

**Supplementary Testimony Regarding:**  
**Bill No. 1114: An Act Implementing the Governor's Budget Recommendations Concerning**  
**Education**

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Senator Gaffey, Representative Fleischmann, and distinguished Members of the Committee on Education:

We testify on behalf of Advocates for Connecticut's Children and Youth (ACCY), a statewide, independent, research-based organization dedicated to speaking up for children and youth in the policy-making process that has such a great impact on their lives. ACCY is the sister lobbying organization of Connecticut Voices for Children, on whose behalf we also testify.

This supplemental testimony on Bill No. 1114 is intended to address questions and concerns raised by the committee members at the February 20, 2007 hearing.

**Question 1: (submitted by Rep. Andrew Fleischmann) How can we most accurately measure the number of poor school children?**

**Answer: We believe that Free and Reduced Price Meal count remains the strongest indicator of the number of poor children in our schools.** While acknowledging the challenges associated with use of Free and Reduced Price Meal (FRPM) data as a poverty indicator, researchers at the US Census Bureau concluded that "FRPL data may still provide the most current, reliable and direct sub-county measure of low-income status for school-age children available."<sup>1</sup> We agree with this assessment. While we are open to improvements in other methods of calculating the number of poor children within schools and acknowledge that there are indeed difficulties with this measure, FRPM counts are currently the best standard available. We discuss the strengths and weaknesses of this measure, as well as US Census data and income tax geo-coding, later in this supplemental testimony.

**Question 2: (submitted by Sen. Bill Finch) How much additional weight should be given in the ECS formula for educating poor children?**

**Answer: We believe that Connecticut must increase the weight given for low income students in the need poverty count to 100%.** The Governor's proposed reduction from 25 percent to 21.89 percent is a significant step in the wrong direction. Connecticut instead should move toward increasing the weight as other states have done that have found that it can cost more than twice as much to educate a low-income student than a student who is not poor.

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<sup>1</sup> C. Cruse and D. Powers, "Estimating School District Poverty with Free and Reduced-Price Lunch Data," U.S. Census Bureau, Small Area Estimates Branch (2006).

## I. How Can We Most Accurately Measure the Number of Poor School Children?

*Connecticut's current measure: TANF enrollment as of 1996-97.*

Connecticut's current use of 1996-1997 Temporary Assistance to Needy Families (TANF) data as a measure of the number of poor children enrolled in our public schools is particularly problematic since the data are a decade old. The use of TANF enrollment data as a measure of poverty going forward is even more problematic. As a result of the 1996 welfare reform's increased restrictions on the length of time beneficiaries are allowed on the program as well as other enrollment restrictions, the number of TANF participants has quickly decreased since 1996-97, while Census data indicate that the number of children living in or near poverty has not declined at a comparable rate. Given current restrictions on TANF eligibility that are unrelated to the level of family income, an updated TANF enrollment number is not an adequate proxy for actual child poverty in Connecticut.

There are three alternative measures of child poverty: a) the number of children eligible for free and reduced price meals; b) US Census data; and c) income tax geo-coding data. Each is discussed below as an alternative to the current TANF calculation.

### *a. Number of Children Eligible for Free and Reduced Price Meals.*

Students who live in families with incomes below 185% of poverty are eligible for free and reduced priced meals.<sup>2</sup> Free and reduced price meal (FRPM) eligibility remains the most common indicator of poverty in state education funding formulas. In fact, of 38 states that incorporate student poverty into their formula, 20 states use free and reduced lunch and 10 states use just free lunch eligibility, making participation in this program by far the most common poverty count.<sup>3</sup> The frequent use of this indicator suggests that other states (including our neighbors on all three sides: New York, Massachusetts and Rhode Island) have realized it goes the farthest in offering a fuller, holistic conception of poverty than other indicators. **We believe that FRPM is the best poverty indicator as it most closely captures an accurate and timely representation of the number of poor students in our public schools.**

The benefits of using FRPM data are:

1. **The data capture the number of children living at or below 185% of the federal poverty level, a more realistic measure of poverty in a state like Connecticut with a high cost of living than other indicators that use the poverty threshold.** Using the federal poverty threshold rather than 185% of poverty results in an unrealistically low number of people actually living in what is commonly understood to be poverty. A family of four would only be considered living in poverty if they earned less than \$20,650 according to the 2007 federal poverty guidelines. An income of \$20,650 is not sufficient in any town in Connecticut to bring a family of four out of poverty. Using indicators showing just those considered to be "living in poverty" according to HHS poverty thresholds presents overly optimistic numbers on poverty. **Based on out-of-date 40-year old calculations that have never been reconfigured, but only adjusted for inflation, the poverty threshold does not accurately reflect poverty in Connecticut.** The federal poverty threshold is not adjusted for differences in regional cost of living, is a single number for the 48 continental US states, and is based on a now faulty formula that expects a family to spend a third of

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<sup>2</sup> HUSKY eligibility is also set at 185% of poverty.

<sup>3</sup> K. Carey, "State Poverty-Based Education Funding: A Survey of Current Programs and Options for Improvement," Center on Budget and Policy Priorities (Nov 7, 2002).

their family budget on food costs and assumes families have no child care costs. This may have been a reasonable estimate in the 1960s; however as housing and child care costs have grown exponentially in recent decades, and food costs have risen at a slower rate, the formula severely underestimates what a family needs to get by.<sup>4</sup>

Free meal eligibility is set at 135% of poverty; reduced priced eligibility is set at 185% of poverty. These guidelines for FRPM begin to account and make up for the deficiency of the poverty level calculation. While a household income for a family of four between \$27,878 and \$38,202 is still well below the self-sufficiency standard in every region in the state for a two parent family with two school aged children, it gets closer to more accurately counting those low-income students who would be more costly to educate.<sup>5</sup>

**2. FRPM eligibility counts are useful measures for child poverty in the ECS formula because they provide the best information regarding school-level poverty data.** FRPM eligibility accounts for the students actually in the public schools in any given town, while census data includes all youth in the town regardless of site of their school attendance. As upper and middle-income students are more likely to leave public schools to attend private institutions, it is likely that the public schools, particularly in our big cities, educate a higher percentage of students eligible for free and reduced price lunch than the age cohort for the entire town living in conditions under 185% of the federal poverty line would indicate. FRPM counts capture this important distinction and offer a more accurate number of poor children in the public schools than child poverty rates by town.

However, as the co-chair and members of the committee have noted, despite its strengths, FRPM data are far from an ideal indicator for poverty. There are a number of challenges associated with these data. They include:

1. There is a social stigma attached to student use of the free and reduced price meal benefit that drives down enrollment in later high school years. Statistics from the US Department of Education showed that across schools that participated in the program, participation fell from 69 percent in the first and second early primary grades to 35 percent of students in the 11<sup>th</sup> and 12<sup>th</sup> late high school grades.<sup>6</sup> For this reason, we believe it important to use FRPM *eligibility* rather than actual number of children and youth using the program. One option is to use the higher of: a) the percentage of total number of children eligible for free and reduced lunch, or b) the percentage of students in grades one through eight eligible for enrollment in the program. Colorado has implemented this innovative solution to address under utilization of the free and reduced price meal benefit in high school years.

2. There is some concern about the reliability of school district data regarding the number of children eligible for FRPM. It is important to note that when Congress re-authorized the National School Lunch Program in 2004, it strengthened the income verification process by requiring additional targeted audits across the system. This should improve the quality of the data. While increasing Connecticut-specific program audits may initially seem an attractive idea, increased

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<sup>4</sup> K. Porter, "Proposed Changes in the Official Measure of Poverty," Center on Budget and Policy Priorities (November 1999).

<sup>5</sup> D. Pearce, "The Real Cost of Living in 2005: The Self-Sufficiency Standard for Connecticut" Office of Workforce Competitiveness (December 2005).

<sup>6</sup> D. Viadero, "Scholars Test Out New Yardsticks of School Poverty," *Education Week* (November 8, 2006).

procedural and bureaucratic hurdles for families accessing important services almost always serve to deter access to benefits and remove deserving children from the program.

Further, data show that concerns about the over-certification of students in the program have been exaggerated. One research study shows that the number of children approved to receive free meals exceeded the actual number of eligible children by just 2 percent, and that the number of children certified to receive either free or reduced price meals was actually 15 percent lower than the number of eligible children.<sup>7</sup> This suggests that greater dedication and resources directed to outreach may be key to ensuring the validity of the free and reduced price meal count, more than additional funds for increased income verification and audits.

Acknowledging these challenges associated with use of FRPM data as a poverty indicator, researchers at the US Census concluded that “FRPL data may still provide the most current, reliable and direct sub-county measure of low-income status for school-age children available.”<sup>8</sup> We agree with this assessment. While we are open to improvements in other methods of calculating school poverty and acknowledge that there are indeed difficulties with this measure, FRPM counts are currently the best standard for calculating poverty.

*b. Census Data on the Number of Poor Children.*

Another option for measuring child poverty is US Census data. Historically, data on child poverty was provided in the Census, which was conducted every ten years. Much more current estimates, however, will soon be possible with the implementation of the American Community Survey. By 2010, the American Community Survey (ACS) of the US Census Bureau will be able to provide data on poverty for all 169 Connecticut towns annually, based on 5-year averages. The survey will estimate the percentage of children under age 18 living below the poverty level. As a five-year average, the estimate will not fluctuate significantly year-by-year and is accepted as statistically sound. This indicator, however, will not be fully phased in until 2010, when town-level data is expected for all towns in the state, and is not currently a viable vehicle for counting students in poverty. Currently, only Connecticut’s largest towns have updated and statistically sound ACS data.

While the use of ACS data will likely become increasingly common in the coming years, this indicator relies on poverty being defined by the unrealistically low federal poverty threshold, which as discussed above, relies on flawed assumptions in its calculation. However, with census data it is likely that estimates at 185 percent of poverty also could be made for school age children. If census data is chosen in the years beyond 2010 it is important that the legislature choose to count not just those below the poverty line, but also those living below 185 percent of poverty in the poverty weighting measure. **Finally, as stated above, although Census poverty data is more statistically sound than FRPM data, it is a measure of the percent of children in the *town* who are in poverty rather than the percent of children in the *public schools* who are in poverty.**

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<sup>7</sup> Z. Neuberger and R. Greenstein, “New Analysis Shows ‘Overcertification’ for Free or Reduced Price School Meals Has Been Overstated.” Center on Budget and Policy Priorities (July 2003).

<sup>8</sup> C. Cruse and D. Powers, “Estimating School District Poverty with Free and Reduced-Price Lunch Data,” U.S. Census Bureau, Small Area Estimates Branch (2006).

c. *Income Tax Geo-coding Data on Family Income.*

In recent years, Internal Revenue Service income tax data have been collected at the school district level and are often considered another option for indicating poverty. This, too, like other potential indicators is imperfect. Indeed, while census researchers indicate that this technique for calculating poverty shows promise, “there are still issues that need to be addressed regarding use of the IRS tax data at the school district level.”<sup>9</sup> A significant problem with the use of income tax return data is the inability to account for the non-filing rates within school districts. Further, it is difficult to distribute exemptions proportionally across districts in the statistical models needed to estimate the child poverty rate.

## II. How Much Additional Weight Should be Given in the ECS Formula for Educating Poor Children?

Connecticut should increase the weight given to low-income students to closer to 100 percent as research suggests that it costs over 2 times more to educate a low-income student. Unfortunately, there is no definitive, final word on exactly how much more it costs to educate a Connecticut student living in poverty. Nonetheless there is strong consensus that it costs about twice as much to educate students living in poverty than it costs to educate students living above the poverty level. Additional resources are needed for low-income students who consistently fall behind in academic achievement, graduation rates and college attendance.<sup>10</sup> Decreasing class size providing enrichment and intervention services are necessary to address these challenges and close the achievement gap between high and low-income students. It is clear that the Governor’s proposal to decrease the weight given to poverty from 25% to 21.89% is a large step in the wrong direction. Research undertaken in other states clearly supports an upward adjustment, instead.

A blue-ribbon commission convened in Maryland to study this issue found that a supplemental poverty weight of 139 percent was needed to educate a low-income Maryland student at the same level as a student not in poverty.<sup>11</sup> While the legislature adjusted that number downward somewhat, the Maryland education package still features a 97 percent funding weight for low-income children, acknowledging that it costs about two times more to educate a low-income student. With a 60 percent increase for low-income students, New Hampshire is another state leader in the nation when it comes to getting closer to more appropriately weighting poverty.<sup>12</sup>

Additional research shows that educating students in poverty is much closer to the weights given in Maryland and New Hampshire, than it is to the proposed 21.89 percent in Connecticut. A University of Wisconsin study found that a poverty weight of 159 percent was appropriate, and noted that “the fact that our poverty weight is considerably larger than the largest weight used by those states that include such weights in their equalization aid formulas suggests that these other states underestimate the true costs of educating poor children.”<sup>13</sup> Research at Syracuse University found that an appropriate weight was 97 percent noting that the results “suggest that most states are

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<sup>9</sup> J. Maples and W. Bell, “Evaluation of School District Poverty Estimates: Predictive Models using IRS Income Tax Data,” U.S. Census Bureau (2005).

<sup>10</sup> K. Carey “Overview of k-12 Education Finance” Center on Budget and Policy Priorities (November 2002).

<sup>11</sup> “Final Report,” Maryland Commission on Education Finance, Equity, and Excellence, (2002).

<sup>12</sup> J. Park, “Targeted Spending” *Education Week* (January 6, 2005).

<sup>13</sup> A. Reschovsky and J. Imazeki “The Development of School Finance Formulas to Guarantee the Provision of Adequate Education to Low-Income Students” *Developments for School Finance 1997*, National Center for Education Statistics (1997).

significantly underestimating the additional resources that are required to support at-risk students achieving higher standards.”<sup>14</sup>

Connecticut must invest in its *all* students and its future by joining the national leaders and raising the weight given to poverty in the need student calculation to closer to the 100 percent weighting that research shows is necessary to educate low-income students.

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<sup>14</sup> W. Duncombe, “Estimating the Cost of an Adequate Education in New York” Center for Policy Research Working Paper, Syracuse University (2002).