Alternative Indicators of "Economic Disadvantage" for Compensatory Education Funding in Maryland

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Compensatory Aid

- Acknowledges that students from low-income families often require additional or more intensive services to be successful in school

- Such services can be costly (e.g., smaller class sizes, specialized and supplemental instructional)

- To "compensate" for the presumed additional cost, many school funding formulas allocate additional funding to school districts with higher low-income enrollments

- In MD, the count of students eligible for free and reduced-price meals (FRPM) is the current proxy for compensatory aid

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"Low-income" vs "Achievement"

- Income/poverty (and SES more broadly) is a strong predictor of academic achievement

- Low academic performance is a strong predictor of future success

- Risks of basing comp ed funding on achievement
  - Could incentive low performance
  - Reduction of resources with improvement

- Proposed comprehensive funding system addresses these trade-offs
  - Comp education funding based on poverty
  - Supplemental instruction funds for low performance

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School Funding Formulas

- 42 states plus District of Columbia provide some form of compensatory aid to school districts as part of their school funding formula

- Most use data from the National School Lunch and Breakfast Programs to identify students as low-income
    - 24 states use the number of eligible students for free and reduced-price meals
    - 5 states use the number of eligible students for free meals only
    - 8 states plus the District of Columbia use direct certification of student eligibility

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National Free Lunch Program

- National School Lunch Program
  - Free=135%
  - Reduced=135-185%

- For a family of 4:
- 100% of federal poverty is $24,858
- 135% of federal poverty is $31,980
- 185% of federal poverty is $45,510

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Direct Certification

- Homeless

- Foster Care

- Migrant children

- SNAP
  - gross income <130% federal poverty
  - net income <100% federal poverty

- TANF
  - Monthly income minus certain deductions

- Head Start, Early Head Start, and Even Start
  - <100% federal poverty

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Evaluation of Alternative Measures of "Economic Disadvantage" for Maryland Compensatory Education Program

- Examined impact of Community Eligibility Provision (CEP) of the Healthy, Hunger-Free Kids Act on school funding formulas driven by FRPM counts

- Identified how states are responding to the CEP provisions, including alternative indicators being used by state formulas

- Simulated use of alternative indicators in Maryland

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Alternatives and Simulations

Base Model
- Continued use of form for reporting family income in CEP schools (like traditional FRPM)

Hybrid Models
- Federal eligibility form used in non-CEP schools; CEP schools use a multiplier of direct certification counts -- four hybrid models (Hybrid-All, Hybrid-1.6, Hybrid-1.8 & Hybrid-1.4)

Alternative Indicators
- Use non FRPM-based indicator of economic disadvantage
  - Direct certification count
  - Title I count
  - US Census Poverty Estimate

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Asssessment Criteria

Accessibility of Data

- How easily can the data for a model be obtained? Does the model impose additional burdens for data collection?

Predictive Validity

- Does the model predict U.S. Census Bureau estimates of children ages five through 17 living in poverty in the school district?

Face Validity

- Is the model likely to have credibility with the public and policy makers?

Distributional Effects

- Does the model change a school districts share of the number of low-income students in the state compared to its shares using FRPM.

Other Considerations

- Does the data provide student level measures?
- Are there regular updates?

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Recommendations

- Alternative form for family income– "status quo"
- Direct certification
  - More direct count
  - Need to improve matching
  - Requires a multiplier
  - Add Medicaid

- Medicaid enrollment as a new option

Advantages of Medicaid Data

- Meets all criteria
  - Accessible
  - Predictive validity – .994 correlation with FARMS
  - Face validity – transparent measure of poverty
  - Distributional effects – more accurate measure
  - Other considerations
    - Student level
    - Early October snapshot with annual updates
- No need for a multiplier like direct certification
  - Eligibility similar to FRPM
- Other states

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Preliminary Medicaid Data

County	Actual FRPM Count	% Total	Medicaid	% Total	Count Diff	% Difference
Allegany	4,473	1.2%	5,252	1.3%	779	0.1%
Anne Arundel	24,705	6.7%	26,592	6.8%	1,887	0.0%
Baltimore City	64,831	17.6%	67,846	17.2%	3,015	-0.4%
Baltimore	47,897	13.0%	56,216	14.3%	8,319	1.3%
Calvert	2,943	0.8%	3,725	0.9%	782	0.1%
Caroline	2,823	0.8%	3,570	0.9%	747	0.1%
Carroll	4,698	1.3%	5,951	1.5%	1,253	0.2%
Cecil	6,191	1.7%	7,582	1.9%	1,391	0.2%
Charles	9,133	2.5%	8,884	2.3%	-249	-0.2%
Dorchester	3,002	0.8%	3,582	0.9%	580	0.1%
Frederick	10,394	2.8%	11,657	3.0%	1,263	0.1%
Garrett	1,626	0.4%	2,075	0.5%	449	0.1%
Harford	10,959	3.0%	12,404	3.1%	1,445	0.2%
Howard	11,645	3.2%	12,859	3.3%	1,214	0.1%
Kent	986	0.3%	1,346	0.3%	360	0.1%
Montgomery	51,646	14.0%	54,306	13.8%	2,660	-0.2%
Prince George's	77,325	21.0%	70,204	17.8%	-7,121	-3.2%
Queen Anne's	1,848	0.5%	2,326	0.6%	478	0.1%
St. Mary's	5,361	1.5%	6,345	1.6%	984	0.2%
Somerset	1,960	0.5%	2,478	0.6%	518	0.1%
Talbot	1,954	0.5%	2,334	0.6%	380	0.1%
Washington	10,610	2.9%	12,526	3.2%	1,916	0.3%
Wicomico	8,259	2.2%	10,180	2.6%	1,921	0.3%
Worcester	2,647	0.7%	3,580	0.9%	933	0.2%
	367,916	100.0%	393,820	100.0%	25,904	0.0%

October 2017 below 189% of Federal Poverty Level, Ages 5 - 18

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Issues to Address

- Medicaid calculations are 7% higher than FRPM counts
- FRPM may have undercounted in some counties
- Unevenness with undocumented immigrants
- Non-publics are included
  - 10.2% of students are enrolled in a non-public school

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