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FAQ: Expanding School Meals and Implications for School Funding Formulas

[Updated for accuracy, July 7, 2015]

What's the national school meal program and who's eligible?

The national school meals program helps ensure that low-income kids get healthy lunch and breakfast while at school.

Historically, at the beginning of every school year, families filled out an application declaring their household income. Kids in families below 130 percent of the federal poverty level received free meals. Those between 130 and 185 percent received reduced-price meals. Schools were reimbursed by the federal government based on detailed records of which kids (free, reduced, or paid) were eating meals on a daily basis. (For more info: MassBudget's Children's Budget pages for [School Lunch](#) and [School Breakfast](#))

What does the school meal program have to do with school funding formulas?

As the best available data on family income, school funding formulas have for many years used meal status for distributing funding. Massachusetts, for instance, uses free or reduced price meal status in the Chapter 70 school funding formula, targeting additional state funding to districts with more low-income students. This funding is intended to provide supports like extended day and smaller class sizes. (More info: [Demystifying the Chapter 70 Formula](#))

How is the process of enrollment for school meals changing with Direct Certification?

Recognizing that many low-income families are already enrolled in other public programs that use similar income criteria--e.g. food stamps and MassHealth (or Medicaid)--districts have moved towards directly enrolling kids for free meals if their families are already enrolled in one of these other programs. Called "Direct Certification" this process automatically enrolls many eligible kids for free meals. It is intended to reduce the administrative burden on families and school districts of filling out and collecting income forms.

What is the Community Eligibility Provision for offering universal free meals in low-income schools?

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The national school meals program is now building on Direct Certification by allowing schools or districts with at least 40 percent of their kids directly certified for school meals the option to provide free meals to all students every day. Called “Community Eligibility” this program can increase revenue for participating schools and dramatically reduce daily record-keeping in school cafeterias. With all students participating, Community Eligibility can also help reduce the stigma of being identified by peers as low-income. The program provides more children with better access to free meals – and we know that children learn better when they are not hungry (More info: [Food Insecurity Affects School Children’s Academic Performance, Weight Gain, and Social Skills](#)). During the 2013-2014 school year Boston was the first school district to pilot Community Eligibility in Massachusetts. Twenty-two additional districts are participating this school year. (More info: [Community Eligibility: Making High-Poverty Schools Hunger Free](#))

For districts that adopt Community Eligibility, Direct Certification eliminates the need to collect school meal applications from every family each year.

What’s happening with districts that do not adopt Community Eligibility?

Districts that do not adopt Community Eligibility still directly certify some students for school meals based on the data matching process described above. They then send out the traditional free and reduced price meal applications to all other families.

How are changes to the school meal program affecting school funding formulas?

Since the income data gathered by the traditional free and reduced price meal forms has historically been used to inform many school funding programs, and since Community Eligibility districts no longer collect these forms from every family every year, the state needs to determine a new approach for counting low-income students in these districts. For instance, the state’s Chapter 70 education funding formula – the largest source of school funding in low-income districts – uses these headcounts as a key variable in determining state support.

At best, Direct Certification only identifies those low-income families already enrolled in other programs. Therefore, Direct Certification tends to identify many fewer low-income families than does the traditional free and reduced meal application process, making it insufficient for Chapter 70 purposes to simply replace free and reduced meal headcounts with Direct Certification headcounts; most districts would see large reductions (a few would see increases) in state support for low-income students even though there would be no real change in the actual needs of their student populations.

Direct Certification rates tend to be lower for several reasons, including that the two processes use slightly different eligibility standards; the data matching process is challenging to get 100% correct, especially when reconciling partial matches (e.g. reconciling nickname variations, different date formatting, spelling mistakes, etc.); and high-poverty districts that have at least 62.5 percent Direct Certification rates have no need to identify additional eligible kids through data-matching, since they will already receive 100 percent reimbursement from the federal government for all of their kids (More info, see p. 8: [Community Eligibility: Making High-Poverty Schools Hunger Free](#)).

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What are we doing about this in Massachusetts?

Over the past few years, the Department of Elementary and Secondary Education (DESE) has supported districts in rolling out Direct Certification and Community Eligibility. Additionally, DESE is developing ideas for adjusting school funding programs (e.g. Chapter 70) to account for this new data collection process in Community Eligibility districts.

Specifically, instead of using the traditional free and reduced meal status for counting “low-income” students in a school, DESE has recently developed a new “economically disadvantaged” measure. DESE is proposing that the new “economically disadvantaged” measure be used for counting low-income kids in all districts, not just those participating in Community Eligibility (even though non-Community Eligibility districts continue to distribute free and reduced meal application forms to all families every year). In order to distinguish between these two approaches, DESE is now calling the traditional free and reduced application method the “low-income” approach. DESE appears to be proposing this uniform change in order to maintain consistency of the data used in Chapter 70. Otherwise, low-income students would be counted by different methods in Community Eligibility and non-Community Eligibility districts.

The new measure essentially uses a Direct Certification approach, automatically counting students as “economically disadvantaged” if they are in one or more of the following programs: the Supplemental Nutrition Assistance Program (food stamps), Transitional Assistance for Families with Dependent Children (TAFDC), MassHealth, or the state foster care program. This definition does not include other youth that are categorically eligible under federal rules, including those in families participating in Head Start as well as migrant and homeless youth.

The new “economically disadvantaged” measure generates a lower statewide estimate of low-income students than does the current “low-income” measure – 26 percent versus 38 percent. Further, the specific size of this gap varies considerably by district. Communities with more immigrants, for instance, appear likely to have larger gaps between these two measures since immigrants enroll in public programs at lower rates (and some are ineligible altogether). Also causing gaps may be local variations in program participation and variations in school district record keeping and administrative capacity to reconcile partial data matches.

Districts with large gaps under "economically disadvantaged" calculation

District	"Low-Income" FY 2014 (Free/Reduced Price Meals)	"Economically Disadvantaged" FY 2015 (Direct Certification)	Percentage Change
Revere	78%	37%	-52%
Everett	80%	41%	-49%
Somerville	67%	36%	-47%
Lynn	83%	46%	-44%
South Middlesex Regional Voc.	65%	36%	-44%
Brockton	81%	46%	-43%
Chelsea	83%	48%	-43%
Lawrence Regional Voc.	84%	48%	-42%
Boston	78%	49%	-37%
Lawrence	92%	62%	-33%

Recognizing that the total number of kids newly identified as “economically disadvantaged” is lower than the number identified as “low-income” under the traditional free and reduced meal application system, DESE has proposed increasing the Foundation Budget rate associated with these kids. The goal is to make this adjustment in a way that is cost-neutral overall, with districts receiving roughly the same amount of Chapter 70 funding as they would have under the old approach. (More info: [A New Metric for K-12 Education Data](#)).

It is unclear how this would work in practice, however, since the gap between low-income student counts under the new and old methods varies widely across districts (see examples in table above). Increasing the Foundation Budget rate for all districts uniformly would create winners and losers, with some districts getting more aid than they historically have received and others receiving less.

How might we also improve the Direct Certification process?

There will likely always be some gap between the proposed “economically disadvantaged” method and those identified as “low-income” under the old system. Nonetheless, the gap can be closed significantly by implementing a high-quality Direct Certification system that both enrolls all eligible families in the appropriate public programs and effectively matches these families with school enrollment records.

Specific improvements to Direct Certification could include:

- Encouraging closer coordination between school districts and social service providers in order to better ensure that all eligible families are enrolling in the public programs captured by the new “economically disadvantaged” measure (e.g. food stamps and MassHealth). This would both help expand access to food and health care for lower income families and mean that fewer children would be missed in DESE’s measure of “economically disadvantaged” for Chapter 70 school funding purposes.
- Improving administrative capacity to better facilitate the technical work of data matching – at the school, district and state levels – so that no eligible students fall through the cracks. For

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instance, non-uniform tracking of variations in names (nicknames, middle names, abbreviations, etc) and dates of birth, can lead to partial matches and significant unintended misses in the data matching system. As districts become more familiar with these processes, systems can be implemented to help minimize these misses.

While the state's new "economically disadvantaged" measure uses much of the data gathered during the Direct Certification process, the two are not one in the same. Specific improvements to calculating "economically disadvantaged" students could include:

- Counting migrant youth, homeless youth, and families participating in Head Start as "economically disadvantaged." These student groups are already categorically eligible for meals under Direct Certification, but the process for identifying these kids is different from the automatic benefits data match with the Department of Transitional Assistance and MassHealth, and they have not yet been included in the state's "economically disadvantaged" measure.
- Broadening the MassHealth match for "economically disadvantaged" students. Under current federal rules, Direct Certification only captures families on MassHealth up to 130 percent of the federal poverty level. Traditionally, families up to 185 percent of poverty have been eligible for the school meals program, so, for purposes of the "economically disadvantaged" measure, the MassHealth match could be adjusted accordingly up to 185 percent of poverty.

What are some other options for adjusting school funding mechanisms?

Since Community Eligibility became an option nationwide only this year, many other states are also now dealing with similar decisions. As a stopgap, many are applying year-old free and reduced meal percentages to current enrollment totals for Community Eligibility districts. DESE is doing a version of this for FY 2016 and could consider a slightly extended phase-in as the new system is refined and built. Income status in communities can vary year to year, however, so approaches like these will necessarily be temporary.

Options for ensuring accurate low-income headcounts for school funding purposes (e.g. Chapter 70) include:

- Continue using the traditional free and reduced meal application counts (what DESE is now calling the "low-income" method) for non-Community Eligibility districts. For Community Eligibility districts, adopt a new, simplified income form for kids not identified initially through the Direct Certification process. This form could be similar to, and simpler than, the current free and reduced meal application form. And since income levels for school districts do not fluctuate much year-to-year, we could consider gathering these additional forms on a less regular basis. California, for instance, is collecting a supplemental income form once every four years in Community Eligibility districts. This can be done online and integrated into a district's regular registration packet. (More info: California School Boards Association [Factsheet](#).)

One potential challenge with this approach is that families have less incentive to fill out these income forms when it is not tied to receipt of school meals. States can, however, require that

families fill out these forms. They cannot currently require families to fill out free and reduced meal applications.

- Communities with more immigrants appear likely to have larger gaps between the two measures since immigrants enroll in public programs at lower rates (and some are ineligible altogether). Therefore, the state could include in the “economically disadvantaged” measure some estimate of the immigrant population in a given community. English language learner status, for instance, could be used as a proxy for a community’s immigrant population and could be considered somehow by the formula.
- Utilize Census data on the household income by school district or municipality as part of estimating students in poverty. There are some real limitations to relying exclusively on Census data, however. Some Census data is not a direct headcount of people at different income levels, but rather a sample, and sample sizes are sometimes small for remote parts of the state. Additionally, the Census data does not distinguish between which school-aged kids are enrolled in public schools. For these reasons, Census estimates could probably only be used as part of a blended estimate.
- Rather than adjusting the Foundation Budget rate associated with students in poverty, as is currently proposed by DESE, the state could instead adjust upwards the “economically disadvantaged” estimate by an amount that brings communities back close to their historic “low-income” estimate level (based on free and reduced meal applications). This would have the benefit of keeping intact the cost assumptions underlying the Foundation Budget, which aim to articulate the level of educational supports we want to provide each student. And just as adjusting the Foundation Budget rate could be done in a way that is cost neutral statewide, adjusting the headcount estimate could also be made cost neutral. But since the gap between “economically disadvantaged” and “low-income” varies significantly by district, it will be challenging to find an adjustment method – for either the Foundation Budget rate or the headcount estimate – that treats all communities fairly.

Direct Certification and Community Eligibility represent meaningful improvements for students in Massachusetts, helping ensure that kids eat healthy breakfasts and lunches while in school - and we know that children learn better when they are not hungry. These new programs have led to some transition challenges for school funding mechanisms, but options exist for preserving these positive improvements while limiting or avoiding technical problems.