# Discussion of Free Lunch Proxies for use in State Direct Aid Funding Formulas

*Senate Finance Committee – Education Subcommittee*

*January 25, 2018*

*Holly Coy, Deputy Secretary of Education*

# The Challenge

- Free lunch eligibility data is used as a proxy for at-risk students in multiple state direct aid funding calculations.

- Free lunch eligibility data has been based on household applications for the National School Lunch Program, collected by schools.

- With federal policy change in 2010, the Community Eligibility Provision (CEP), allows high-poverty schools and divisions to serve breakfast and lunch to all children without collecting household applications.

- As of 2014, Virginia schools and divisions have opted to participate in CEP, and therefore traditional free lunch eligibility data is no longer available for those schools or divisions.

# School Divisions Participating in CEP

2017-18 School year Participation: 47 Divisions and 336 Schools

- Alleghany County
- Augusta County
- Bristol City
- Brunswick County
- Buchanan County
- Buckingham County
- Charlottesville City
- Chesapeake City
- Colonial Beach
- Covington City
- Cumberland County
- Danville City

- Dickenson County
- Franklin City
- Franklin County
- Fredericksburg City
- Greensville County
- Halifax County
- Hampton City
- Harrisonburg City
- Henrico County
- Henry County
- Hopewell City
- Lee County

- Lynchburg City
- Martinsville City
- Newport News
- Norfolk City
- Norton City
- Orange County
- Petersburg City
- Portsmouth City
- Prince Edward County
- Pulaski County
- Richmond City
- Roanoke City

- Russell County
- Scott County
- Smyth County
- Staunton City
- Suffolk City
- Sussex County
- Tazewell County
- Virginia Beach City
- Waynesboro City
- Westmoreland County
- Wise County

# Direct Aid Programs Using Free Lunch Data (Chapter 836)

**Prevention, Intervention & Remediation ($114M):** 3-year average free lunch eligibility data used as proxy for at-risk students

**At-Risk Add-On ($98M):** Based on its percentage of free lunch participants, divisions receive a percentage add-on to basic aid

**Virginia Preschool Initiative ($71M):** Free lunch eligibility data is used as proxy for at-risk four year olds

**Early Reading Intervention ($20M):** Funding is provided based on actual membership and PALS data, but if there is no PALS data, the estimated population is based on actual membership and free lunch data

**SOL Algebra Readiness ($13M):** Estimated number of at-risk students in each division is determined by multiplying the projected number of students in fall membership by the percent of students eligible for free lunch.
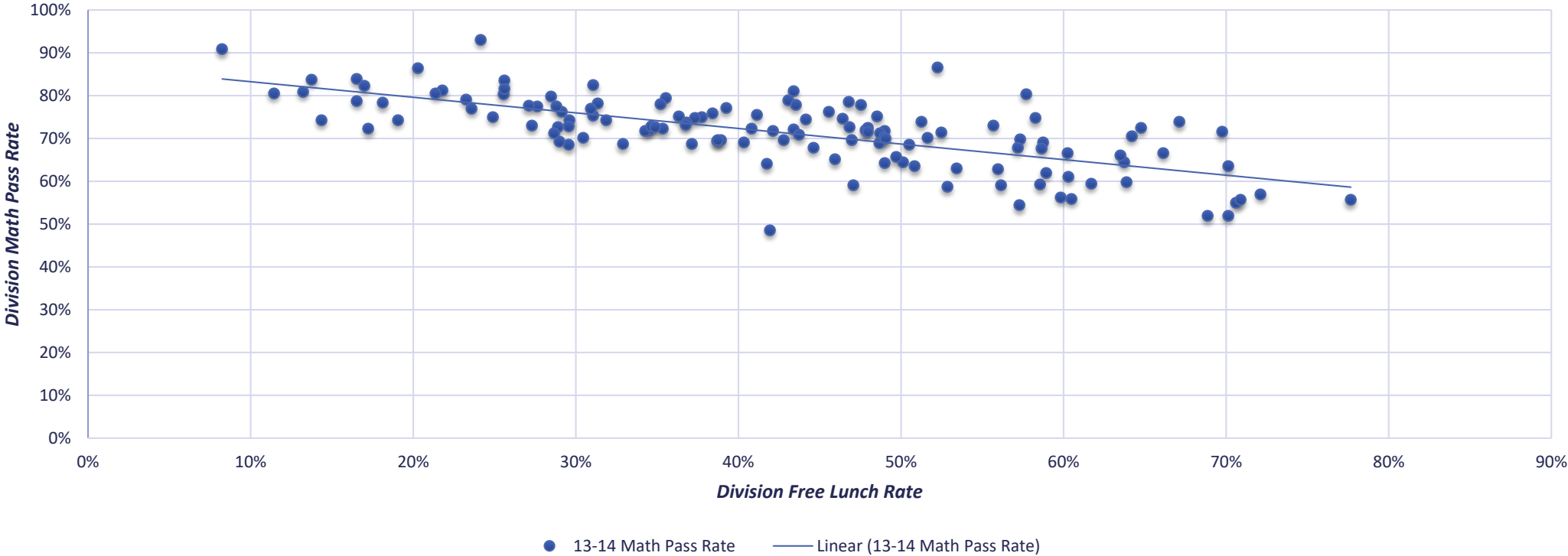
**K-3 Primary Class Size Reduction Program ($129M):** Schools with 3-year average free lunch eligibility percentages of 30% or greater are eligible for funding

# Process and Considerations

- Established factors by which to evaluate alternative proxies:
  utility, validity, reliability, timeliness, cost-effectiveness, granularity, and accuracy

- Examined alternative proxies being considered by both national groups and other states

- Analyzed state level and division level implications for these alternatives when applied to Virginia's direct-aid formulas

- Made policy decision about proxy usage for Governor McAuliffe's proposed budget
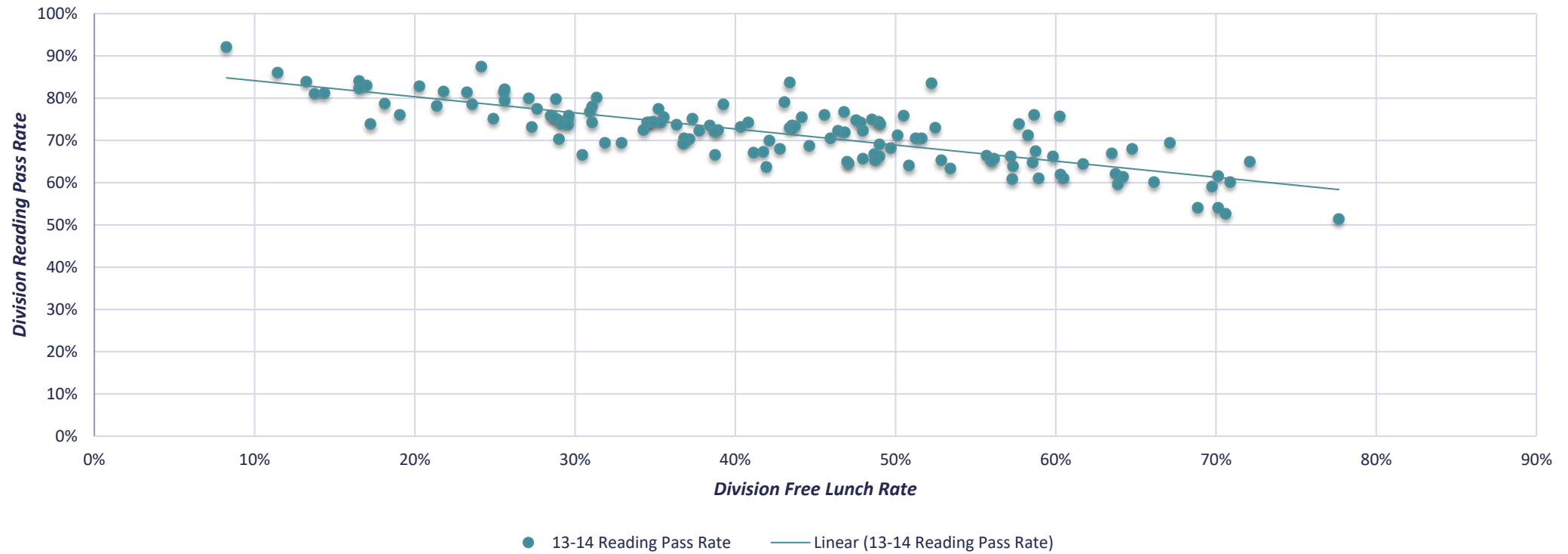
# Correlation with Math SOL Pass Rates

**2013-14 Math SOL Pass Rates Plotted w/ 2013-14 Free Lunch %'s**



Division Math Pass Rate vs. Division Free Lunch Rate

● 13-14 Math Pass Rate     —— Linear (13-14 Math Pass Rate)

# Correlation with Reading SOL Pass Rates



2013-14 Reading SOL Pass Rates Plotted w/ 2013-14 Free Lunch %'s

# Alternative Proxies Considered

**School District Poverty Estimate**
- Division level poverty estimates by age, from the US Census Bureau
- Geographic boundaries not aligned with school attendance; data not available at school level
- Not timely data

**Economically Disadvantaged**
- Annual school level data on students who are eligible for free lunch, receive TANF, are eligible for Medicaid, or meet the federal definition of homelessness
- Reported by the divisions, with varying levels of accuracy
- Does not capture low income families who do not participate in other means-tested programs

# Alternative Proxies Considered, Cont'd

**Identified Student Percentage (ISP)**

- Ratio of identified students to total students certified for free meals via direct certification (matches school enrollment records with administrative records from SNAP, TANF, Head Start, Medicaid and Food Dist. Program on Indian Reservations; or who are homeless, runaway/migrant, or foster children)
- Does not capture low income families who do not participate in other means-tested programs; who are captured in household applications

**Weighted Identified Student Percentage (ISP)**

- Identified students per the formula above; with an added factor to approximate the number of students who would be eligible if household applications were collected.
- The federal multiplier for free and reduced lunch reimbursements is ISP x 1.6
- Using their methodology, we considered weighted of ISP of 1.2

# Deliberations and Decision

- Of the alternatives examined, none correlated with SOL Pass Rates as strongly as the free lunch measure as captured from household applications.

- Great disparity among alternatives when local level funding impacts evaluated

- All proxies required state level adjustments to hold divisions harmless; underlying challenge of an accurate proxy for at-risk students not solved with such decisions.

- Priority was to find proxy that correlates with student risk for educational failure, given its use in formulas to fund various remediation, support and school readiness programs.

- Governor's Proposed Budget
  - Updated all schools to utilize their most recent Free Lunch data
  - For non-CEP schools, this is October 2016 free lunch data. For CEP schools, this is from the last year they collected household applications-- as recent as October 2016 or as old as October 2013, depending on when they began participating in the CEP program.

# Next Steps

- Continue conversation about alternatives to current approach, which is a stop gap measure


- Additional methodologies being considered by other states will merit review