

BALTIMORE CITY PUBLIC SCHOOLS

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October 7, 2019

Dr. William “Brit” Kirwan, Chair
The Blueprint for Maryland’s Future Funding Formula Workgroup
c/o Office of Policy Analysis
Department of Legislative Services
90 State Circle
Annapolis, MD 21401

RE: Proxy for Poverty – Expanded Direct Certification and Alternate Income Forms

Dear Dr. Kirwan,

As the Blueprint for Maryland’s Future Funding Formula Workgroup prepares to finalize its recommendations to the full Commission, we would like to thank Senator Ferguson for his comments during the September 26 workgroup meeting regarding the need to establish an alternative proxy for poverty. Senator Ferguson specifically proposed an expanded Direct Certification process in conjunction with a return to the universal collection of alternate income forms.

Background

City Schools strongly agrees the Workgroup should prioritize policy solutions for accurately counting low-income students. By way of background, Baltimore City Public Schools fully implemented the USDA’s Community Eligibility Program (CEP) in June 2015, serving free meals to all students in the District, regardless of income. This transition to CEP prompted a data collection and methodology change for measuring economically disadvantaged (ED) students:

- FARMs (free and reduced-priced meals) applications are no longer collected. As a result, students who met income criteria for free or reduced meals based on a household application are no longer identified as having an ED status.
- Direct certification, which counts students who are deemed “categorically eligible” and enrolled in the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance to Needy Families (TANF) or are in Foster Care or are Homeless, continues to occur but stands alone as the only source for measuring poverty.

When districts, including Baltimore, make the shift to CEP, ED rates fall across the district due to the methodology change. Because direct certification had been used alongside FARMs form collection in previous years, removal of the forms inevitably would result in a smaller fraction of students identified as ED in the district population.

Implications and Problems

The move to CEP resulted in a net gain for the district. All students in the district were also now being fed without the need for identification and were free from the “free lunch” stigma. An additional 10,000 lunches were served every day, resulting in increased revenue to support food services. Additionally, time and money were saved by not having to collect, process, and audit the applications. The district instead was able to use direct certification and a multiplier for USDA food service revenues. It should be noted that the district did not elect to participate in CEP (although eligible) prior to adopting of the hold harmless provisions in the Healthy Hunger Free Kids Act which mitigated the financial risk to state Comp Ed Funding for districts electing CEP.

However, along with these positive implications of CEP, the change in ED measurement has also resulted in financial implications at the individual school level. With the shift to CEP, the poverty data available to the district was limited to direct certification data. As a result, the district moved from an 84.8% FARMS rate in SY15/16 to a 59% direct certification rate in SY16/17. By comparison, the rate for Hispanic students shifted from 84.1% to 42.4% over the same time period, a drop nearly double that of the district overall.

The more severe drop for high EL schools is indicative of the fact that many methods for counting low-income students do not capture students who are immigrants or whose parents are immigrants – e.g. families who are undocumented may not be eligible for programs used in direct certification, and recent immigrants may not have taken advantage of the programs yet.

As a result, this problem has continued to grow over the years in district schools with high EL populations likely due to heightened threats of immigration enforcement and changes to the public charge rule. Schools with high EL populations have recently experienced precipitous drops in their poverty rates, leading one to lose Title I status this year, with three more likely to follow next year. Similarly, 9 Title I City Schools with EL rates of 20% or higher did not qualify for concentrated poverty grants under the 2019 Blueprint legislation.

As such, City Schools’ *preliminary* position on Senator Ferguson’s two-pronged approach is as follows:

Expanded Direct Certification Process – Tentative Support

City Schools tentatively supports an expansion of Maryland’s Direct Certification process beyond USDA federal criteria to include Medicaid as well as other programs such as WIC, federal foster care, subsidized housing, and utility assistance programs, among others. While allowing these programs in the CEP count will not fully solve the problem, such a change will likely assist in allowing for a more accurate capture of students who are not counted currently.

- **Necessary Modeling**

We caution the Workgroup against making final decisions on which specific program(s) to include until modeling is conducted demonstrating how inclusion of such programs will impact poverty rates at the individual school level. While the Commission did receive districtwide Medicaid estimates last October, it is important to understand how such inclusion will impact schools with high EL rates before determining whether this will help close the gap or exacerbate the problem. This type of analysis should be shared publicly before the Workgroup decides how to proceed.

- **Current Medicaid Availability**

If Medicaid data is available now for Baltimore City, City Schools would greatly appreciate access to such data at the student or household level for the purposes of analysis.

Alternate Income Forms – Tentative Support

As the state's largest provider of free and reduced price meals, City Schools has historically resisted a return to alternate forms as a means for obtaining income data for state funding in districts electing the Community Eligibility Provision (CEP). However, given the persistent growing concern regarding the undercounting of low-income immigrant students, we think a return to collecting forms should be included as an option for counting poverty. We are asking the Commission to consider the following:

- **Evidence from other Maryland districts collecting alternate forms**

To date, there is no research on the viability of existing alternate income forms as a measurement of poverty in Maryland districts. Many districts have elected CEP at only a few schools. In these cases, many districts are collecting both the FARMs Application at non-CEP sites and the Alternate Income Form at CEP sites. However, we know that some districts have ceased collecting these forms.

City Schools requests that the state review the accuracy and validity of these alternate forms in Maryland LEAs and model poverty rates at these alternate income form sites compared to FARMs application sites. For instance, if school districts with only a few schools participating in CEP saw rising poverty rates at the district level and non-CEP schools, but a decrease in poverty at the specific CEP schools collecting an alternate form, it would raise questions as to the viability of these forms absent the incentive of free meals and, accordingly, the possible need for a multiplier for CEP sites.

- **Hold harmless extension**

Should the Workgroup move forward with recommending a return to alternate income forms, it will take the district several years to ramp back up to the collection levels we saw previously, as we have not collected forms since October 2014. We expect this task to be especially difficult absent the incentive of free meals. As such, we propose expanding the hold harmless provision contained in the 2018 Blueprint legislation from 2025 to 2027. Due to the lag time in data collection, the current 2025 hold harmless would be based on forms collected in October 2023. Shifting to 2027 will allow the poverty count to be based on forms collected in October 2025 and the district to develop strategies to increase collection of forms absent the incentive of free meals.

- **Three-year poverty rate**

Given the many changes we've seen at the federal level over the past few years and the impact of those changes on poverty counts, we encourage the Workgroup to recommend either a three-year rolling average when calculating FRPM or select the highest of the previous three years as the FRPM. Please note this approach would be similar to the declining enrollment counts used for FTE purposes, as well as the proposal for the maintenance of effort options discussed at the September 26 Workgroup meeting.

- **Funding support for forms collection**

Prior to becoming a CEP district, City Schools was able to use Food and Nutrition funds to support the manpower necessary to collect forms districtwide. We estimate we spent in excess of \$250,000 annually to collect and process forms at the district level. While districts

collecting FARMs applications are presently able to use Food Service Enterprise funds for form collection, USDA regulation prohibits districts participating in CEP from using Food Service Enterprise Funds to support collection of an alternate income form. As such, we respectfully request the Workgroup consider providing a funding allotment to the state's three CEP districts to support the potential return to forms. This could be based on the cost of implementing alternate forms from districts currently doing so.

- **Form development and verification**

The Workgroup must also consider whether the State will require verification of forms. It is unclear at this time which entity, if any, will be responsible for potential auditing of the forms. City Schools cautions that families will be even less likely to complete forms that contain auditable information. An extensive verification process could exacerbate existing issues with undercounting at high ELL schools.

- **Preventing double counting**

There was much discussion at the September 26 Workgroup meeting regarding the practicalities of a return to forms. City Schools wishes to note that the crosswalk between direct certification records and alternate income forms would be conducted at the district level, rather than by individual schools, using unique student identifiers that prohibit double counting. This would be consistent with current processes in place to prevent double counting.

Allow the option for use of Direct Certification and a 1.6 Multiplier

City Schools remains deeply concerned about the likelihood of success in collecting forms universally absent the incentive of free meals. Additionally, USDA and USDOE “strongly encourage LEAs to identify means of assessing school poverty in a way that does not undermine CEP’s paperwork reduction benefit” by allowing options that include both a multiplier or different combinations of data. Without any demonstration of data to support the viability of alternate income forms, the district strongly encourages the State to provide the option of a multiplier, as supported by the federal government. Otherwise, the potential fiscal impact to schools could be devastating. By preserving the option to use a multiplier (even if it must be re-evaluated after a few years) the State would hopefully prevent the crises that may unfold if schools are unable to convince families to return the forms without the incentive of free meals.

City Schools Pilot

We have recently launched our own pilot whereby 19 schools are presently collecting income verification forms, which will then be matched against our direct certification records. Because the pilot results will not be available until mid- to late-November – and because there remains a strong possibility that the ability to collect forms from immigrant families, as well as families whose students are already receiving free meals, will be challenging at best – we respectfully request the workgroup refrain from making any final decisions that potentially cause financial risk to CEP districts until the results of the City Schools pilot are known.

Finally, given the discussion at the September 26 Workgroup meeting, City Schools wishes to clarify that it was the Kirwan Commission’s recommendation that schools receiving concentrated poverty grants in the form of a per-pupil allocation will receive those funds for *every* student in the school. The amount of this per pupil was calculated based on that assumption.

The decisions to come from The Blueprint for Maryland’s Future Funding Formula Workgroup are

of utmost importance to the future of City Schools. As we have shared previously, any method of determining a proxy for poverty will have tremendous implications for whether the final funding formula weights are sufficient as they relate to serving students with the greatest needs.

We appreciate your consideration of our recommendations and hope the information we have provided will assist with informing future discussions. Please do not hesitate to let us know if additional questions arise as your work progresses.

Sincerely,

A handwritten signature in blue ink, reading "Sonja B. Santelises". The signature is fluid and cursive, with the first name "Sonja" and last name "Santelises" clearly legible.

Sonja Brookins Santelises, Ed.D.
Chief Executive Officer

CC: The Blueprint for Maryland's Future Funding Formula Workgroup
Rachel Hise