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At-Risk Funding in Kansas: Free Lunch Status and At-Risk Status

Introduction: The percentage of public school students qualifying for free or reduced price meals has increased from about 33 percent to nearly 50 percent over the past 15 years.

Kansas uses the number of students eligible for free (but not reduced-price) lunch to determine the amount of funding school districts receive to provide for services to at-risk students. Because the value of this weighting factor has increased from 10 percent of base state aid per pupil to over 45 percent of base aid, questions have been raised about whether the number of students receiving free meals is due to actual changes in student and family economic need, or whether the increased weighting factor has caused districts to “recruit” families who may not actually qualify.

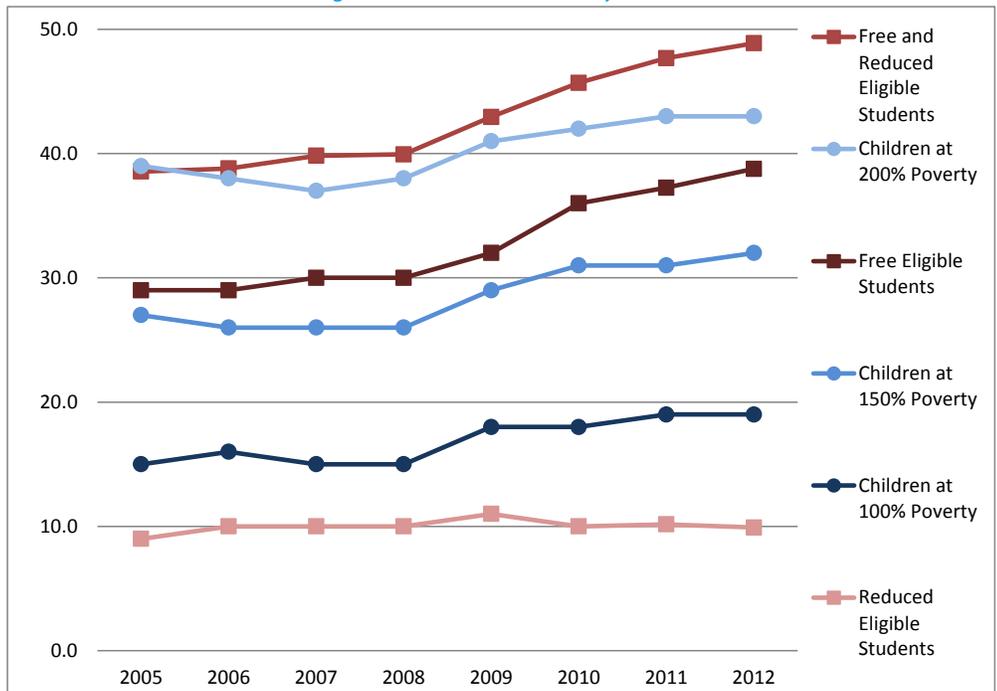
This document presents data and comparisons that address those questions.

1: The increase in Kansas students on free or reduced-price meals has generally followed changes in the number of low income students as measured by poverty rates.

Chart 1 shows that childhood poverty in Kansas was basically flat from 2005 to 2008, while free and reduced-price lunch participation increased just about 1 percent. Beginning in 2009, childhood poverty spiked, coinciding with the largest increase in free/reduced eligible students. (Note: eligibility for free/reduced lunch is based on 130 percent of poverty for free lunches, and on 185 percent for reduced-price lunches.) However, free and reduced-price lunch eligibility has increased more than the poverty rate since 2009.

Eligibility for free and reduced-price meals is based in part on the incomes of families at various percentages of the poverty rate. However, students are also eligible based on other conditions, such as foster children, migrants or homeless. Students identified through these conditions may not be included in the poverty count. (Note that the poverty rate is only an estimate, while free/reduced percentage is an actual number.)

Chart 1: Kansas Free/Reduced Eligible and Childhood Poverty

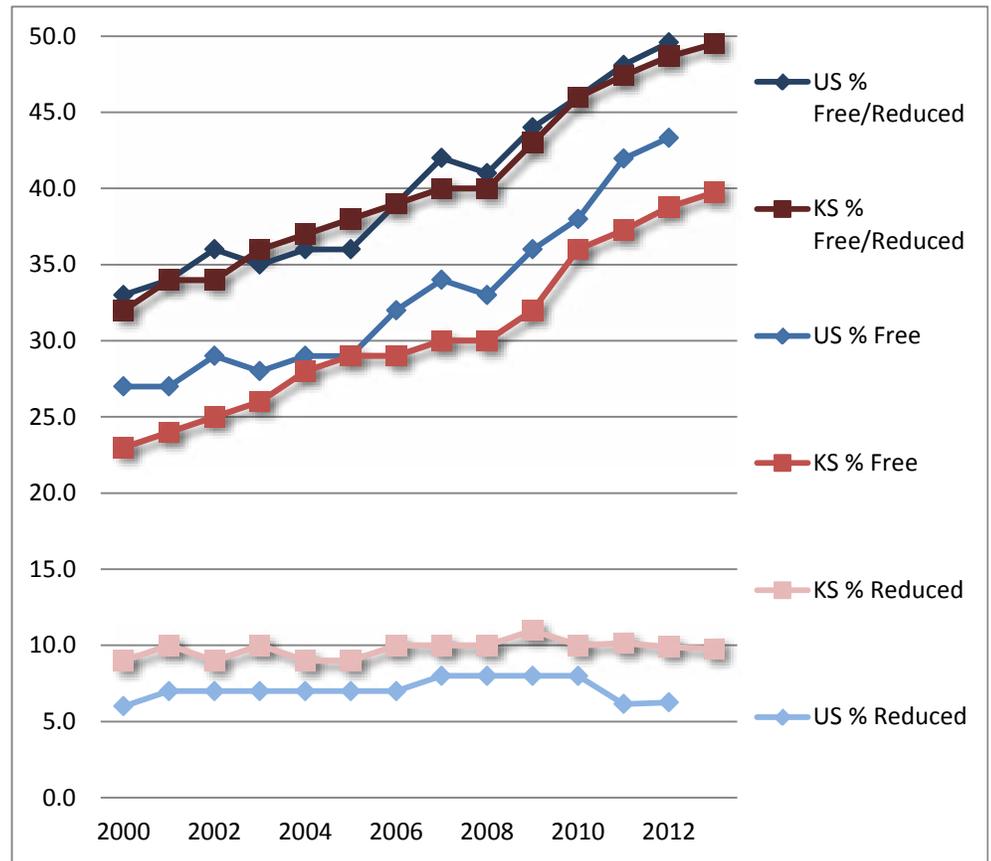


2: Changes in the percent of students eligible for free and reduced-price lunch in Kansas closely follow national trends; with Kansas consistently showing lower percents of students eligible for free lunch and higher percents of students eligible for reduced-price lunch.

Often times the combined free and reduced-price lunch eligibility percentage is reported due to the difficulty obtaining separate percentages for free lunch and for reduced price lunch. As such, it is important to verify that the trends for free lunch, which is used as the basis for at-risk funding, follow the trends for free and reduced-price lunch overall.

As Chart 2 on the right shows, the change in the overall percent of students eligible for free and reduced-price lunch at both the national level and in Kansas can be attributed almost entirely on the change in the overall percent of students eligible for free lunch; as the percent of students eligible for reduced-price lunch for both Kansas and the nation have remained relatively flat since 2000. In addition, from 2010 through 2012, there was a noticeable shift in the proportion of free to reduced-price lunch at the national level; with the portion

Chart 2: Free/Reduced, Free and Reduced Lunch Eligibility - US and KS

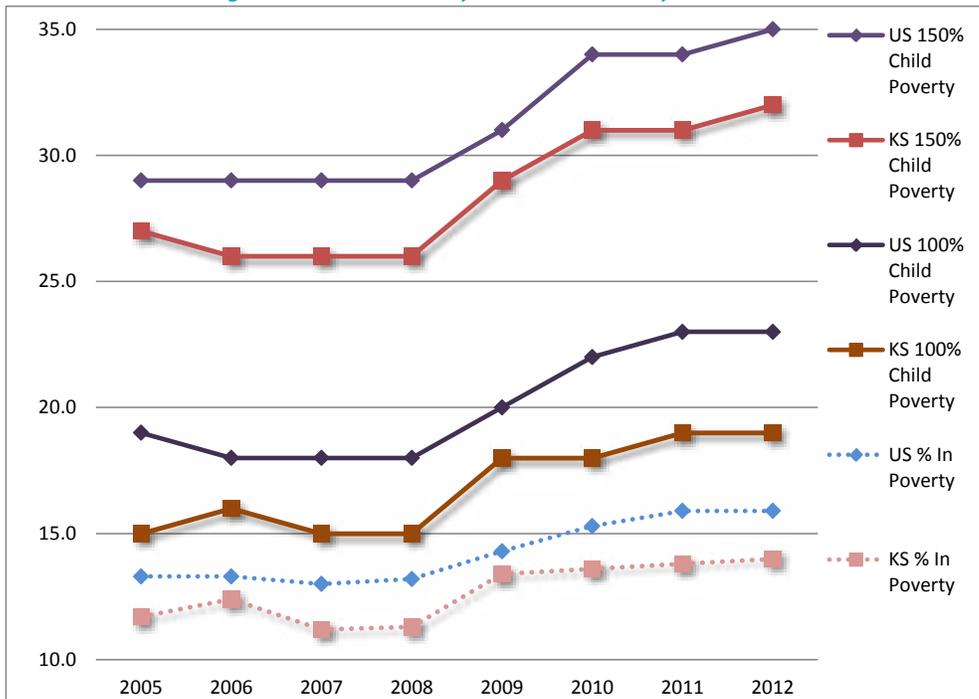


of reduced-price lunch eligible students decreasing with a corresponding increase in the proportion made up of free lunch eligible students. Kansas did not see this same shift.

Nonetheless changes in Kansas free and reduced-priced meal participation

and child poverty have tracked extremely closely with national averages. KASB is not aware of other states that have made similar changes in school funding based on free or reduced price meal eligibility, indicating the at-risk weighting has not significantly impacted the number of Kansas students applying.

Chart 3: Free Lunch Eligible, Childhood Poverty and Overall Poverty - US and KS



As can be seen in Chart 3 to the left, Kansas has followed closely the national trend in childhood poverty as represented by the percentage of children at or below 150 percent of poverty, remaining approximately 2-3 percent points below the national average. In both Kansas and nationally, the childhood poverty rate rose sharply after the beginning of the Great Recession in 2008, and has grown at a lower rate during the slow economic recovery. A similar trend is followed for the US and Kansas for children at or below 100 percent poverty. The difference is not quite as great between the percent of the US population in poverty versus the percent of the Kansas population in poverty; but here Kansas is again consistently below the national average.

3: Students on free and reduced-price meals have increased slightly more than indicated by the poverty rate in recent years following new federal regulations requiring “direct certification” of some students, regardless of whether or not parents apply for meals.

A significant portion of the increase in students eligible for free or reduced-price lunch may be attributed to the federal and state initiatives to determine eligibility for more students via direct certification.

Student eligibility for free meals is determined by application or by direct certification. Over the past decade, federal policies under the National School Lunch Program (NSLP) have encouraged Kansas and other states to identify students using direct certification based on participation in other programs, rather than exclusively on family applications based on income. This change has tended to increase participation.

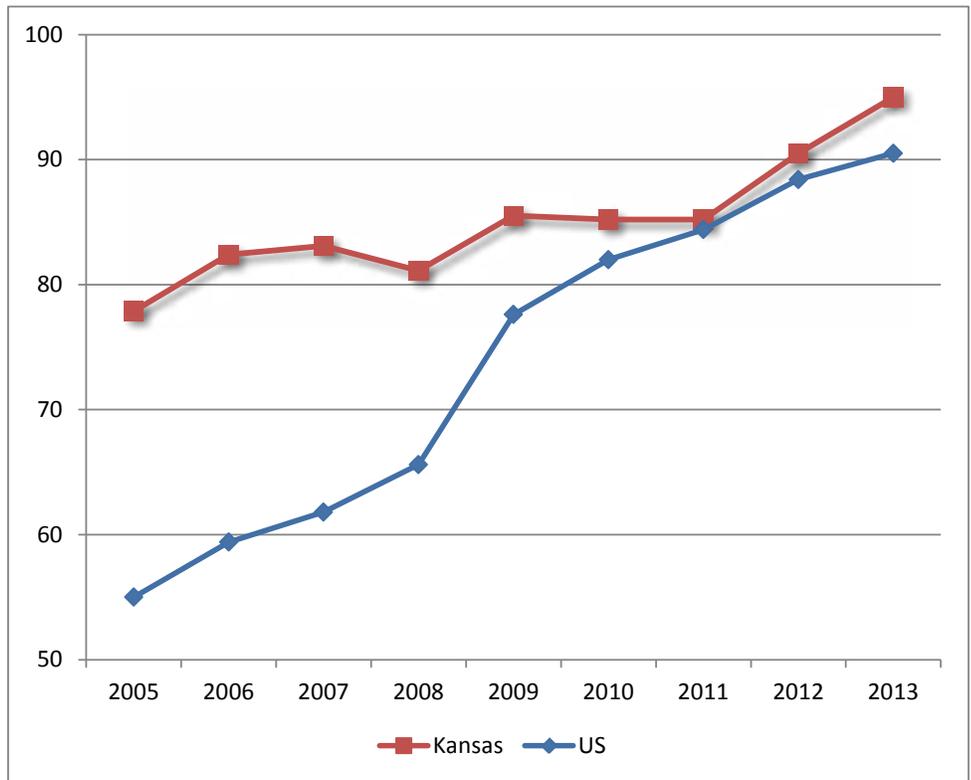
Although direct certification systems vary by state and district, all such systems are designed to eliminate the need for paper applications. Students are deemed “categorically eligible” to receive free school meals if they are from households that receive benefits under the following programs:

- Food Assistance (FA),
- Temporary Assistance to Families (TAF),
- Foster Child(ren),
- Migrant,
- Homeless,
- Runaway,
- Head Start/Even Start, or
- Food Distribution Program on Indian Reservations (FDPIR).

According to the U.S. Department of Agriculture (USDA) in their 2012 report on nutrition assistance programs, “direct certification was one policy that tended to increase the percentage of participants receiving free and reduced-price meals, even during periods of economic growth.”

Direct certification mitigates the effects of language barriers, pride, and lack of custodial support because it does not require parents to fill out any paperwork to be determined eligible.

Chart 4: Percent School Districts Using Direct Certification for Free Lunch Status



In a report to Congress in 2013, the USDA described changes to the direct certification requirements for states and districts that led to increased identification of eligible students, indicating that in 2004 the National School Lunch Act was amended to require all districts to “have direct certification systems in place” for the 2008-09 school year. The following year schools were required to apply free meal eligibility to all children in a family if at least one child is certified for free meals based on receipt of services from USDA programs.

Kansas identifies NSLP eligible students via direct certification at a much higher percentage than many states. The percent of school districts using direct certification to automatically authorize students for NSLP increased from 85 percent to 91 percent between the 2010-11 and 2012-13 school years, while during this same time the percent in Kansas increased from 85 to 95 percent.

KSDE confirmed that it initiated a direct certification program on June 1, 2005 to provide automatic eligibility for free Child Nutrition Program benefits to students who are eligible based on the programs listed above. The process was further enhanced to provide monthly matching against the KS Department of Children and Families (DCF) systems in 2008,

and further automated the identification and authorization process to provide daily matching starting in the 2013-14 school year.

Kansas has been a leader in the direct certification process on a national level, receiving an award for outstanding efforts this past year when the federal government determined KSDE had a 97 percent match rate to children identified by DCF.

Chart 4 above shows that Kansas was noticeably ahead of the national average for percent of districts using direct certification in 2005, with almost 80 percent of Kansas districts participating as opposed to approximately 55 percent of districts nationwide. In 2011, the national average approached the Kansas percent, but then Kansas showed a higher rate of increase from 2011 through 2013.

Direct certification would tend to increase participation because it reduces at least three barriers to families’ applications: (1) language issues for non-English-speaking families; (2) reluctance to apply because of pride or social stigma; and (3) possible lack of parental support for homeless, migrant and foster children.

In addition, direct certification also decreases the occurrence of ineligible

students mistakenly approved for free or reduced-price lunch because it decreases the percent of students approved via parent applications. Therefore many of the issues noted by the Legislative Division of Post Audit in Kansas in their 2006 report on Free-Lunch Student Counts, and also noted by the USDA in similar reports on the national level, should have a smaller impact than in the past due to the increased percent of students whose eligibility is directly certified rather than based on parent application information.

4: The percentage of both students in poverty and students on free and reduced-price meals in Kansas has tracked closely with the national average and with states most similar to Kansas.

Kansas follows the same trend in percent of students eligible for free or reduced-price lunch and in childhood poverty as other states with similar demographic characteristics.

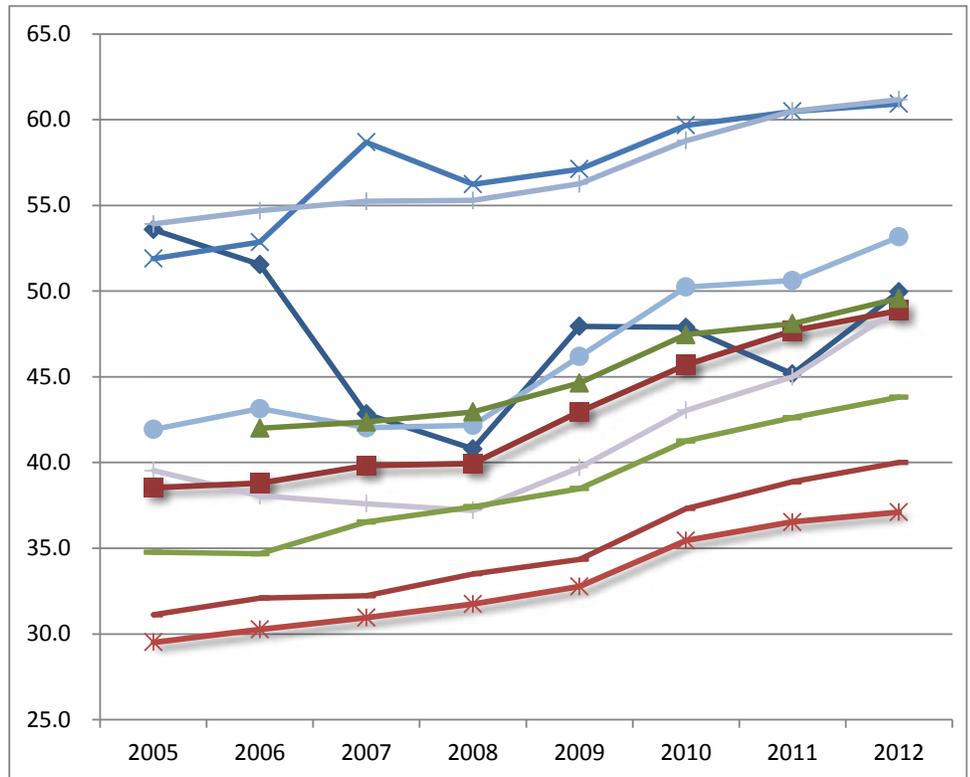
To develop peers, KASB compared Kansas to other states based on these factors:

- Population per square mile,
- percent of students eligible for free or reduced-priced lunch,
- percent of students participating in programs for English language learners, and
- percent of students served under IDEA.

This comparison indicated Arizona, Arkansas, Idaho, Iowa, Minnesota, Nebraska, Oklahoma, and Oregon were the most similar to Kansas.

As Chart 5 above shows, the trend in percent of free or reduced-price lunch eligible students in Kansas is very similar to those seen in Minnesota, Iowa, Nebraska, and Oklahoma. Arizona, Idaho, and Oregon actually show higher percent increases from 2011 to 2012, and only Arkansas (which has the highest percent of the comparison states) shows a slower rate of increase for the same year. The erratic nature of Arizona's trend line suggests possible data collection or reporting issues, or might represent shifts in policies for identification and funding.

Chart 5: Free/Reduced Eligible - Kansas and Peer States



Overall, Kansas and Oklahoma were the only two states in the peer group reporting noticeable increases in the percent of children in poverty from 2011 to 2012, with Arizona, Idaho, and Minnesota reporting fairly level percents, and Arkansas, Oregon, Iowa, and Nebraska all reporting decreases (Chart 6).

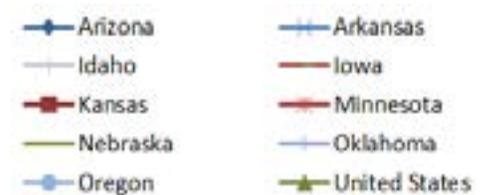


Chart 6: Children at 150 percent Poverty and Above - Kansas and Peer States

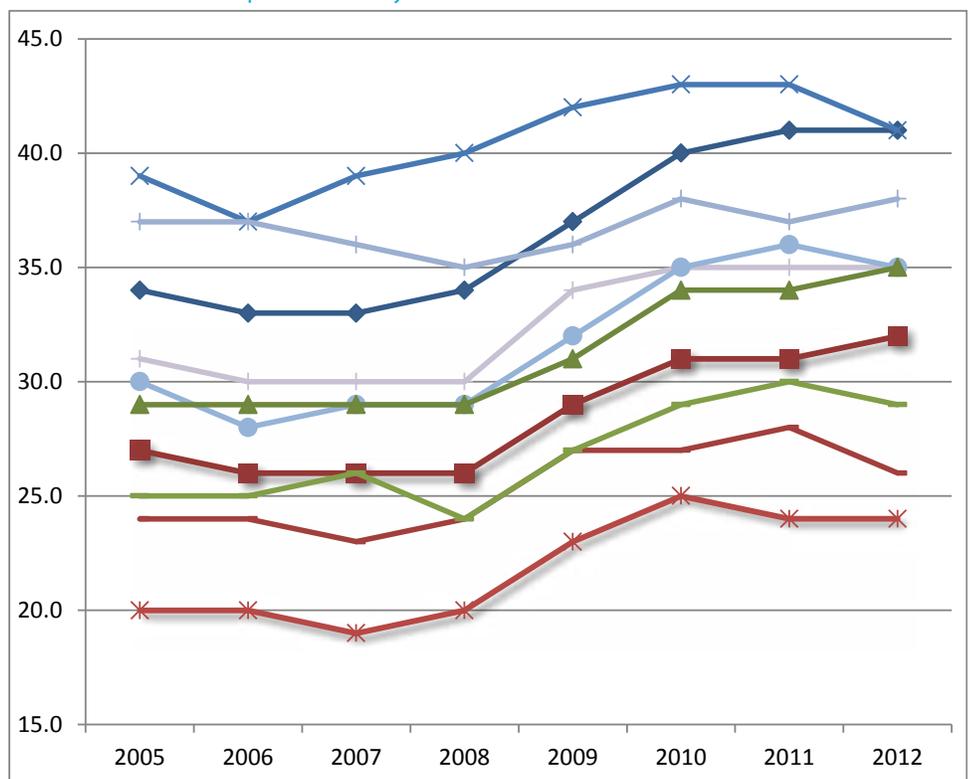
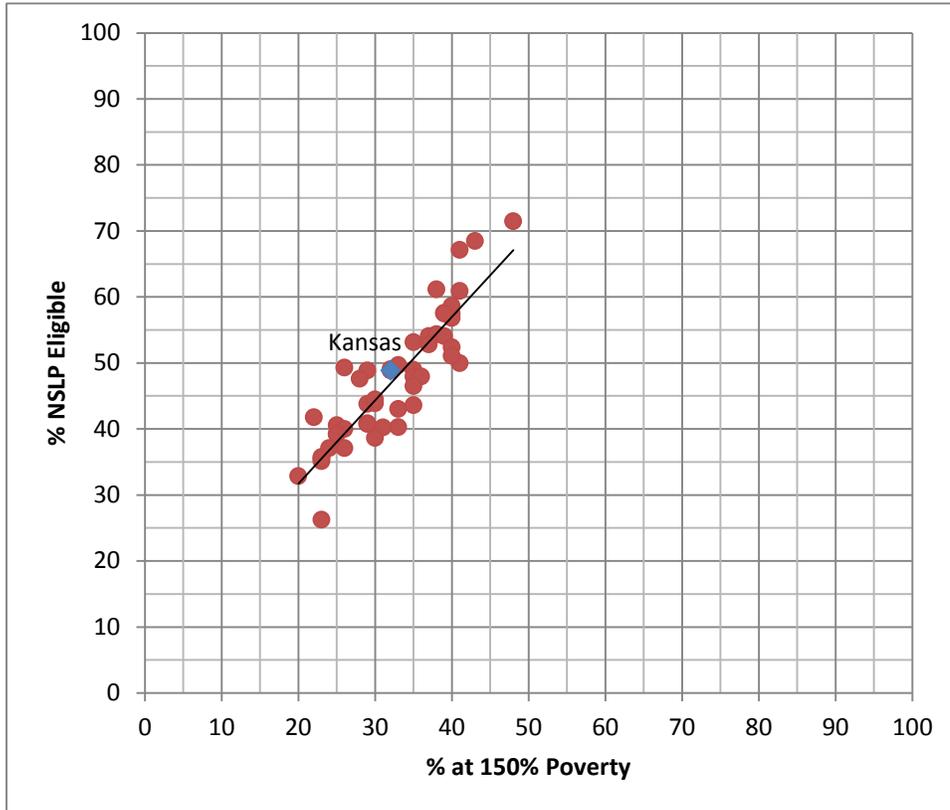


Chart 7: Free/Reduced Eligible and Childhood Poverty



Therefore, not only is Kansas seeing a trend in increasing free and reduced-price lunch participation similar to its peer states, it is also seeing a larger increase in the percent of children in poverty during the same time period.

5: There is a very strong correlation between student poverty and the percentage of students on free or reduced-price meals. Kansas is exactly where it would be predicted to be.

Increases in childhood poverty levels can be expected to be followed by increases in the percent of children eligible for free or reduced-price lunch.

The percent of children at or below 150 percent of poverty is a significant predictor of the percent of students eligible for free or reduced-price lunch (NSLP), with a strong positive correlation between the two (.89). This means that we can expect to see higher NSLP participation in states with higher levels of childhood poverty, and that changes in one are highly related to changes in the other, with a 1 percent increase in the percent of children at or below 150 percent of poverty predictive of a 1.04 percent increase in the percent of

students eligible for free or reduced-price lunch.

The data for 2012 is shown in Chart 7 above, which indicates the percent of Kansas students who are eligible for free or reduced-price lunches is slightly higher than would be expected based on the percent of Kansas children at or below the 150 percent poverty level. However,

as can be seen there are several states that show a much greater deviation from the expected trend; both in terms of percentages of NSLP eligible students higher and lower than would be predicted by their child poverty levels.

6: Private schools in Kansas have also seen a significant increase in students qualifying for free and reduced price meals.

In order to examine the difference between the percent of children in poverty between Kansas public schools and Kansas private schools, we have to look to data from the four accredited Catholic dioceses in the state, as they are the only private school organizations that report this data to KSDE.

As Chart 8 below shows, the percent of free or reduced-price lunch students identified by Kansas Catholic schools was quite level between 2005 and 2008, actually dropping in 2006 but moving back up the next year. However, as in the public schools, that percentage increased significantly from 2008 to 2011, coinciding with the increase in childhood poverty and national recession.

The Kansas Catholic school percentages began to level off between 2010-11, while the percent for Kansas public schools continued to increase. It should be noted

Chart 8: Kansas Public Free/Reduced, Childhood Poverty and Diocese Free/Reduced

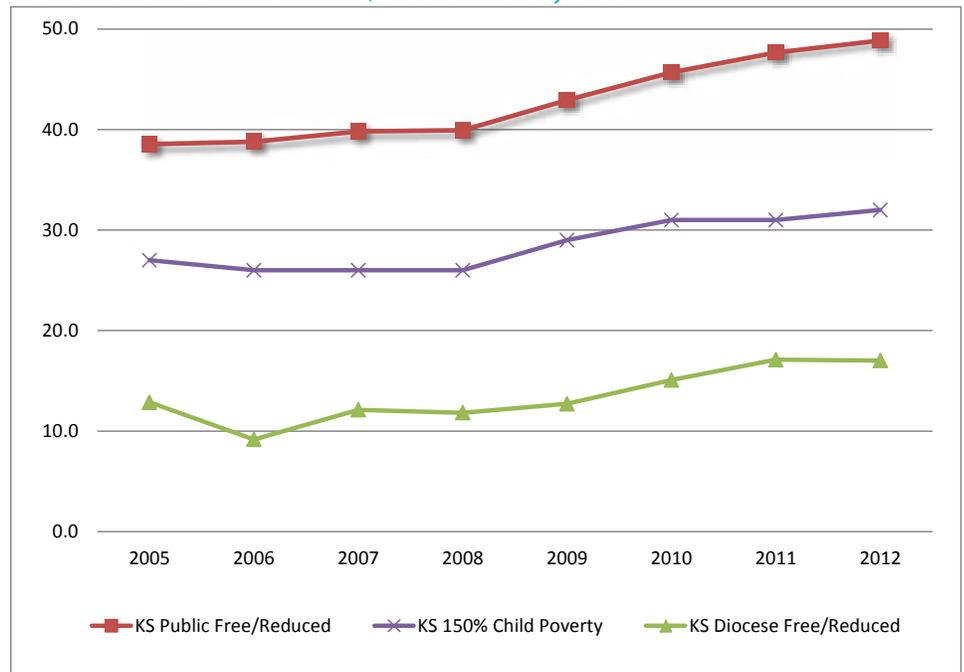


Chart 9: Kansas Enrollment by Race/Ethnicity

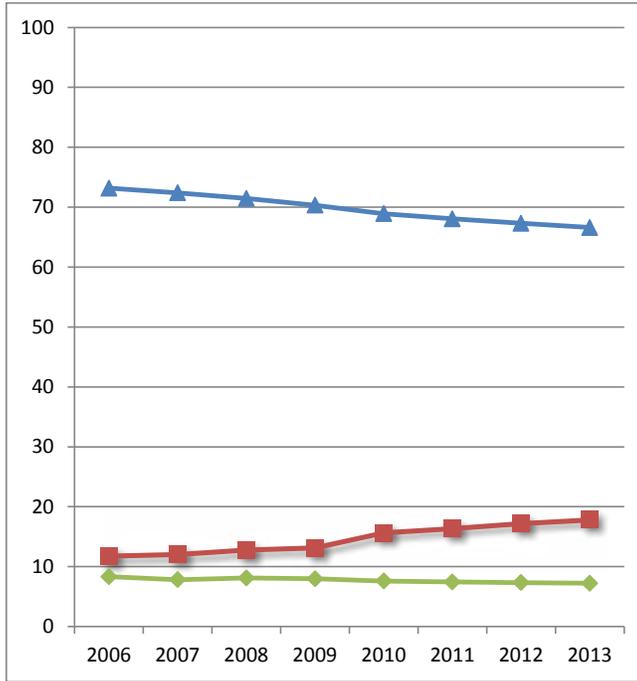
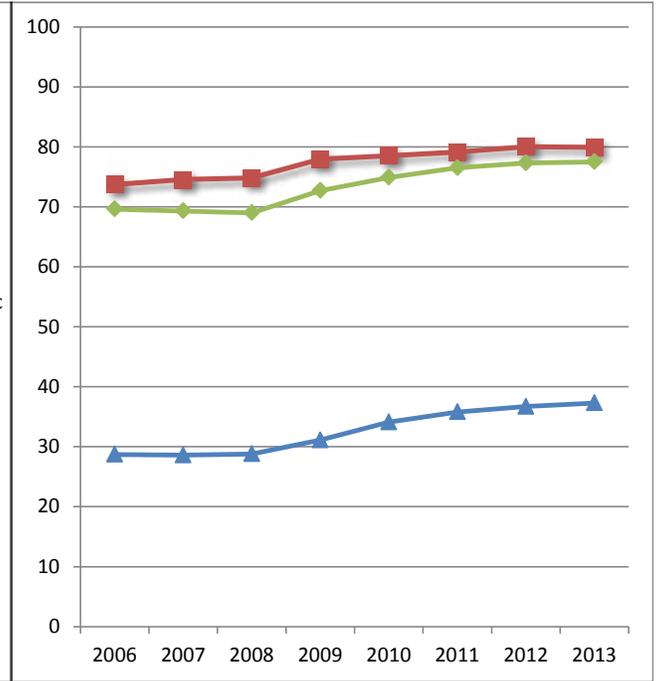


Chart 10: Kansas Free/Reduced Eligibility by Race/Ethnicity



Catholic school enrollment statewide declined during this period while public school enrollment increased. School officials have anecdotally reported some of the growth was due to transfers of private school students who could no longer afford tuition. This could have further contributed to the increase in low income students in public schools. Catholic schools are also less likely to be affected by direct certification.

7: Increases in the percentage of Hispanic students, who have higher rates of eligibility for free or reduced-price lunch than other race/ethnic groups, has increased the percent of eligible students for free or reduced-price lunch in Kansas.

As shown in Chart 9 above, the percentage of white students in the Kansas public school population has declined almost 10 points since 2001, while the Hispanic population has increased by the same amount and the African-American population has remained about the same. The percent of the total student population made up of Hispanic students is increasing each year, and this trend is expected to continue for some time. The White and Black percentages have been and are expected to continue decreasing slightly.

Because Hispanic students are more than twice as likely to be eligible for free meals, this change alone has increased the overall percentage of student eligibility, as shown in Chart 10 above. Taking into consideration that Hispanic students show higher participation rates than black or white students, this data suggests the percent of free and reduced-price lunch eligible students will continue to increase in the coming years as the percent of Hispanic students in the state increases. KASB enrollment projections suggest Hispanic students could make up almost 22 percent of the total student population by the 2018-19 school year.

8: The median individual income in Kansas falls below the income level for free lunch eligibility for a family of four, and the median household income is only slightly above it.

As chart 11 shows, about 70 percent of Kansas adults have attained less than a four-year college degree. The median income of persons who have not completed high school, have no college, or have some postsecondary education but less than a bachelor's degree are all below the median state income of \$33,443. The eligibility for free or reduced price

Chart 11: Kansas Income, Educational Attainment, and Free/Reduced Eligibility

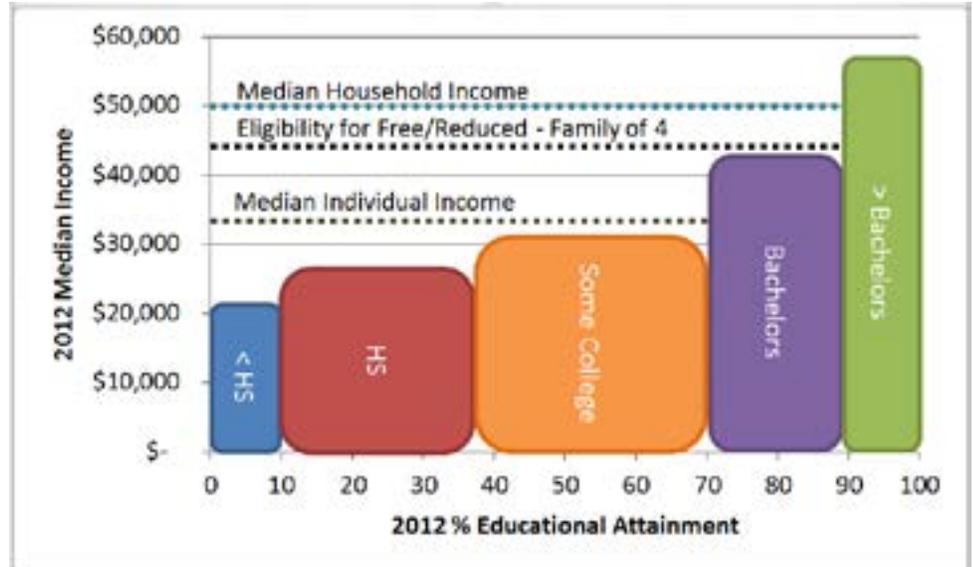
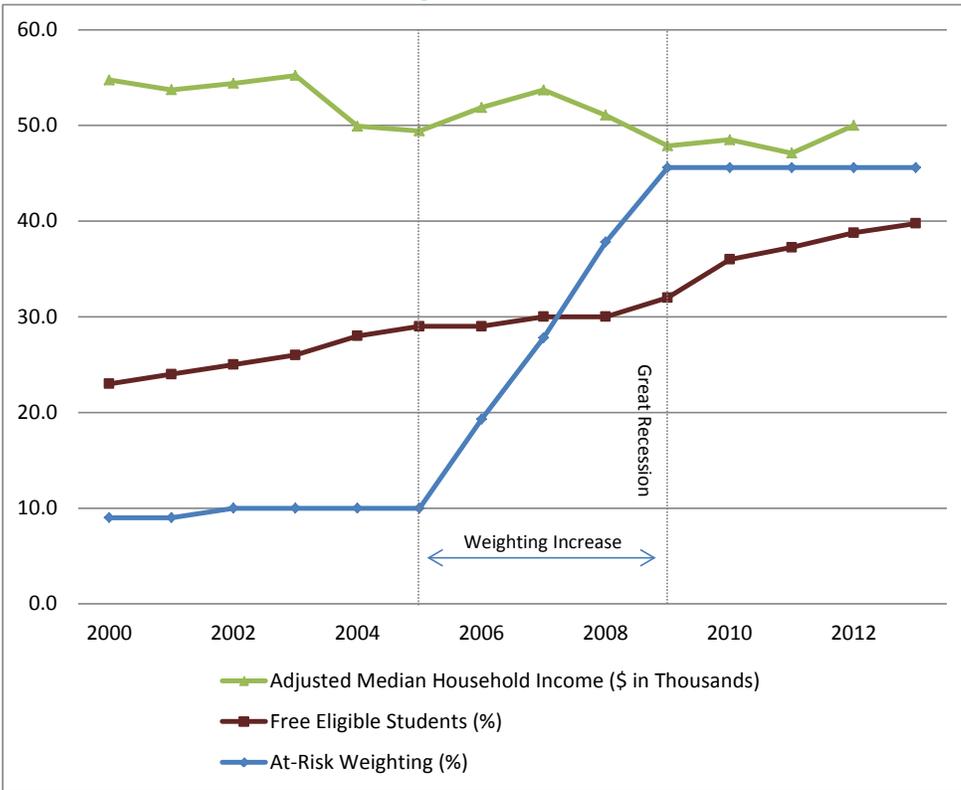


Chart 12: Kansas At-Risk, Free/Reduced Eligible and Household Income



meals is \$44,123, which is slightly higher than median earnings for Kansans with a bachelor's degree.

Median household income is \$50,002 in Kansas, which reflects that most households have more than one person with income. However, this data shows that with most families with a single parent in the home or only one parent working, it is difficult to earn more than the threshold for meal assistance.

These median income statistics are for the entire adult populations. Younger parents of school aged children are likely to have even lower incomes.

9: Kansas, over the last 15 years, substantially increased the amount of the weighting factor in the school finance formula used to determine funding for at-risk students. The change primarily occurred following a Kansas Legislative Post Audit cost study, and reflects other studies.

In 2005, the Kansas Supreme Court in the *Montoy* case found that the state was not providing constitutionally suitable funding, in part because of significant gaps in achievement for low income and

minority students. In response, the 2005 Legislature nearly doubled the at-risk weighting factor from 0.1 to 0.193, and commissioned the Post Audit to conduct a comprehensive study of education costs.

In 2006, Post Audit conducted a cost study of K-12 education in Kansas, and found the at-risk funding from the state only covered approximately 32 percent of the total school district expenditures for at-risk services. Based on its recommendations, the Legislature amended the school district finance and performance act in 2006 to increase the at-risk pupil weighting each year between 2006 and 2009 from 0.193 in 2006 to 0.456 in 2009.

The current weighting factor is generally consistent with other national studies on the cost of educating economically disadvantaged students. The Center for American Progress found that at-risk weighting for states averaged about 40 percent, but varied greatly.

10: The change in the number of free lunch students does not appear to have been significantly affected by the change in the at-risk weightings, considering all other factors noted.

Not only did the percent of students eligible for free lunch not increase at a higher percent than before or after the rate increase, it actually showed lower increases per year during this period.

Consider Chart 12, which shows changes in the at-risk weighting factor, free lunch eligibility, and median household income. The percent of students found to be qualified for free lunches rose about 7 percentage points between 2001 and 2005, although there were no changes in at-risk weighting. However, the state and nation also experienced the post-9/11 recession during this time, and Kansas median family income actually declined by nearly \$5,000 after adjusting for inflation.

Between 2005 and 2008, the percent of qualifying students increased only 1.2 percent, although the at-risk weighting factor was nearly quadrupled. During this time the state economy was quite strong, and household incomes rose from 2005 to 2007.

Between 2009 and 2013, the percent of qualifying students rose nearly 10 percent, although the at-risk weighting factor was unchanged after 2009. During this period, the state (and nation) experienced the worse recession and slowest recovery since the Great Depression of the 1930s. Kansas household incomes declined by several thousand dollars between 2007 and 2011, before increasing in 2012. (2013 data is not yet available.)

Conclusion

At the beginning of this document we asked whether the increase in percent of students eligible for free and reduced-price lunch is due to actual changes in student and family economic need, or whether the increased weighting factor for at-risk funding has caused districts to "recruit" families who may not actually qualify. Data presented here suggests the increased weighting factor was not directly related to the increase in the percent of free and reduced-price lunch eligible students, but instead a combination of increased poverty in children and the increase in the use of direct certification account for the majority of this change in Kansas.

References

Chart 1

- NSLP data (Free and Reduced) from NCES's Digest of Education Statistics - http://nces.ed.gov/programs/digest/d13/tables/dt13_204.10.asp
- NSLP data (Free or Reduced) from NCES's Common Core of Data for 2000-2010 - http://nces.ed.gov/ccd/tables/2000_schoollunch_01.asp
- NSLP data (Free or Reduced) for US for 2011 and 2012 from USDA - www.fns.usda.gov/pd/child-nutrition-tables
- NSLP data (Free or Reduced) for KS for 2011 and 2012 from KSDE - www.ksde.org/Agency/FiscalandAdministrativeServices/SchoolFinance/ReportsandPublications.aspx
- Percent Children at Poverty data taken from the Anne E Casey Foundation's Kids Count Data Book - <http://datacenter.kidscount.org/>

Chart 2

- NSLP data (Free and Reduced) from NCES's Digest of Education Statistics - http://nces.ed.gov/programs/digest/d13/tables/dt13_204.10.asp
- NSLP data (Free or Reduced) from NCES's Common Core of Data for 2000-2010 - http://nces.ed.gov/ccd/tables/2000_schoollunch_01.asp
- NSLP data (Free or Reduced) for US for 2011 and 2012 from USDA - www.fns.usda.gov/pd/child-nutrition-tables
- NSLP data (Free or Reduced) for KS for 2011 and 2012 from KSDE - www.ksde.org/Agency/FiscalandAdministrativeServices/SchoolFinance/ReportsandPublications.aspx

Chart 3

- Percent Children at Poverty data taken from the Anne E Casey Foundation's Kids Count Data Book - <http://datacenter.kidscount.org/>
- Percent Income Below Poverty Data from U.S. Census Bureau's American Community Survey Briefs - www.census.gov/prod/2013pubs/acsbr12-01.pdf

USDA Reports

- www.ers.usda.gov/publications/eib-economic-information-bulletin/eib100.aspx#_U9_FRPIdWcK
- www.fns.usda.gov/sites/default/files/NSLPDirectCertification2013.pdf

Chart 4

- Data on Percent of Districts using Direct Certification for Free lunch status from USDA's 2013 Report to Congress: www.fns.usda.gov/sites/default/files/NSLPDirectCertification2013.pdf

Chart 5

- States categorized and peers identified based on methodology described here: <http://kasbresearch.blogspot.com/2014/07/knowing-your-peers.html>
- NSLP data (Free and Reduced) from NCES's Digest of Education Statistics - http://nces.ed.gov/programs/digest/d13/tables/dt13_204.10.asp

Chart 6

- States categorized and peers identified based on methodology described here: <http://kasbresearch.blogspot.com/2014/07/knowing-your-peers.html>
- Percent Children at or Above 150% Poverty data taken from the Anne E Casey Foundation's Kids Count Data Book - <http://datacenter.kidscount.org/>

Chart 7

- Percent Children at Poverty data taken from the Anne E Casey Foundation's Kids Count Data Book - <http://datacenter.kidscount.org/>
- Percent of Students Eligible for Free/Reduced Price Lunch data from NCES's Digest of Education Statistics - http://nces.ed.gov/programs/digest/d13/tables/dt13_204.10.asp
- As a rule of thumb, correlations between 0 and +/-0.1 are very weak, +/-0.1 to +/-0.3 are weak, +/-0.3 to +/-0.5 are moderate, and +/-0.5 are larger and strong - <https://explorable.com/statistical-correlation>

Chart 8

- NSLP data (Free and Reduced) from NCES's Digest of Education Statistics - http://nces.ed.gov/programs/digest/d13/tables/dt13_204.10.asp

- Catholic Dioceses' Free or Reduced Price Lunch Student data from KSDE's K-12 Reports - <http://svapp15586.ksde.org/k12/k12.aspx>
- Percent Children at Poverty data taken from the Anne E Casey Foundation's Kids Count Data Book - <http://datacenter.kidscount.org/>

Chart 9

- Projected Enrollment by Race Ethnicity from "Kansas K-12 Headcount Enrollment Projections for 2014-15 through 2018-19" - www.kasb.org/assets/Research/EnrProj0714.pdf

Chart 10

- Percent NSLP eligible by race/ethnicity as reported by KSDE.

Chart 11

- 2012 Percent Educational Attainment (KS), 2012 Mean Earnings (US), and 2012 KS Median Income Data from the U.S. Census Bureau's American Communities Survey - www.census.gov/hhes/socdemo/education/
- 2013-14 National School Lunch Program Eligibility from KSDE's "School year 2014-15 Letter to Households about the Child Nutrition Program"

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Chart 12

- Median Household Income amounts reported in 2012 dollars (adjusted for CPI) as reported by the U.S. Census Bureau - www.census.gov/hhes/www/income/data/historical/household/
- At-Risk Weighting as reported by KSDE.
- Percent of Students Eligible for Free Lunch data from KSDE - www.ksde.org/Agency/FiscalandAdministrativeServices/SchoolFinance/ReportsandPublications.aspx

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