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Our Students. Their Moment.

Reliable Measures of Poverty in State Aid Formulas
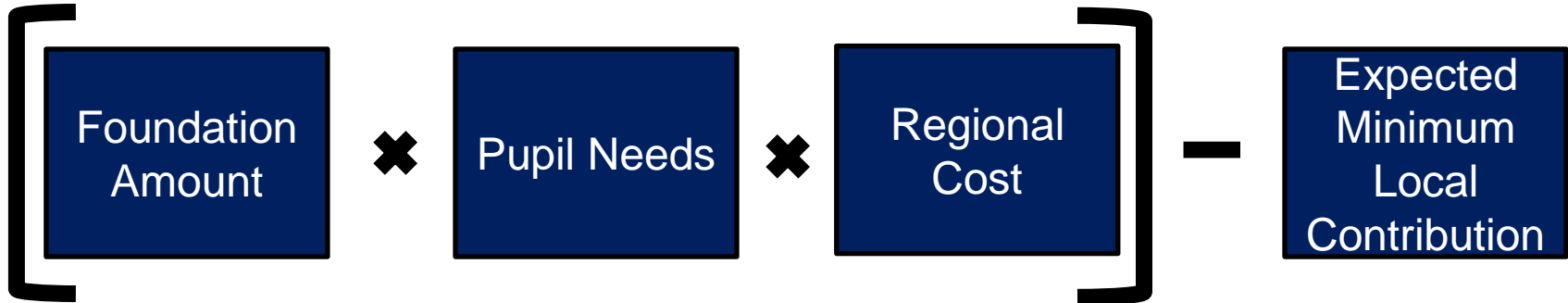
State Aid Subcommittee

September 12, 2016

Chapter 54 Report Requirement

- Chapter 54 of the Laws of 2016 (Budget Bill) required the Commissioner to examine the process for determining the number of eligible students in the federal and state Free and Reduced Price Lunch (FRPL) Program and other reliable measures of poverty that are used to calculate Foundation Aid.

- A report with recommendations is required to be submitted to the Legislature and Governor by October 1, 2016.

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Foundation Aid

$$[\text{Foundation Amount} \times \text{Pupil Needs} \times \text{Regional Cost}] - \text{Expected Minimum Local Contribution}$$

- Foundation Aid per pupil is determined using the above formula, which is then multiplied by an enrollment count with a special education weighting.
  - **Foundation Amount:** Cost of educating students in successful schools
  - **Pupil Needs:** FRPL, ELL, Census Poverty, and Sparsity
  - **Regional Cost:** Variation among professional salaries by Labor Force Region.
  - **Expected Minimum Local Contribution:** An expected, but not required, level of local spending commensurate with district wealth.

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Current Issues

- Current FRPL rates underrepresent student need in some districts.
    - Schools providing free lunch to all students, under the federal "Community Eligibility Program" (CEP) cannot require parents fill out FRPL forms, and instead rely on voluntary income inquiry forms
    - FRPL is used as a proxy for student need in the Foundation Aid formula
    - Underrepresenting need due to the lack of incentive to complete income inquiry forms reduces aid for which districts may be eligible

Recommendation

- The recommendation: The Legislature and Governor should adopt one of the following alternatives:

  o Use direct certification data as a replacement for FRPL

  o Use updated federal poverty estimates

  o Continue with present course, and add save harmless for CEP schools

  o Require all students to complete income forms instead of using FRPL data

  o Department of Tax and Finance state income data

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Example – Direct Certification

- Direct Certification data counts students automatically eligible for free lunch, based on participation in other means tested programs, e.g. SNAP, Medicaid

- USDOE recommends a uniform weighting of 1.6 to equalize DC levels with existing FRPL levels

- An option could include continuing the 3-year average used for FRPL data, and phasing in Direct Certification data over 3 years

Example – Census Poverty

- Education Law specifies that poverty counts from the decennial Census be used in the Pupil Needs Index; the Census Bureau discontinued producing this data as part of the decennial Census after 2000

- However, the Census Bureau now produces annually Small Area Income and Poverty Estimates (SAIPE) from Federal tax returns and the American Community Survey (ACS), providing a similar measurement

Thank you