To: Blueprint for Maryland's Future Work Group Members
From: Strong Schools Maryland
Subject: Recommendations for the Funding Formula Poverty Proxy
Date: August 21, 2019

Strong Schools Maryland agrees with the poverty proxy, direct certification with Medicaid for schools and districts enrolled in the Community Eligibility Provision (CEP) along with the collection of family income verification forms as proposed by reports presented to the work group. Given the documented undercount of student poverty, even after adding Medicaid to direct certification, and its disproportionate impact on schools with higher levels of documented and undocumented immigrant students, we strongly support the recommendation of adding household income information as a proxy for poverty as well. Collecting household income information will allow students who do not participate in the programs under direct certification, but would qualify for FARMs, to be included in the poverty count required for compensatory education aid. This method can also be used to allocate funds for the Resources for Ensuring all Students Are Successful policy initiative from the Kirwan recommendations to provide site level funding to schools with concentrated poverty.

Current Proxies for Poverty

Maryland uses two methods for determining school and district level poverty rates for the compensatory education aspect of the funding formula based on school or district participation in the (CEP).[1] The concentrated poverty grants that will eventually be the funding for the Resources for Ensuring all Students Are Successful policy initiative in CEP schools/districts use a third proxy for poverty.

- Direct certification is currently used as the method for determining poverty for compensatory education aid in the 3 CEP districts (Baltimore City, Dorchester, and Somerset) and 242 schools[2] throughout the state. Direct certification in Maryland qualifies individual students for the USDA free meal program using data collected for federally-funded Head Start programs, homeless, migrant, runaway, or foster children classification, Food Supplement Program (FSP) or Temporary Cash Assistance (TCA).[3] Most of these programs qualify students based on household incomes within 135% of the federal poverty rate, previously qualifying them for free lunch under the FARMs proxy.
- The remaining 21 districts in Maryland report FARMs[4] data as a poverty proxy for both compensatory education and concentrated poverty grants. This method includes students from households with incomes at or below 135% (free meal) to 185% (reduced-price meal) of the federal poverty rate.
- Direct certification with a 1.6 multiplier was the poverty measure used for determining allocation of concentrated poverty grants for CEP schools/districts in the 2019-2020 school year.

Problems with the Current Measures of Student Poverty

Using different poverty proxies led to significant undercounting of student poverty in CEP districts, disproportionately affecting documented and undocumented immigrant students, and created incomparable data for the purposes of accurately allocating compensatory education funding and concentrated poverty grants.

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[1] CEP allows high-poverty schools to provide free breakfast and lunch to all students at no cost to the student without collecting household income data according to the USDA Community Eligibility website.
[2] See 2017-2018 statistics from Maryland Hunger Solutions.
[3] See CEP Planning and Implementation Guidance at marylandpublicschools.org.
[4] Free and Reduced-price Meal (FARM) applications are completed by the student's parent or guardian and requires self-reported income data. The form asks for a social security number, but it is not required, nor is proof of income. Income verification is conducted by a sample of applicants according to USDA guidelines.

- Baltimore City is the largest CEP district in Maryland and within one year of using direct certification, the district poverty rate decreased by 16% compared to the FARMs count gathered in 2015.[5] The undercount did not correlate with a population change, but is estimated to include a majority of students who are undocumented immigrants or come from households that include undocumented immigrants.[6] These students are eligible for FARMs but are often excluded from many of the federal programs used to qualify a student under direct certification. This undercount is likely to grow with the new 'public charge' rule that excludes immigrants using public assistance from a path to citizenship.[7]
- For concentrated poverty grants, CEP eligibility was used to determine allocation in CEP schools/districts and household income data from FARM forms was used in non-CEP schools/districts. Since the CEP schools/districts only qualify students who would receive free lunch, the USDA allows application of a 1.6 multiplier to include the approximate number of students that would qualify for reduced lunch under FARMs. This practice provides an estimation of poverty in CEP districts using direct certification and an actual count based on household income in districts using FARMs data as a proxy. This leads to incomparable data between CEP and non-CEP schools/districts in the calculation of concentrated poverty grants.
- CEP schools/districts using direct certification cannot be compared to the districts using FARM data for compensatory education aid as well, since these proxies have different income ranges. The FARM form proxy includes a broader range of household incomes (135% to 185% of the federal poverty level) than direct certification (typically 135% for most programs), so CEP schools/districts showed far lower poverty rates using direct certification compared to their rates using the FARM proxy, without correlating to significant demographic changes.

Solutions for an Accurate Poverty Proxy

Since there are no current examples of direct certification as a proxy for poverty that counts similar levels as the FARMs proxy from other states, this cannot be used as an accurate measure alone[8]. Most states have either expanded the direct certification proxy to include Medicaid or developed an alternative household income data collection system.[9]

- States that expanded direct certification by adding Medicaid still saw lower poverty counts than previous data when only using the FARMs proxy.[10] When the impact of including Medicaid in the direct certification proxy was analyzed in Baltimore City, the undercount decreased from 16% to 7% based on previously collected FARMs data.[11] With students from documented and undocumented immigrant households comprising the majority of the 7%, schools with more students that represent this population will continue to be disproportionately impacted.[12] To avoid this undercount, the Maryland Hunger Free Schools Act[13] enables CEP schools/districts to use the FARM data prior to the year CEP was adopted for compensatory education aid, but this is not a viable long-term solution due to inevitable demographic changes.

[5] Gindling, T. H, et al. "Some Causes of the Undercount of Low Income Students under the Community Eligibility Provision in Baltimore City Public Schools." *Department of Economics*, UMBC, 6 Aug. 2018.

[6] See footnote 5

[7] The World Staff. "Trump's Public Charge Rule Is 'Really Ripe for Abuse,' Says Migration Expert." *Public Radio International*, 12 Aug. 2019.

[8] See New York's analysis of possible poverty proxies used across the country.

[9] Grich, Rachel. "New Strategies for Measuring Poverty in Schools." *FutureEd*, 28 Nov. 2018.

[10] See Massachusetts for an example. This state settled for a statewide 12% decrease in student poverty.

[11] See footnote 5.

[12] See addendum.

[13] Hunger Free Solutions Act of 2017, H.B. 287, Maryland General Assembly, 2017.

- The majority of states that implemented CEP developed an alternative income data collection system to address the discrepancies in poverty counts between districts enrolled in CEP using direct certification and those not enrolled in CEP using FARMs data. Fourteen states collect this data every 4 years and 2 collect annually. This system allows students from households with documented and undocumented immigrants, who do not enroll in public assistance programs, to report income and be included in poverty counts. There is concern that without the incentive of receiving a free or reduced-price meal, income data will be hard to collect. CEP school systems with high return rates for household income information in states using this method have developed best-practices that can be adopted in Maryland. The additional cost of implementing these best practices can be supplemented by Title 1 funding since the USDA allows these funds to be used for the collection of household income information for the purposes of determining state funding.[14]

Recommendations for a Combined Solution

Strong Schools Maryland supports the recommendations made by reports previously presented to the Commission on Innovation and Excellence in Education, to use income data in CEP districts[15] and expand direct certification to include Medicaid.[16] By implementing both solutions, more students will be included in direct certification, minimizing the amount of income statements schools/districts need to collect, while also allowing all immigrant students to submit household income data to the state without enrolling in federal programs. Collecting household income data in CEP districts would allow more schools to participate in the CEP, bringing more federal funding into the state, and ensuring a long-term, quantifiable method of determining student poverty. Collecting household income data in both CEP and non-CEP schools/districts would also provide comparable data and facilitate more equitable funding provided by current compensatory education aid and future Resources for Ensuring all Students Are Successful funding.

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[14] See USDA Guidance, Section 23a.

[15] Augenblick, Palaich & Associates. "Final Report of the Study of Adequacy of Funding for Education in Maryland." APA, 30 Jun. 2015.

[16] Croninger, R. G., Rice, J. K. & Checovich, L. "Evaluation of the Use of Free and Reduced-Price Meal Eligibility as a Proxy for Identifying Economically Disadvantaged Students." *Augenblick, Palaich & Associates*, 30 Nov. 2016.

Addendum

The poverty count trends at John Ruhrah Elementary Middle School illustrates declining poverty rates from only using direct certification as a proxy for poverty. The school measured the demographic category "Hispanic/Latino" to be 81.7% of the student population in 2018, up from 58.85% in 2012.[17] Under direct certification, the student poverty count dropped 33% from the last year FARM forms were collected and continues to drop as fewer students enroll in public assistance programs.[18] The enrollment change between 2016 and 2018 (-23 students) does not correlate to the drop in poverty counts (-151 students).

Poverty Count for John Ruhrah Elementary/Middle School

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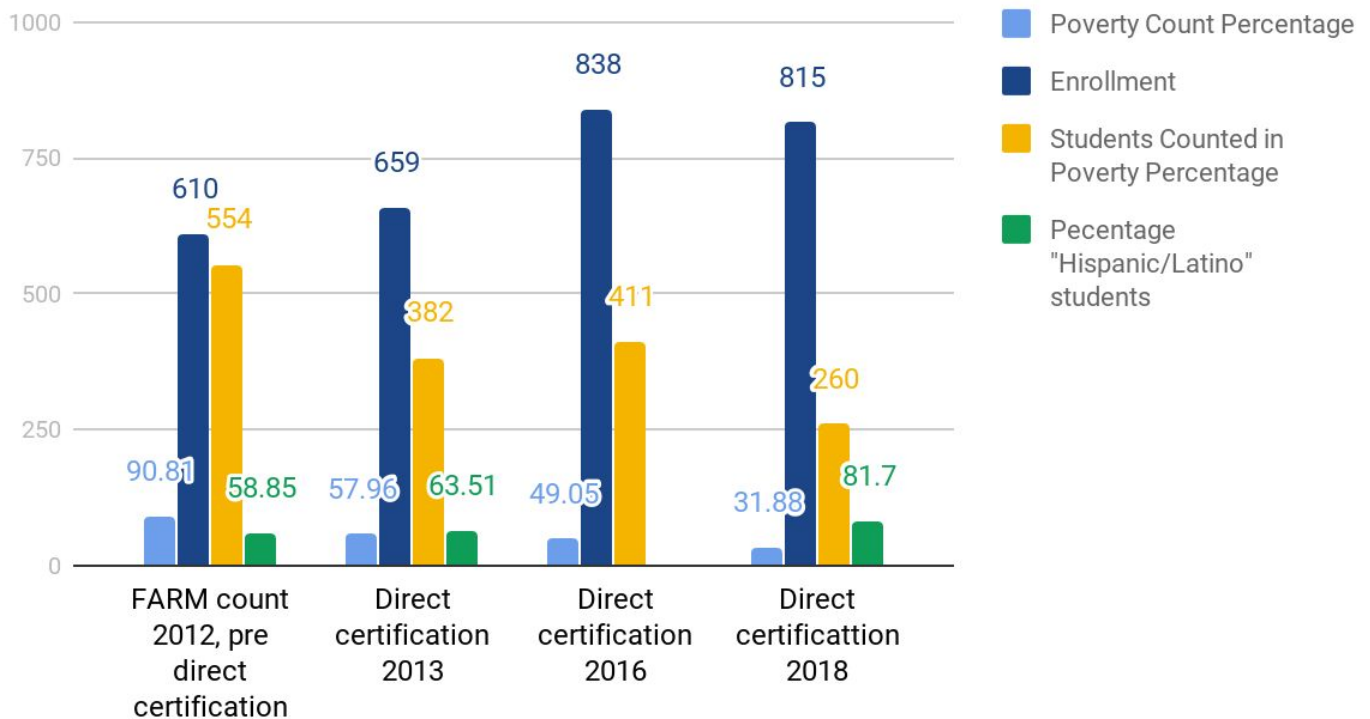
[17] See BCPSS School Profile for John Ruhrah Elementary/Middle School.
[18] "Hispanic/Latino" demographic information for 2016 is missing due to inaccessible report card on the MSDE website.