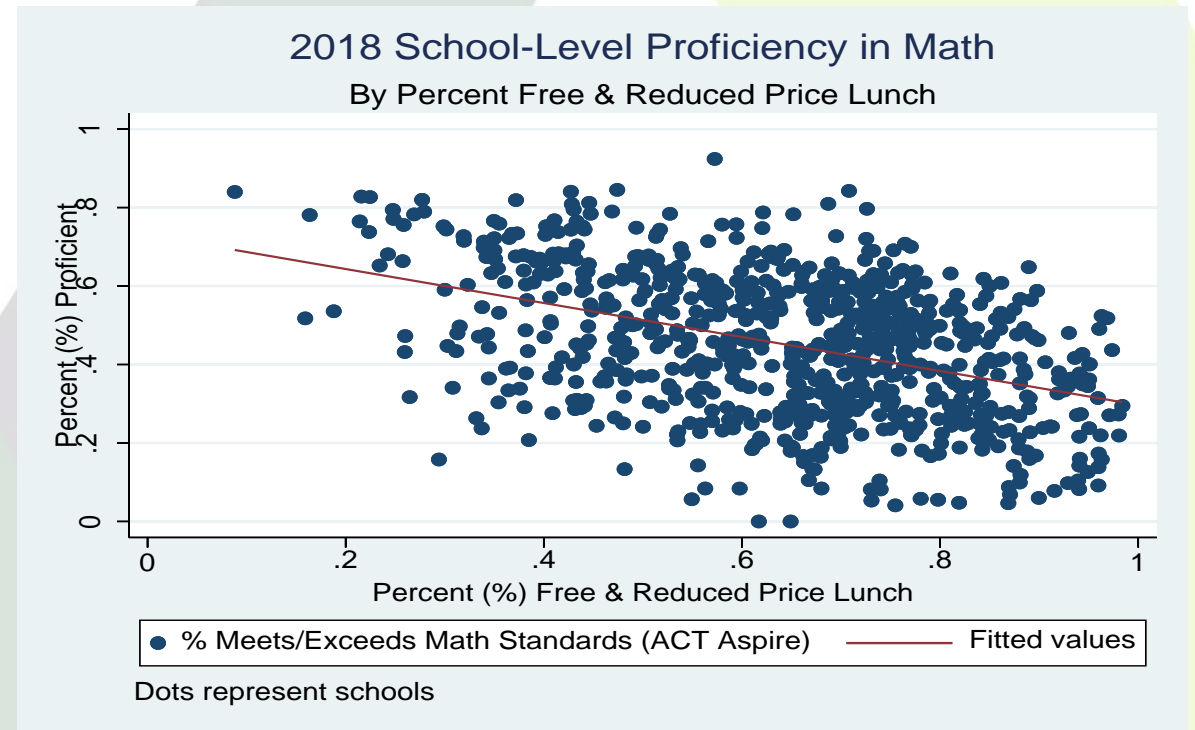
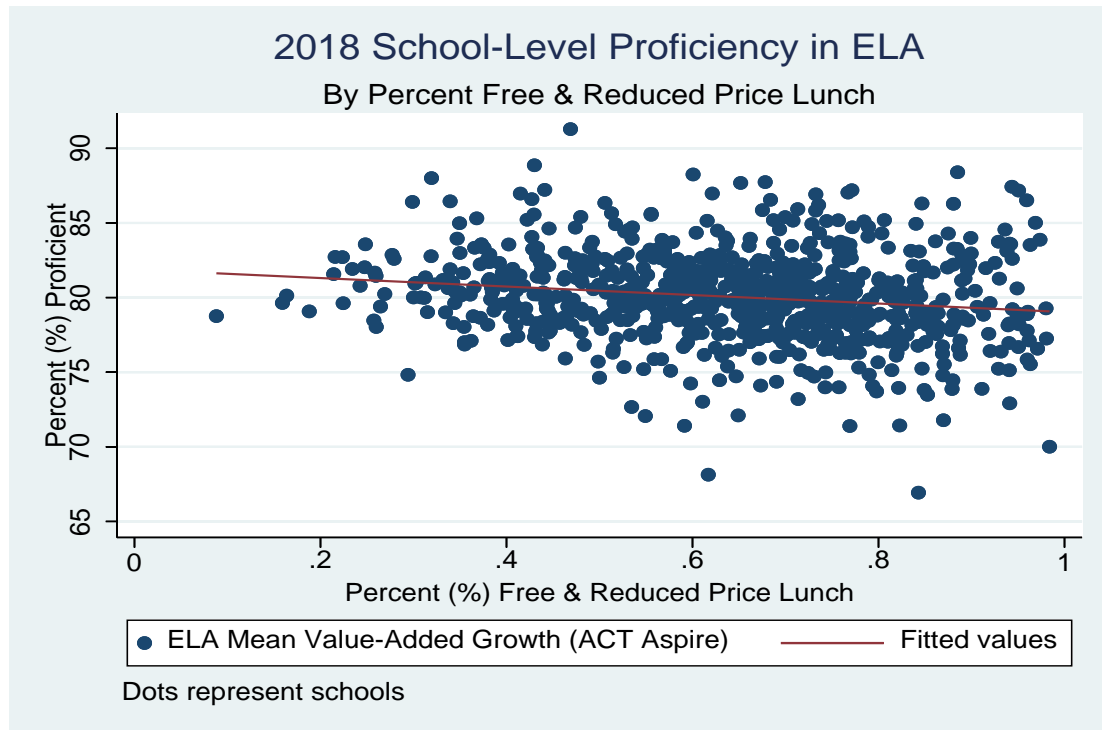
- An examination of methods for counting economically disadvantaged students
 - Review of the literature on count approaches
 - Comparison of count approaches in Arkansas
- An analysis of the impact of the Community Eligibility Provision on free and reduced-price meal (FRPM) counts in Arkansas and other states



Review of the Literature on Counts of Economically Disadvantaged Students

The Effects of Poverty on Student Achievement

Poverty and Proficiency in Arkansas



Advantages of Using Free or Reduced Price Meals (FRMP) Count

- The count approach of using FRMP data to identify economically disadvantaged students has been in use for decades – generally accepted by practitioners, policymakers and researchers.
- Prior to CEP, FRPM counts were collected annually across all schools and districts.
- Definition is consistent across states and local jurisdictions.
- Provides data at the individual student level, which can be aggregated up to school, district, state, national levels.

Challenges of Using Free or Reduced Price Meals Count

- Represents large income range – up to 130% of federal poverty guidelines for free lunch (about \$34,060 for family of 4) to 180% of poverty (about \$48,470 for family of 4). Wide range of economic status within these categories.
- May overcount students in poverty – in 2017, 17.4% of PK-12 students in poverty as defined by federal guidelines, but 52% were eligible for FRPM.
- Focuses on only one aspect of socioeconomic status – household income.
- Does not count all eligible students/families – depends on self-reporting.
- Implementation of CEP has significantly affected availability of accurate, annual counts. Currently, nearly 29,000 schools serving 3.9 million students participate in CEP.

Alternatives to FRPM Counts

- Most common count alternatives in current use are:
 - Direct certification of family eligibility for other support programs such as TANF, SNAP, Medicaid, housing assistance.
 - Census poverty counts.
 - Other student risk factors such as students who are homeless, migrant, in foster care, and/or neglected.
 - Some combination of each.

Review of National Recommendations on Alternative Counts: Policy Organizations

- Education policy organizations such as the Urban Institute and Brookings, and the USDOE's National Center for Education Statistics all suggest adopting FRPM alternatives consisting of multiple factors. Some possibilities mentioned in their reports include:
 - Expanding the number of support programs included in the Direct Certification process, such as Medicaid and WIC. WIC in particular expands SES range of eligibility up to 185% of poverty – same as reduced lunches.
 - Including non-income based risk factors such as homelessness, migrant, in foster care, and neglected.

Review of National Recommendations on Alternative Counts: Expert Panels

- An expert panel studying alternatives recommended a multi-factor composite measure, highlighting the SES index used by the OECD for PISA reporting. This consists of 3 factors:
 1. Parental educational attainment.
 2. Parental occupational status – measure of both if employed and status of occupation.
 3. Index of home possessions consisting of:
 - Wealth: child having own room, internet access, other possessions such as dishwasher and DVD players
 - Cultural possessions: classic literature and art
 - Home educational resources: quiet study area, computer, reference materials
 - Number of books in the home

Review of National Recommendations on Alternative Counts: Expert Panels, continued

- The expert panel also suggested exploring other SES factors, such as:
 - Neighborhood SES
 - School SES
 - Psychological variables such as child's perception of parental involvement and engagement
 - Subjective variables such as child's own perception of her/his status
- Key issue for many of these factors is ability to economically collect accurate data on a regular basis while protecting privacy rights.

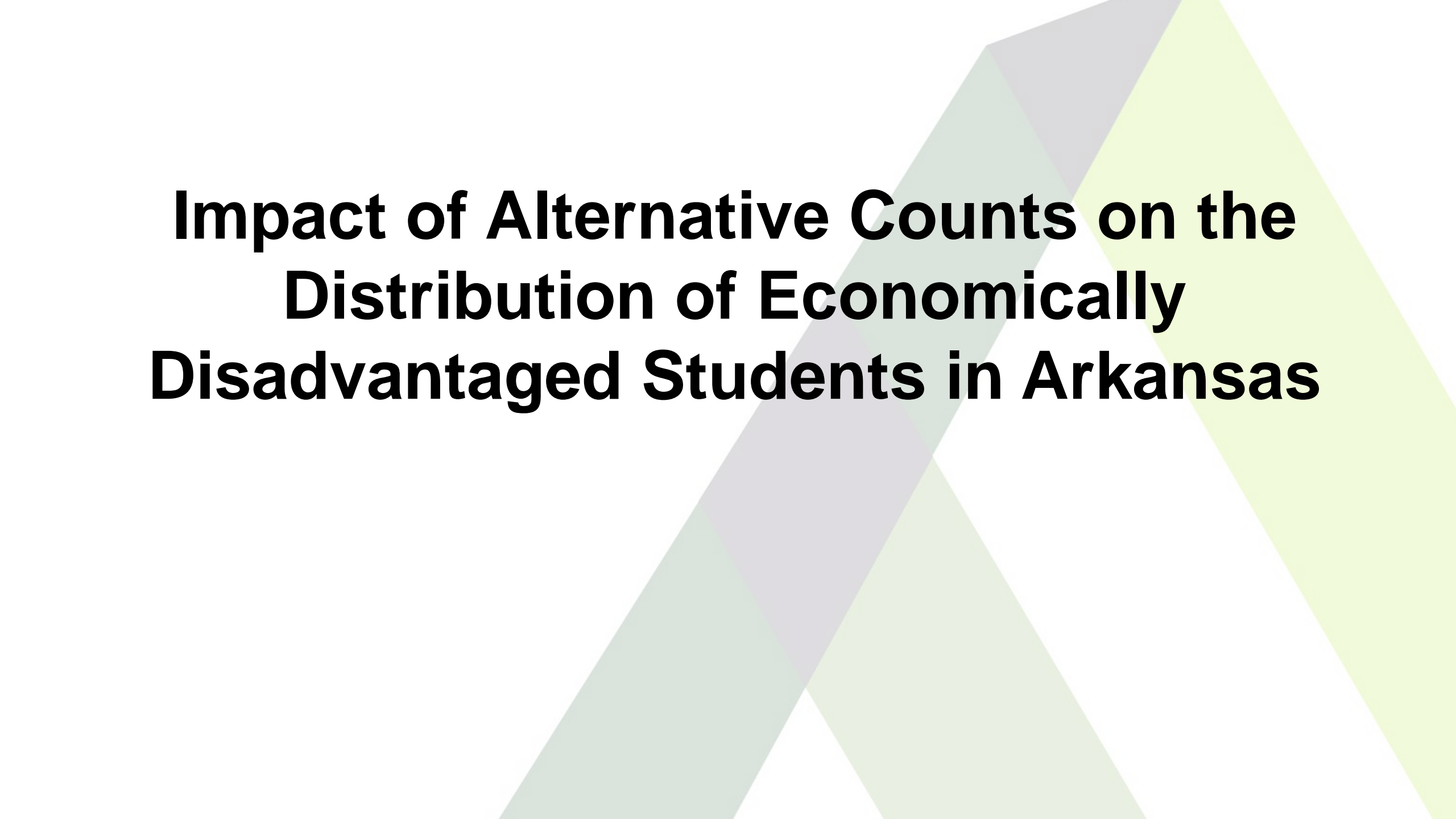
Review of National Recommendations on Alternative Counts: Expert Panels, continued

- Another NCES panel suggested the following criteria for choosing an alternative SES count:
 - Aligned with the information and reporting needs of the agency (i.e., the functional specifications)
 - Able to be implemented with reasonable burden
 - Perceived as reasonable with respect to personal privacy
 - Consistent with legal and regulatory requirements

(Source: NCES National Forum on Education Statistics, 2015)

National Policy Scan: Poverty Indicators Currently Used in State Funding Formulas

Poverty Indicator	Number of States	States Using
Free-Reduced Priced Meals	16	AR, HI, IA, ME, MD, MN, NE, NH, NJ, ND, OK, RI, TX, WA, WI
No Indicator Used	8	AK, AZ, DE, FL, NV, PA, SD, WV
Free-Reduced Priced Meals and other Factor(s)	7	AL, CA, LA, OH, SC, WY
Other Risk Factors	7	DC, GA, ID, MI, NM, OR, UT
Free Lunch Only	5	CO, KS, KY, MS, VA
Direct Certification	5	IL, IN, MA, TN, VT
Title I Counts	3	CT, MT, NC



**Impact of Alternative Counts on the
Distribution of Economically
Disadvantaged Students in Arkansas**

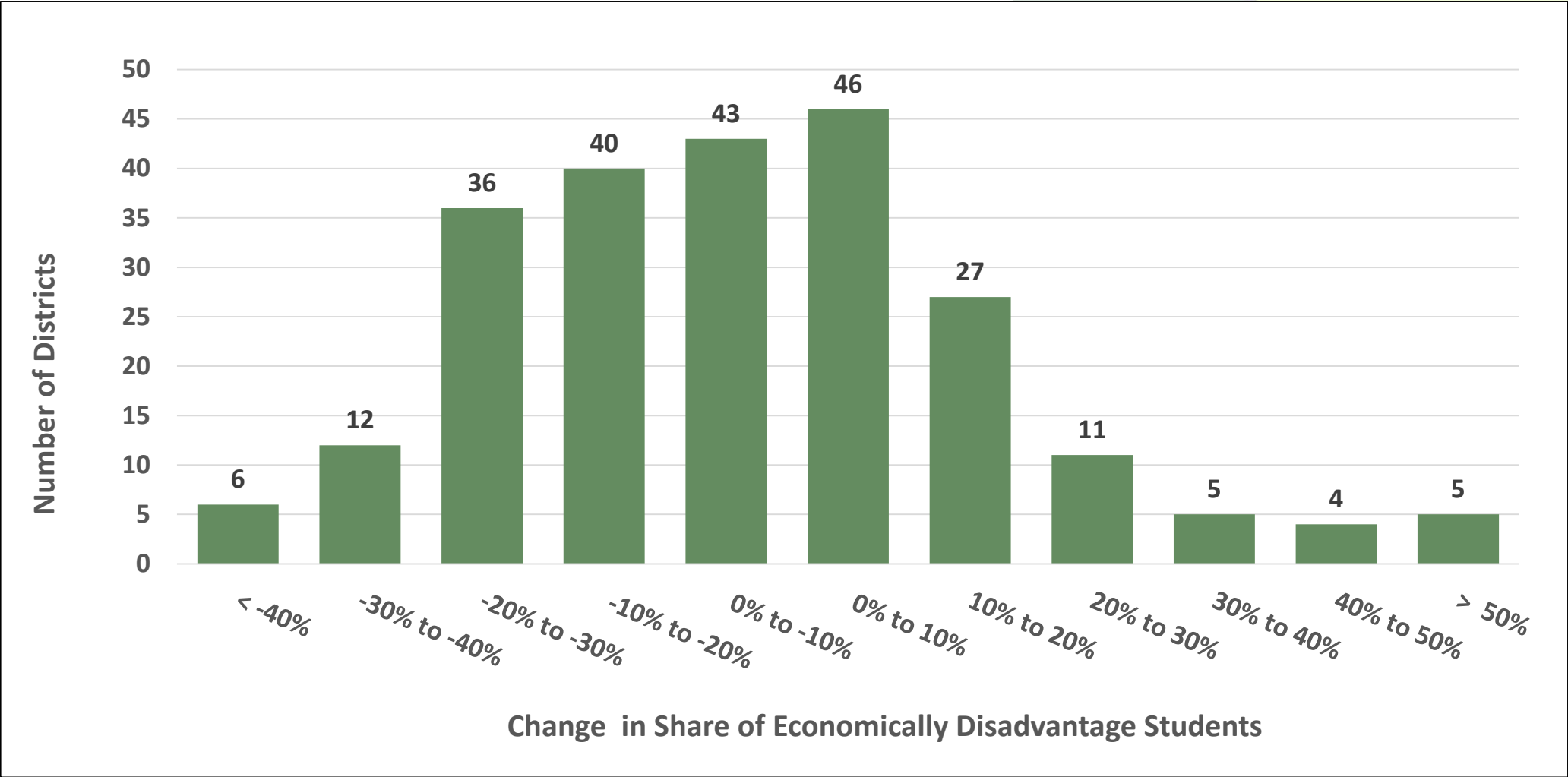
Considerations for Alternative Counts

- Are the counts completed annually?
- Are students counted at the individual, school, district, or community level?
- What is the impact on the distribution of eligible students across districts?
- What is the impact on funding across districts?

Impact of Alternatives to FRPM Counts

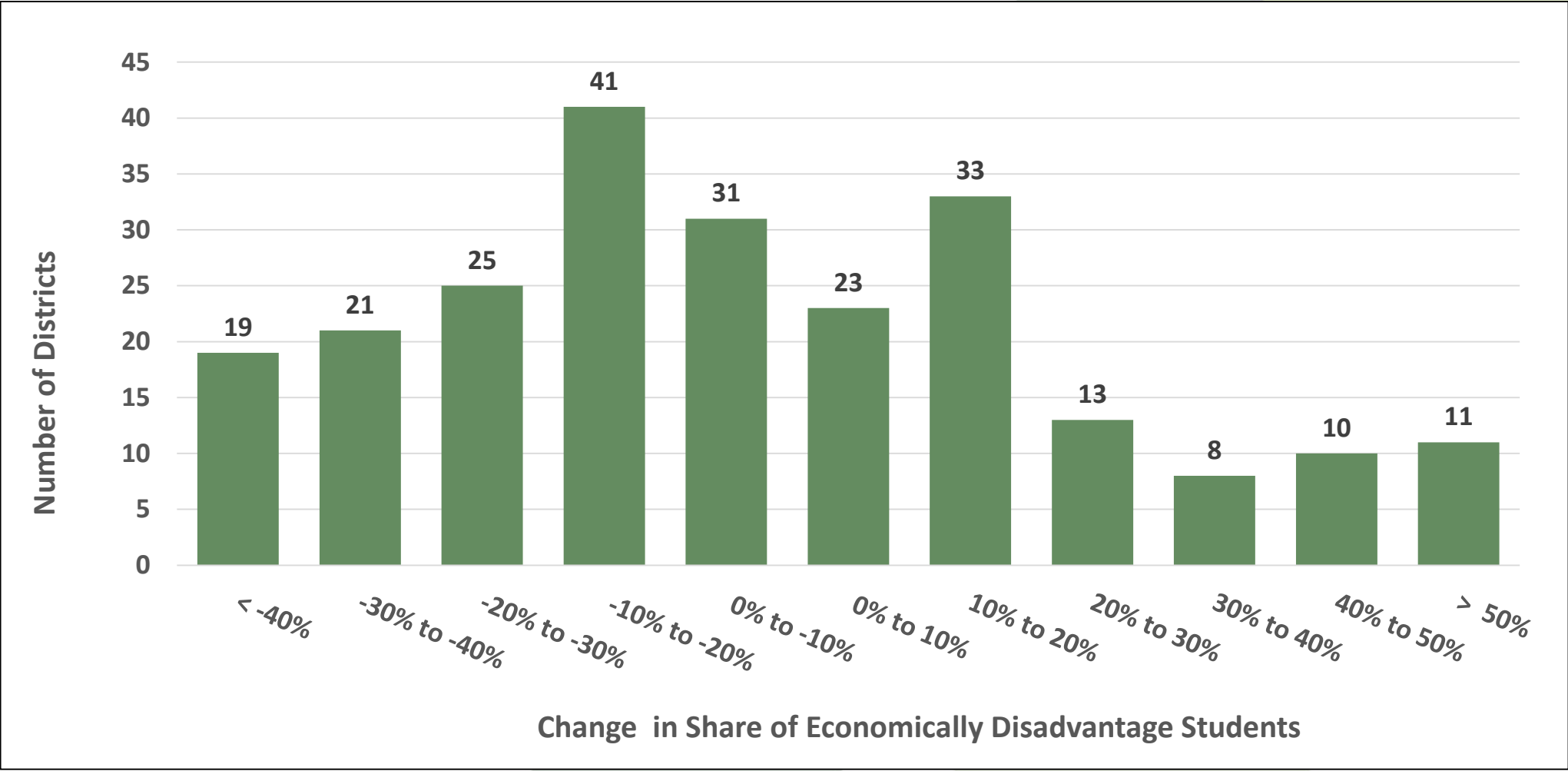
- The study team analyzed the impact of 5 alternative counts for Arkansas:
 - Direct certification
 - Direct certification X the federal multiplier of 1.6
 - Direct certification X a 2.1 multiplier (results in statewide total count similar to current FRPM count)
 - U.S. Census count of children ages 5-17 living in poverty
 - Title I count (Census poverty count plus count of students who are neglected, delinquent, in foster homes, or eligible for TANF)

Direct Certification, Direct Cert. 1.6, Direct Cert. 2.1 Change in Share of Economically Disadvantaged Students



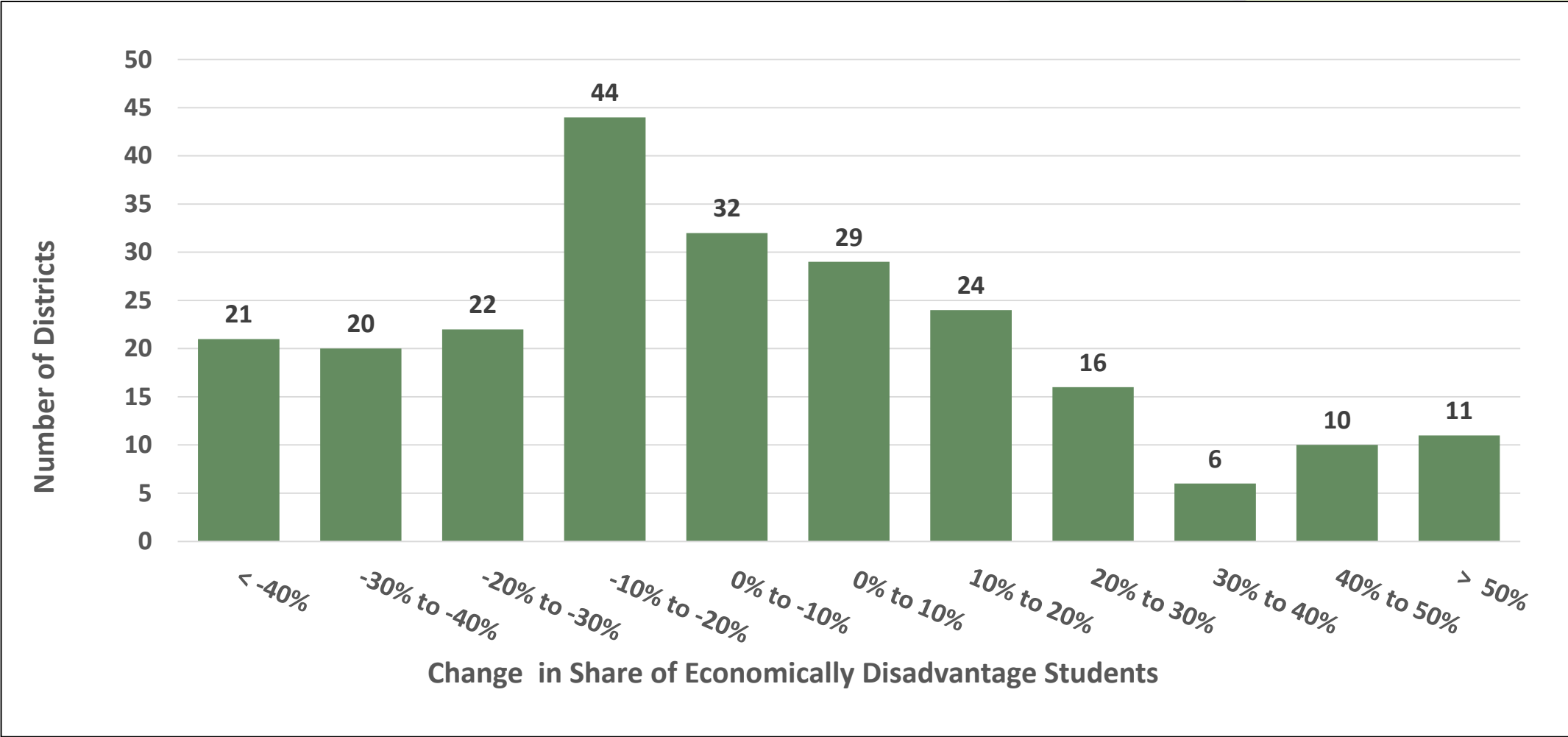
U.S. Census Counts Children Ages 5-17

Change in Share of Economically Disadvantaged Students

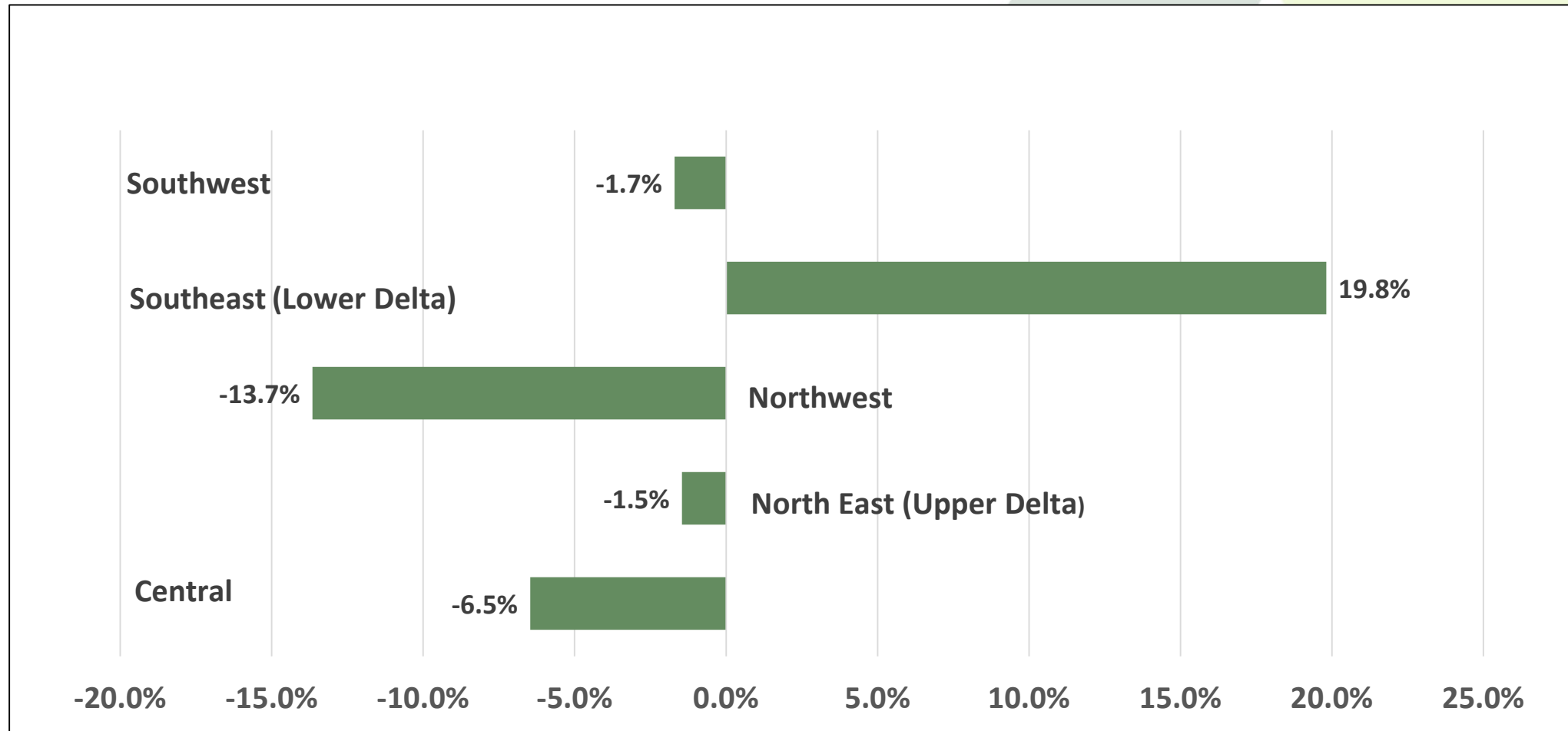


Title I Counts

Change in Share of Economically Disadvantaged Students

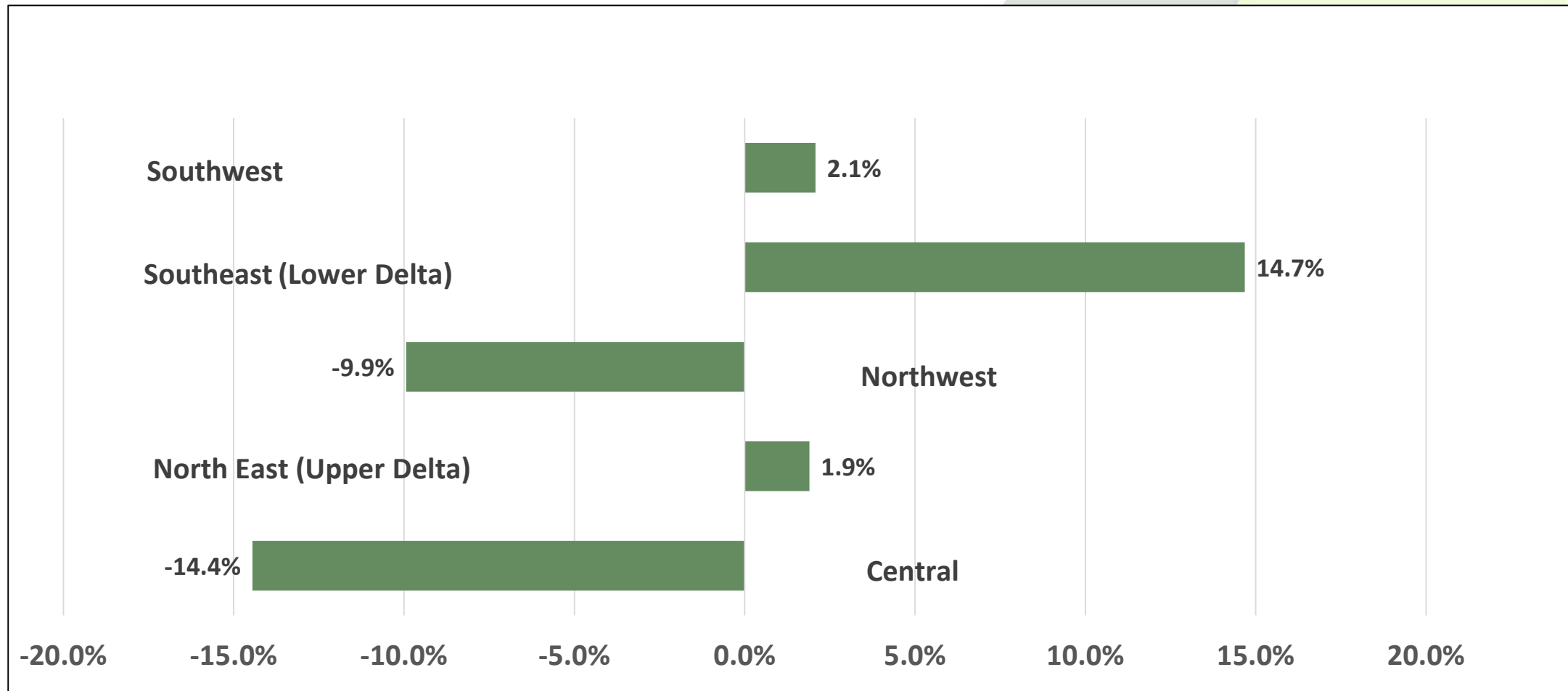


Direct Certification, Direct Cert. 1.6, Direct Cert. 2.1 Change in Share of Economically Disadvantaged Students by Region



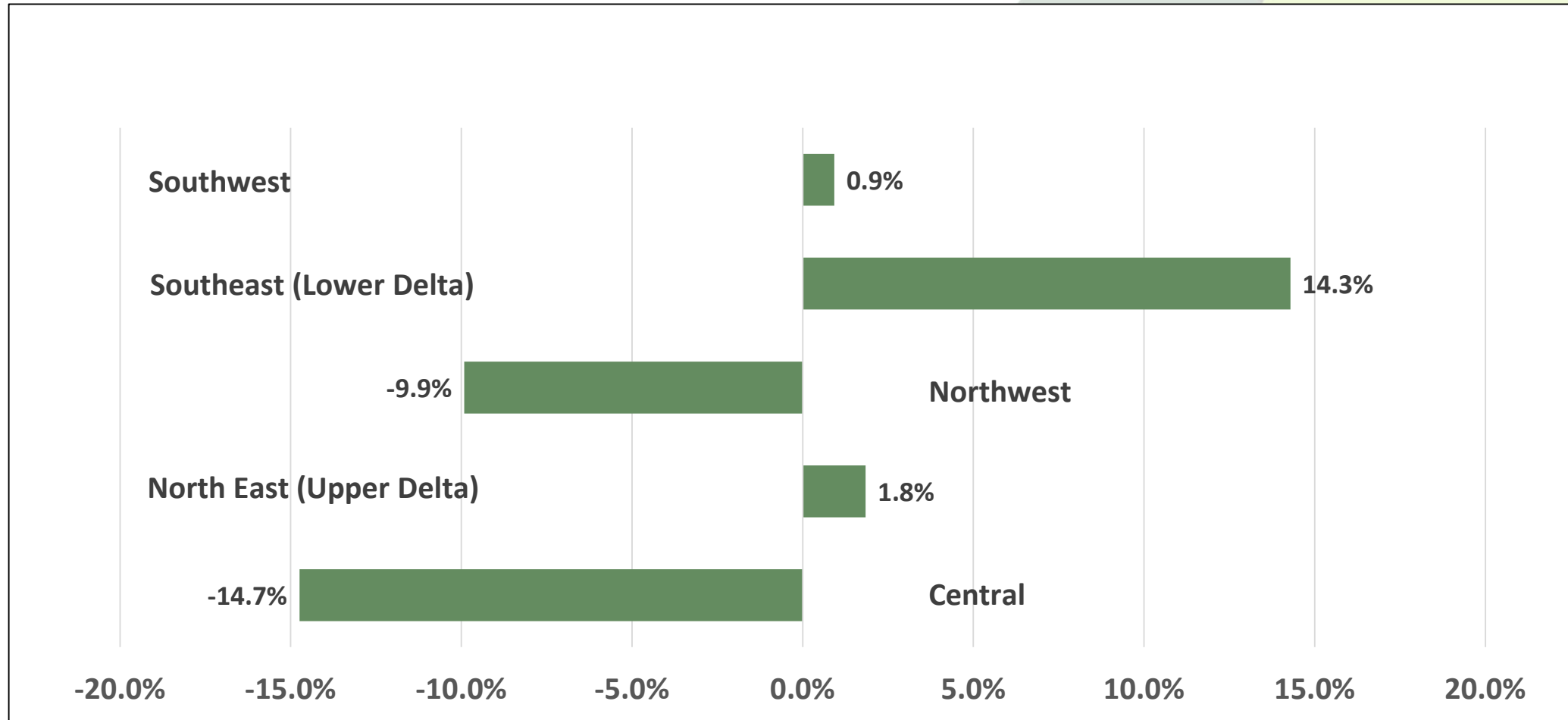
U.S. Census Counts Children Ages 5-17

Change in Share of Economically Disadvantaged Students by Region



Title I Counts

Change in Share of Economically Disadvantaged Students by Region





The Effect of CEP on FRPM Counts in Arkansas and Across Other States

Community Eligibility Provision

- Under CEP, schools may qualify all students for free meals if 40% or more students are directly certified as FRPM eligible in the prior year.
- CEP eligibility is for four years, during which time all students receive free meals in the school.
- During this time school districts may *not* use a federal application to determine FRPM eligibility in a CEP school.
- A school can re-qualify for CEP at the end of the fourth year (through direct certification).

Arkansas Calculation

- Funds Free and reduced-price lunch student in three tiers:
 1. School district with 90% or more FRL students
 2. School district between 70% and 89% FRL students
 3. School district with less than 70% FRL students
- If the school district is a Community Eligibility Provision (CEP) district it takes the percentage of national school lunch students submitted the year prior to being CEP multiplied by number of students enrolled in the immediately preceding school year.
- If a district grows by 1% in enrollment for the three previous years they receive growth funding.

Arkansas CEP Participation by Region 2018-19

Number of districts with one or more schools participating in CEP by region

Region	Districts Participating In CEP
Central	4
Northeast (Upper Delta)	16
Northwest	15
Southeast (Lower Delta)	13
Southwest	9
Total	57

Number of schools participating in CEP by region

Region	Schools Participating In CEP	Students Eligible for FRL	Total Enrollment
Central	16	34,586	71,641
Northeast (Upper Delta)	118	94,362	147,962
Northwest	88	95,981	172,638
Southeast (Lower Delta)	42	22,976	32,333
Southwest	29	36,763	53,243
Total	293	284,668	477,817

Other States Use of CEP

- The study team examined the percentage of schools in each SREB state plus Massachusetts that use CEP
 - Virginia has 16% of schools that use CEP (lowest participation)
 - Arkansas has 19% of schools that use CEP
 - West Virginia has 75% of schools that use CEP (highest participation)
- Analyzed impact of CEP on FRL counts and funding for five SREB states:
 - Alabama
 - Maryland
 - Kentucky
 - Louisiana
 - South Carolina
- Researched the policies around FRL counts for states with higher percentage of CEP schools than Arkansas.

State (SREB & MA)	Percentage of Schools Utilizing CEP	FRL Percentage
West Virginia	75%	49.00%
Kentucky	64%	61.46%
Louisiana	59%	68.91%
Delaware	52%	16.72%
South Carolina	39%	62.11%
Tennessee	37%	36.10%
Mississippi	37%	69.00%
Georgia	35%	60.58%
North Carolina	33%	52.00%
Alabama	30%	53.23%
Texas	30%	58.70%
Massachusetts	26%	32.00%
Oklahoma	24%	61.28%
Florida	22%	61.40%
Arkansas	19%	60.15%
Maryland	17%	41.00%
Virginia	16%	33.77%

CEP in Alabama

- Alabama provides funding for at-risk students based on the number of free and reduced-price lunch students.
 - Students generate additional allotments in the state's formula.
- 45 of 135 districts were identified as having CEP schools.
- Between 2014-15 and 2017-18, CEP districts actually saw a larger average decline in FRL percentage:
 - CEP: -7.8%
 - Non-CEP: -1.7%

CEP in Maryland

- Uses free and reduced-price lunch to provide an additional .97 funding for each at-risk student.
 - When CEP was implemented, MD began to use the last full year of data collection as the percentage to apply to a school's population to calculate funding for at-risk.
- Half of Maryland's 24 districts were identified as having CEP schools. The change in FRL percentage was similar between the CEP and non-CEP districts:
 - CEP: 1.2%
 - Non-CEP: -1.6%

CEP in Kentucky

- Uses free and reduced-price lunch to provide an additional .15 funding for each at-risk student.
- Ninety percent of Kentucky's 170 districts were identified as having CEP schools. The change in FRL percentage was higher in CEP Districts compared to non-CEP districts:
 - CEP: 25%
 - Non-CEP: -7%

CEP in Louisiana

- Uses free and reduced-price lunch to provide an additional .22 funding for each at-risk student.
- Ninety-five percent of Louisiana's 62 districts were identified as having CEP schools. The change in FRL percentage was slightly lower in CEP Districts compared to non-CEP districts:
 - CEP: 0%
 - Non-CEP: 4%

CEP in South Carolina

- Uses free and reduced-price lunch to provide an additional .20 funding for each at-risk student.
- Sixty-five percent of South Carolina's 82 districts were identified as having CEP schools. The change in FRL percentage was lower in CEP Districts compared to non-CEP districts:
 - CEP: 6.9%
 - Non-CEP: 10%

States That Are Not Impacted by CEP

- Some states do not provide extra funding based on FRL counts:
 - West Virginia: Does not provide additional funding for at-risk or FRL students.
 - Delaware: Uses a grant application that is applied to districts based on project plan, school supports, and evaluation methods.
 - Florida: Does not provide additional funding in the formula for at-risk FRL students.
 - Texas: Assigns one of five weights for an economically disadvantaged metric based on census block groups.

Other State Policies on FRL Counts in Districts with CEP Schools

- California: Requires CEP schools to count all students every four years, this is then the baseline data for the state funding formula.
- Tennessee: Increased the per pupil funding about \$300 per pupil to address the decrease of FRL count due to CEP.
- Massachusetts: Changed identification method to look at 133% poverty and a higher assigned rate for at-risk students.

Impact of CEP Participation on FRPM Counts in Arkansas

- Study team examined trends in FRPM counts for schools and districts for the years 2013-14 through 2018-19 – the years for which consistent school-level data were readily available.
- Because eligibility is determined at the school level, calculated school changes and aggregated to district level.
- To account for changes in enrollment, measured change in concentration – that is, the percentage point difference in FRPM percentages for the two years.
- Analyzed both:
 1. The difference in FRPM trends in CEP vs non-CEP districts.
 2. The effect of increased CEP participation by schools and districts.

Change in FRPM Counts Over Time: CEP vs Non-CEP Districts

- Overall, for all districts the FRPM percentage *decreased* by 0.87 percentage points (from an average FRPM of 60.31% to 59.44%)
- On average, the FRPM percentage for CEP districts *increased* by 1.58 percentage points (from 75.16% to 76.74%).
- In non-CEP districts, the FRPM percentage *decreased* by 1.64 percentage points (from 58.15% to 56.53%).
- Non-CEP districts with higher FRPM concentrations - those designated as eligible but not participating or near eligible by the state - experienced an *increase* of 0.79 percentage points (from 69.12% to 69.91%).

Change in FRPM Counts and Enhanced Student Achievement Funding Over Time: CEP vs Non-CEP Districts

- The study team assumed the average FRPM change of +0.79 percentage points for eligible-not participating and near eligible districts represents the most valid estimate of the expected average FRPM change in CEP districts had they not been participating in CEP.
- Adjusting the FRPM changes in CEP districts to reflect the lower average change found in these districts resulted in a statewide decrease of 1,091 FRPM students.
- Applying the adjusted FRPM counts to the Enhanced Student Achievement (ESA) funding formula resulted in a decrease in ESA state aid of \$2.85 million.

Impact of Increasing CEP Participation on FRPM Counts and ESA Funding

- To estimate the impact of increased CEP participation, the study team adjusted the change in FRPM for eligible-not participating and near eligible districts (169 districts) to reflect the higher average change for CEP districts.
- Adjusting the FRPM changes in these non-CEP districts resulted in a statewide increase of 7,495 FRPM students if all 169 districts participated in CEP.
- Applying the adjusted FRPM counts to the ESA funding formula resulted in an increase in ESA state aid of \$10.7 million – again if all 169 districts participated.

Impact of Increasing CEP Participation on FRPM Counts

- To assess the impact of phased-in CEP participation, the incremental ESA costs were estimated to be:

Increase in CEP Participation	Additional ESA Aid Cost
10%	\$1.1 million
20%	\$2.1 million
30%	\$3.2 million
40%	\$4.3 million
50%	\$5.4 million
60%	\$6.4 million
70%	\$7.5 million
80%	\$8.6 million
90%	\$9.6 million
100%	\$10.7 million



Questions?