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**U.S. DEPARTMENT OF EDUCATION**

**Free and Reduced-Price Lunch  
Eligibility Data in ED*Facts*:  
A White Paper on Current Status  
And Potential Changes**



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**Free and Reduced-Price  
Lunch Eligibility Data in *EDFacts*:  
A White Paper on Current Status and  
Potential Changes**

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For  
U.S. Department of Education  
Office of Planning, Evaluation and Policy Development  
Performance Information Management Service

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Many of the sources consulted for this paper are legislative or policy documents concerning the U.S. Department of Agriculture's (USDA) National School Lunch Program. The information is presented only in order to discuss the free and reduced-price eligibility statistic used in education programs and research. The paper does not attempt to interpret legislation or policy and does not claim to represent the views of USDA or its Food and Nutrition Service.

This report is available on the Department's website at:

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## Executive Summary

*EDFacts* is an initiative of the U. S. Department of Education to base education policy on reliable performance data provided by state education agencies. Among its many data items, *EDFacts* houses school-level counts of students disaggregated by state-defined student economic status, typically free and reduced-price lunch (FRL) eligibility, that rely upon a link between economic status and some other measure, such as an individual student's reading test score. It is important for the U.S. Department of Education to consider what changes to the accessibility and quality of FRL eligibility data may occur as a result of the *Healthy, Hunger-Free Kids Act of 2010 (PL 111-296)*, and what other measures of economic disadvantage might be feasible (or improved) alternatives to FRL eligibility.

PL 111-296 amends the Richard B. Russell National School Lunch Act (42 U.S.C. 1759) and includes new provisions for determining FRL eligibility that have the potential to affect the reliability and availability of data to U. S. Department of Education programs participating in *EDFacts*. These potential changes are important to federal program and statistical data users and those members of the public who use data on FRL eligibility that the Department publishes.

There are three major areas in PL 111-296 that affect data. First, the law encourages more extensive use of direct certification—that is, determining a student's eligibility through documented eligibility for other services such as the Supplemental Nutrition Assistance Program (SNAP; formerly known as the food stamp program) by schools and local education agencies (LEAs). Because direct certification of individual students is based on data that already have been approved by other programs, the method is likely to improve data quality.

Second, PL 111-296 introduces the Community Eligibility Option (CEO) that eliminates the requirement for individual eligibility information once a school has determined a baseline percentage of FRL-eligible students. When added to existing eligibility Provisions 2 and 3 of the *National School Lunch Act*, which do not require the annual certification of individual students, use of the CEO may result in missing or out-of-date individual FRL eligibility information.

Finally, the law directs the U.S. secretary of agriculture to identify alternatives to annual FRL eligibility applications, citing the American Community Survey (ACS) as a possible source of community income statistics that could obviate the need to determine the eligibility of individual students.

It is likely that the new law will result in incremental changes in eligibility certification practices. The provisions that do not require annual student certification require that all students in a school receive meals at no cost. Adoption is voluntary, and would presumably make financial sense only if an LEA's savings in administrative costs outweighed the loss of revenue from paid lunches. Geography-based approaches, such as the use of the ACS, require digitized maps of school attendance areas within an LEA. It also appears that some statistical adjustments would be needed to ensure sufficient reliability when using the ACS to assign school FRL eligibility percentages.

FRL eligibility is widely considered to be a flawed, but a readily accessible, measure of a student's economic disadvantage (Harwell and LeBeau, 2010). The prior law included provisions that did not require annual certification of individual students. The availability of free and reduced-price lunch eligibility data will be affected to the extent that states adopt additional provisions under PL 111-296 that eliminate the requirement for individual eligibility information. However, at this time there do not appear to be any competing potential methods that can provide data about individual students without directly questioning students or their parents.

*EDFacts* does not collect student-level data. However, some of the data reported to *EDFacts*, such as the academic performance of different groups of students, are based on student-level information maintained by the state or local education agencies. Federal education policy and program planners will address a number of issues in deciding what, if any, action to take in advance of FRL data changes resulting from the new law. This paper provides background information that is intended to support discussion about the following questions:

- Is individual student-level FRL eligibility status required by all or only some of the programs that rely on *EDFacts* for their data? Would school estimates of FRL eligible percentages be sufficient for some of these programs?
- Could state education agencies continue to collect the information now used to directly certify students for FRL—such as SNAP or Temporary Assistance for Needy Families (TANF) status—if a state or LEA adopted a school lunch program certification method that no longer required individual FRL eligibility data?
- How do states currently deal with variety in certification methods among their own LEAs and schools? Would these methods be acceptable as variety in certification approaches presumably increases?



## Chapter 1: Description, Uses, and Status of Free and Reduced-Price Eligibility Data

### 1. ED*Facts*' Interest in Free and Reduced-Price Lunch Data

ED*Facts* was established by the U. S. Department of Education in order to base education policy on reliable performance data provided by state education agencies (SEAs). The ED*Facts* database houses school-level counts of students that are disaggregated by state-defined student economic status, typically free and reduced-price lunch (FRL) eligibility that link economic status to some other measure, such as an individual student's reading test score.

The *Healthy, Hunger-Free Kids Act of 2010* (PL 111-296) includes changes in the ways in which student eligibility for free and reduced-price lunch (FRL) is determined. The statute's sections that address how eligibility status is determined are intended to reduce administrative burden and increase student participation in school meal programs that include the National School Lunch and School Breakfast Programs (NSLP). However, several provisions also have the potential to affect the availability of individual FRL eligibility status data:

- *Section 101* provides performance bonuses to encourage states to increase the use of direct certification with the Supplemental Nutrition Assistance Program (SNAP, formerly known as the food stamp program). This practice determines eligibility for FRL through evidence that benefits are received from needs-based programs such as SNAP. All states currently use direct certification for at least some students.
- *Section 103* establishes a demonstration project to test the potential for direct certification using Medicaid eligibility status. This adds to the programs that can be used for "categorical" certification of student eligibility for FRL.
- *Section 104* increases the allowable conditions under which schools may reduce administrative burden if they agree to offer free lunch to all students in the school. This new procedure is referred to as the Community Eligibility Option, or CEO, and is based on community<sup>1</sup> rather than individual student characteristics. Like the existing Provisions 1, 2 and 3 of the *Richard B. Russell National School Lunch Act (NSLA)* that are intended to reduce local administrative burden, CEO does not require annual recertification of students in a school. The Section also directs the U. S. secretary of agriculture to identify alternatives to annual applications, citing the American Community Survey as a possible source of eligibility data, and directs the secretary of agriculture to consider a small (no more than three LEAs) socioeconomic survey (USDA, 2011a).

ED*Facts* does not collect individual student data. However, it does collect school-level counts of students (for example, academic progress among different groups) that are disaggregated by state-defined student economic status (typically FRL eligibility) and that rely upon a link

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<sup>1</sup> In this paper, "community" usually refers to persons residing within the boundaries of a school district or school attendance area.

between economic status and some other measure—for example, a reading test score—at the individual student level. This means that it is important for the U.S. Department of Education (ED) to consider what changes in the accessibility and quality of FRL eligibility data may occur as a result of the new law, and what other measures of economic disadvantage might be feasible (or improved) alternatives to FRL eligibility. Addressing these questions requires an understanding of current FRL eligibility data, including uses, quality, and collection procedures.

### ***Purpose of this paper***

The purpose of this paper is to examine the current FRL eligibility measure used by ED and the states in order to infer what changes in this measure are likely under PL 111-296 and identify any existing or proposed alternative measures that ED might wish to consider. The report will not address statistical or methodological issues (e.g., the design of proposed validation studies), but will discuss the findings of such studies where they are relevant to FRL eligibility data.

## **2. Description of the National School Lunch Program**

The National School Lunch Program is authorized under the *Richard B. Russell National School Lunch Act* and the *Child Nutrition Act of 1966*, which adds the School Breakfast Program. The Child Nutrition Division of the Food and Nutrition Service (FNS), which is part of the U.S. Department of Agriculture (USDA), administers NSLP. Among its services, the program provides free or reduced-price meals to eligible children (USDA, 2011b).<sup>2</sup>

### ***Program eligibility***

Eligibility for free or reduced-price meals is determined by household size and income or through categorical eligibility, which serves as a proxy for income data. The U. S. secretary of agriculture sets the income eligibility levels annually. Children in households with incomes at or below 130 percent of the federal poverty guidelines are eligible for free meals. Children in households with incomes between 130 and 185 percent of the federal poverty guidelines are eligible for reduced-price meals. For example, for the 2013 school year a child in a household of four persons would be eligible for free lunch if the family’s annual income is no more than \$29,965, and for reduced-price lunch if the family’s income does not exceed \$42,643 (USDA, 2012a). The income levels for eligibility are the same in the 48 contiguous states, District of Columbia, Puerto Rico, and the outlying areas of American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, and the U.S. Virgin Islands. They are higher in Alaska and Hawaii, where children in a family of four would qualify for free lunch with an annual household income of \$37,466 and \$34,463, respectively. A family of four would qualify for reduced-price lunch with an annual income of \$53,317 in Alaska and \$49,044 in Hawaii.

A student’s eligibility for FRL is established through one of two ways: a household self-report of family size and income, or evidence of categorical eligibility. The first source relies on a *household application*, submitted by a parent or guardian, that is often collected through a letter

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<sup>2</sup> Schools may offer breakfast, lunch, and/or after-school snacks; FRL eligibility extends to all of these meals. The term “student” is used in this paper because the discussion concerns eligibility data for students in grades prekindergarten (PK) through 12. Unless otherwise noted, the discussion is limited to FRL for public school PK–12 students.

and questionnaire sent to the home. *Categorical eligibility* is based on eligibility for or participation in other designated means-tested public assistance programs. The information may be obtained directly from the other program or through the application submitted by the household, containing case numbers or other indication of categorical eligibility.

Students have categorical FRL eligibility if

- a member of the household is receiving assistance through SNAP, the Food Distribution Program on Indian Reservations (FDPIR), or the Temporary Assistance for Needy Families Program (TANF) (these are termed “assistance programs”); or
- the student is designated as “other source categorically eligible” by being a homeless, runaway, migrant, or foster child, or by qualifying for the federal Head Start Program, state-funded Head Start Program, state-funded prekindergarten (PK) programs, or Even Start Program (USDA, 2011b) .

Categorical eligibility may be determined through *direct certification*. A student receives direct certification for free lunch when the appropriate agency certifies that he or she meets any of the above criteria for categorical eligibility. *Direct verification* is the form of verification that uses public records to determine a student’s eligibility for free or reduced-price meals in the sample of applications that are subjected to required verification (USDA, 2011b).

### ***Changes in direct certification***

In the past, schools have been allowed to certify an eligible student upon receiving documentation from an appropriate agency or program (e.g., TANF rolls), or when a parent responded to a letter from the local education agency (LEA) or other service agency indicating that the student or household received benefits from that program. PL 111-296 no longer accepts the letter method for categorical certification via SNAP. Another change is that the USDA now allows LEAs to extend categorical eligibility to all students in a family if any household member receives SNAP, TANF, or FDPIR benefits.

Direct certification through the assistance programs FDPIR and TANF can be conducted through an electronic data match between the program and the state or LEA. Direct certification for SNAP households *must* be conducted using an electronic data match (USDA, 2011b). State SNAP programs are required by law to share data needed for direct certification with the state or local education agencies.

When direct certification is conducted for one of the “other source categorically eligible” programs, it may be done through an electronic data match or by using lists or letters provided to the state or LEA by the certifying program.

### ***Access to FRL eligibility data***

The *NSLA* governs the disclosure of information about FRL eligibility status. If the FRL eligibility status, or the information collected in order to determine this status, is maintained as a part of the student’s education record, the *Family Education Rights and Privacy Act (FERPA)*

disclosure rules also apply (National Forum on Education Statistics, 2004; USDA, 2011b). Appendix A, *Allowed Access to Individual Eligibility Data*, summarizes which agencies or programs may acquire individually identifiable FRL eligibility information. Programs under the *NSLA* and the *Child Nutrition Act* may receive all information without prior parental notification or consent.

Federal, state, or local means-tested nutrition programs and federal and state education programs may receive eligibility status, but no other information, without prior parental notification or consent. FNS specifically allows the disclosure of student name and eligibility status to persons directly connected to the administration of the National Assessment of Education Progress (NAEP) and to persons directly connected to state assessment programs (local assessment programs are not allowed access). FNS also explicitly allows a student's free and reduced-price eligibility status to be divulged in order to administer and enforce the requirements of *No Child Left Behind (NCLB)*. However, no other information obtained through an application or direct certification can be disclosed. It should be noted that allowing access to FRL eligibility data is optional, not mandatory.

### **3. Uses of FRL Eligibility Information**

FRL eligibility data are used for accountability, research, and statistical analysis by education agencies and the research community. Data based upon an individual student's eligibility status are important to ED as well as state and local education agencies.

#### ***EDFacts data groups***

*EDFacts* collects the number of students eligible for free lunch and reduced-price lunch, as well as the sum of both categories (FRL), at the school level. (The actual definition of the *EDFacts* data group is "an indication of students' qualification for free or reduced-price lunch.") The system also collects, at the school level, the number of students who are economically disadvantaged as defined by the state (U.S. Department of Education, 2011a). Most states that provide a definition of "economically disadvantaged" appear to use FRL eligibility as their indicator (Appendix B, *State Definitions of Economic Disadvantage*).<sup>3</sup> Thus, disaggregation by state-defined economic disadvantage is often a de facto use of FRL eligibility information. Exhibit 1 lists the *EDFacts* data groups that disaggregate data using "economically disadvantaged" (U.S. Department of Education, 2011b).

#### ***Other U.S. Department of Education FRL data uses***

The data groups cited in exhibit 1 are primarily accountability measures. FRL eligibility is also used for other purposes in the Common Core of Data (CCD) and NAEP. *EDFacts* provides the CCD with school-level counts of free, reduced-price, and aggregate free and reduced-price lunch eligible students. CCD's written reports and publicly available files adjust the FRL-eligible counts to prevent the identification of any individual student. Schools participating in NAEP provide the testing program with rosters of student names and information, including the student's FRL eligibility status. There are strict confidentiality procedures that prevent the

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<sup>3</sup> Section 6, *FRL Eligibility Data and State Measures of Economic Disadvantage*, discusses the state use of FRL as an economic status indicator.

identification of any students who take a NAEP test, but the results of the tests can be broken out by FRL eligibility status to yield additional information. For example, in the 2011 fourth-grade NAEP reading assessment, students who were not FRL-eligible scored an average of 27 scale score points higher than students who were eligible (U.S. Department of Education, 2012).

| <b>Exhibit 1</b>   |   |
|--|---|
| <b>EDFacts data groups that include the category “economically disadvantaged”:<br/>School year 2011–12</b> |   |
| AMO reading/language arts status   | Graduates/completers  |
| Reading/language arts participation status   | Dropouts table  |
| AMO mathematics status   | Regulatory four-year adjusted-cohort graduation             |
| Mathematics participation status   | Cohorts for regulatory four-year adjusted-cohort graduation |
| Elementary/middle additional indicator status  | Regulatory four-year adjusted-cohort graduation             |
| High school graduation rate indicator status   | Cohorts for regulatory four-year adjusted-cohort graduation |
| Graduation rate  | CTE concentrators academic achievement                      |
| Academic achievement in mathematics  | CTE participants non-traditional fields                     |
| Academic achievement in reading/language arts  | CTE concentrators non-traditional fields                    |
| Academic achievement in science  | CTE concentrator in graduate rate                           |
| Assessment participation in mathematics  | CTE participants in programs for non-traditional            |
| Assessment participation in reading/language arts  | CTE concentrators in programs for non-traditional           |
| Assessment participation in science  | CTE concentrators technical skills                          |
| Average scale score  | CTE concentrators placement                                 |
|  | CTE concentrators graduates                                 |
|  | CTE concentrators existing                                  |

Source: U.S. Department of Education, *EDFacts Data Viewer*, retrieved June 2011.

***Other uses: state Title I administration***

State and LEA allocations for Title I, Part A, formula grants are based in part upon school district poverty estimates from the U.S. Census Bureau. However, within LEAs, poverty levels for individual schools are frequently determined by the proportion of students who are FRL eligible. FRL data thus play a role in how LEAs allocate Title I funds.

**4. Coverage and Possible Sources of Error in FRL Eligibility Data**

A key factor in the reliability of FRL eligibility as a proxy for economic disadvantage is the extent to which students are accurately identified as meeting the guidelines for FRL eligibility; that is, all eligible students are identified and no ineligible students are incorrectly identified. A

student's free or reduced-price lunch eligibility status may be missing or incorrect for several reasons. Several of the situations that can lead to incomplete coverage and other types of error are discussed below.

### ***Coverage under Provisions 1, 2, and 3***

FNS regulations include certain provisions that reduce paperwork and that do not require a school to apply annually in order to provide free meals to all participating students (USDA, 2001). Exhibit 2 summarizes these existing provisions, as well as the Community Eligibility Option (CEO), which was introduced in PL 111-296 and is discussed more fully in Section 7, *Implementation of New Eligibility Procedures and Effects*.

Provision 1 requires recertification every two years, and only schools in which at least 80 percent of students are eligible for free or reduced-price meals may participate. Provisions 2 and 3 each require schools to offer free meals to all students in exchange for collecting applications or conducting direct certification no more than once every four years. There is no minimum percent-eligible requirement for a school to participate in Provision 2 or 3. The major difference between the latter two provisions is the certification schedule. Provision 2 follows a four-year cycle that includes the base year in which certification data are collected. Provision 3 uses a base count that is determined in the year preceding the beginning of the cycle. Under each provision, the balance of the cost for meals is borne by the school or LEA. No individual student is identified at the point of contact (in the "lunch line") as eligible for free or reduced-price meals.<sup>4</sup> A survey by the FNS estimated that in the 2004–05 school year about 14 percent of schools offered free lunch through Provision 2 or 3, and about 17 percent offered free breakfast (USDA, 2007a).

CEO, which would allow community eligibility as opposed to the determination of individual eligibility status, was introduced in PL 111-296. It requires that at least 40 percent of students be determined eligible via direct certification, although the eligibility status of eligible students is not necessarily recorded. Community eligibility can remain in effect for a span of four years if the economic characteristics of the school population remain stable. CEO was initiated in Illinois, Kentucky, and Michigan in July 2011. The District of Columbia, New York, Ohio, and West Virginia were added in July 2012. Four more states will be added in July 2013, and by July 2014 the option will be available nationwide.

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<sup>4</sup>Schools using Provision 2 or 3 or CEO are allowed to count all of their students as FRL eligible for Title I accountability purposes. It is possible that some states may continue to require individual FRL eligibility data, or some equivalent measure at the student level, for their own programmatic or accountability needs.

**Exhibit 2**  
**Characteristics of provisions for determining free and reduced-price meals eligibility under the National School Lunch Program (NSLP)**

| Provision/Option                   | Description  | Information requirements  | Individual status information?  | Effective date   |
|------------------------------------|--|---|---|--|
| Provision 1                        | Simplified application process. Free meal eligibility status certified every two years in schools with 80 percent or more students eligible for free or reduced price meals. No requirement to provide all students free meals.  | Schools record daily meal counts by free, reduced price, paid status. Free lunch certification good for two years; all others (e.g., reduced-price) must be allowed to apply every year.  | Probably maintained; schools record numbers of meals served by eligibility type. (This provision is used rarely.)   | 1980   |
| Provision 2                        | Simplified counting and claiming processes. Participating schools do not have to collect and process applications. All students receive free meals; NSLP reimburses meals served on basis of percent of meals served by eligibility type in corresponding month of base year.  | Applications, claims, verifications conducted every four years, at most. Collect base year applications and meal categories (free, reduced price, paid). For next four years no applications collected. At the end of each period, state may extend four more years if school population is stable.       | Unless state allows an extension, data updated every four years; no need to identify students (no need to verify status at point of contact, e.g., “lunch line.”) | 1980   |
| Provision 3                        | Simplified counting and claiming processes. Participating schools do not have to collect and process applications. All students receive free meals after base year. School receives level of federal cash and commodity support paid in last year eligibility was determined, adjusted for enrollment and inflation. | Eligibility percent based on last year in which eligibility determinations were made; four year period does not include this base year. At the end of each period, state may extend four more years if school population is stable.   | Unless state allows an extension, data updated every four years; no need to identify students (no need to verify status at point of contact, e.g. “lunch line.”)  | 1995   |
| Community Eligibility Option (CEO) | Eligibility based on community characteristics. Participating schools not allowed to collect FRL applications from households. Must serve all students free lunch and breakfast. Claiming percentages for reimbursement are derived from percentages of free-lunch-eligible students in qualifying year.             | To be eligible, at least 40 percent of students identified as eligible via direct certification in qualifying year. Only direct certification may be used. May extend four more years if school population is stable; school is allowed one year “grace period” if no longer meets eligibility threshold. | Individual eligibility status not required. Because students are directly certified, LEAs are exempt from verification for schools electing CEO.                  | July 2011 (3 states); July 2012 and 2013 (each, four states); July 2014 (nationwide) |

Source: U. S. Department of Agriculture (2012b). *School Meals. Provisions 1, 2, and 3 Fact Sheet* and U.S. Department of Agriculture (2012c) *Community Eligibility Option: Guidance and Process for Selection of States for School year 2011–2013*.

### ***Sources of possible coverage error in individual student FRL eligibility data***

The following conditions typically would lead to failure to identify an eligible student, resulting in incomplete coverage. Note that some of these conditions should be less likely to occur if a state, LEA, or school uses individual student FRL status for accountability or other purposes.

*Failure to indicate eligibility.* Households are not required to participate in the school lunch program and parents are not required to complete household applications. When household applications are used, a parent or guardian may not return a completed application for a number of reasons; for example, the family might choose not to participate, or might not understand the purpose of the application. Students for whom no information is returned usually are considered ineligible, which may not actually be the case.

Direct certification can be accomplished by transferring information from SNAP, TANF, or FDPIR program files directly to the state or LEA. In the past, categorical eligibility information could be provided by these agencies to the parent or guardian, who was then responsible for forwarding this proof to the school. When categorical eligibility was determined using this “letter method” procedure, parents or guardians might have neglected or chosen not to notify the school of a student’s eligibility, thus making the method subject to the same weaknesses as the application process. As noted previously, PL 111-296 no longer allows this practice of requiring parents to forward proof of eligibility for SNAP. However, it may be used when categorical eligibility is documented through other assistance programs.

Some types of schools may be less likely than others to use direct certification, which is presumably more accurate than direct applications. A 2011 report to Congress on the adoption of direct certification procedures found that among the LEAs that did not use direct certification, three-fifths were private and four-fifths were single-school LEAs (USDA, 2011c).

*Non-participating institutions.* Institutional settings such as public or private nonprofit residential schools or juvenile correctional facilities can participate in the NSLP. However, if these schools or facilities are not required by the state or some other authority to report education data disaggregated by economic disadvantage, they may not report FRL eligibility data.

Additionally, a school may elect not to participate in the NSLP, and therefore would not need to certify students as eligible for FRL. Data presented at the end of this section (see *CCD and FRL data coverage*) present the numbers of schools that reported no FRL-eligible students to *EDFacts* in the 2009–10 school year.

“*SNAP gap.*” SNAP alone will not identify all FRL-eligible students. Households with incomes between 130 percent and 185 percent of the poverty level (the rate range required for reduced-price lunch) do not qualify for SNAP (USDA, 2011c). Thus, direct certification based on SNAP cannot be used to identify students eligible for reduced-price meals. In addition, some households that are eligible for SNAP (income 130 percent or less of poverty level) may choose not to participate in the SNAP program and children from these families would not be identified as eligible for free meals.



*Timeliness.* Regardless of the certifying method, records for students transferring into an LEA may not be updated immediately with the student’s FRL status. Data drawn at a single time (e.g., samples for a survey administration) may thus underestimate FRL-eligible counts, although summary data (e.g., end-of-year counts) should not reflect this problem. A 2011 FNS interim rule requires that direct certification status be matched with SNAP records at least three times during the school year, which should make the data more current than they might be otherwise (USDA, 2011c). However, it should be noted that the free and reduced-price lunch *EDFacts* data group (published in the CCD) asks for the student count as of Oct. 1 of the current school year. These counts are not updated throughout the year and only reflect those students who are enrolled and eligible as of that date.

*Allowable over-counting.* Schools adopting Provision 2 or 3 are allowed to count all of their students as FRL-eligible when the data are used for education program purposes (the school is not required to do this). Title I allows Provision 2 and 3 and CEO schools to deem all of the students economically disadvantaged for accountability purposes. However, the percentage of students for which a CEO school receives FRL reimbursement may be used in determining Title I funding and allocations. There are no qualifications for the percentage of students who must be FRL eligible in order for a school to implement Provision 2 or 3. FNS has estimated informally that about 70 percent or more of the students must be FRL eligible in order to make these provisions cost-effective—that is, for the savings in administrative costs to outweigh the loss of revenue from paid lunches. The requirement for using the CEO is that at least 40 percent of students must be identified through direct certification as eligible for FRL.

#### ***CCD and FRL data coverage: state-reporting quality check***

The CCD publishes school-level counts of FRL-eligible students, adjusted to prevent the identification of any individual student. These data provide an opportunity for some rough quality checks on state FRL reporting, if it is assumed that the numbers of schools reported with no FRL-eligible students indicate the extent of missing data.

Exhibit 3 presents the numbers, by state, of Title I-eligible non-charter and charter schools reporting zero free or reduced-price eligible students for the 2009–10 school year. Only Title I-eligible schools were reviewed because it seemed plausible that more affluent schools and some nontraditional settings (such as virtual schools) would be less likely to be eligible for Title I and might legitimately have no FRL-eligible students to report. FRL-eligible counts for such schools would therefore represent true zeros rather than missing data.

### Exhibit 3

#### Number of Title I-eligible non-charter and charter schools reporting zero students eligible for free or reduced-price lunch by state: School year 2009–10

| States, District of Columbia, and Puerto Rico | Total non-charter, Title I- eligible, schools | Non-charter, Title I-eligible, schools with zero FRL eligible students | Total charter, Title I-eligible, schools | Charter, Title I-eligible, schools with zero FRL eligible students |
|---|---|--|--|--|
| <b>Total</b>                                  | <b>95,374</b>                                 | <b>910</b>   | <b>4952</b>                              | <b>108</b>   |
| Alabama                                       | 1,600   | 0  | 0  | 0  |
| Alaska  | 481   | 46   | 25                                       | 1  |
| Arizona                                       | 1,744   | 0  | 504                                      | 0  |
| Arkansas                                      | 1,082   | 0  | 38                                       | 0  |
| California                                    | 9,255   | 22   | 813                                      | 1  |
| Colorado                                      | 1,635   | 0  | 158                                      | 0  |
| Connecticut                                   | 1,147   | 0  | 18                                       | 0  |
| Delaware                                      | 199   | 0  | 18                                       | 0  |
| District of Columbia                          | 134   | 0  | 99                                       | 1  |
| Florida                                       | 3,631   | 2  | 412                                      | 0  |
| Georgia                                       | 2,398   | 9  | 63                                       | 0  |
| Hawaii  | 258   | 0  | 31                                       | 0  |
| Idaho   | 706   | 12   | 36                                       | 10   |
| Illinois                                      | 4,366   | 134  | 39                                       | 0  |
| Indiana                                       | 1,908   | 0  | 53                                       | 0  |
| Iowa  | 1,459   | 3  | 9  | 0  |
| Kansas  | 1,384   | 0  | 35                                       | 0  |
| Kentucky                                      | 1,542   | 0  | 0  | 0  |
| Louisiana                                     | 1,411   | 1  | 77                                       | 0  |
| Maine   | 649   | 0  | 0  | 0  |
| Maryland                                      | 1,405   | 0  | 42                                       | 0  |
| Massachusetts                                 | 1,774   | 2  | 62                                       | 0  |
| Michigan                                      | 3,585   | 3  | 294                                      | 0  |
| Minnesota                                     | 2,252   | 0  | 181                                      | 1  |
| Mississippi                                   | 1,084   | 0  | 1  | 0  |
| Missouri                                      | 2,379   | 0  | 48                                       | 0  |
| Montana                                       | 828   | 0  | 0  | 0  |
| Nebraska                                      | 1,120   | 0  | 0  | 0  |
| Nevada  | 601   | 0  | 35                                       | 0  |
| New Hampshire                                 | 469   | 10   | 15                                       | 2  |
| New Jersey                                    | 2,520   | 0  | 70                                       | 0  |
| New Mexico                                    | 783   | 0  | 72                                       | 0  |

**Exhibit 3**  
**Number of Title I-eligible non-charter and charter schools reporting zero students eligible for free or reduced-price lunch by state: School year 2009–10**  
**(continued)**

| States, District of Columbia, and Puerto Rico | Total non-charter, Title I- eligible, schools | Non-charter, Title I-eligible, schools with zero FRL eligible students | Total charter, Title I-eligible, schools | Charter, Title I-eligible, schools with zero FRL eligible students |
|---|---|--|--|--|
| New York                                      | 4,590   | 76   | 140                                      | 1  |
| North Carolina                                | 2,454   | 1  | 96                                       | 0  |
| North Dakota                                  | 517   | 0  | 0  | 0  |
| Ohio  | 3,473   | 232  | 323                                      | 67   |
| Oklahoma                                      | 1,777   | 0  | 18                                       | 0  |
| Oregon  | 1,199   | 3  | 102                                      | 0  |
| Pennsylvania                                  | 3,110   | 0  | 134                                      | 0  |
| Rhode Island                                  | 309   | 0  | 12                                       | 0  |
| South Carolina                                | 1,167   | 0  | 39                                       | 0  |
| South Dakota                                  | 714   | 0  | 0  | 0  |
| Tennessee                                     | 1,752   | 0  | 20                                       | 0  |
| Texas   | 8,083   | 346  | 536                                      | 19   |
| Utah  | 974   | 1  | 72                                       | 0  |
| Vermont                                       | 323   | 0  | 0  | 0  |
| Virginia                                      | 2,161   | 0  | 3  | 0  |
| Washington                                    | 2,318   | 0  | 0  | 0  |
| West Virginia                                 | 759   | 0  | 0  | 0  |
| Wisconsin                                     | 2,036   | 6  | 206                                      | 5  |
| Wyoming                                       | 360   | 1  | 3  | 0  |
| Puerto Rico                                   | 1,509   | 0  | 0  | 0  |

SOURCE: Chen, C. (2011). *Numbers and Types of Public Elementary and Secondary Schools From the Common Core of Data: School Year 2009-10 – First Look* and National Center for Education Statistics 2009 –10 *Common Core of Data School Universe Survey*, retrieved July 12, 2011, from Build a Table application.

Some 910 non-charter, Title I-eligible schools reported zero students as FRL eligible in school year 2009–10 (about 1 percent of all 95,374 non-charter schools). Two states, Texas and Ohio, accounted for almost two-thirds of the Title I-eligible schools that had no FRL-eligible students, with 346 and 232 such schools, respectively. A school might be reported incorrectly to have zero FRL-eligible students if one school provides lunch services to students from one or more additional schools and all eligible students are reported in the school that serves meals. Thirty-one states, the District of Columbia, and Puerto Rico reported no non-charter Title I-eligible schools with zero FRL-eligible students.

Charter schools differed somewhat from non-charters in reporting FRL eligible students. Some 108 charter schools—about 2 percent of all charter schools—reported 0 eligible students. Almost two-thirds of these schools (62 percent) were in Ohio (67 schools).

In general, based on these numbers, *EDFacts* data published in the CCD do not suggest that FRL eligibility data are missing for a substantial number of public schools. The relatively small number of schools with zero FRL-eligible students also does not indicate any widespread tendency to account FRL-eligible students to a school that provides their lunch when this is not the school they attend.

## **5. Research Issues with FRL Eligibility Data Quality**

Education researchers frequently use FRL eligibility as an indicator of student socioeconomic status (SES). For example, FRL serves as an economic status proxy in the NAEP and the State Education Data Profiles of the National Center for Education Statistics (NCES). *EDFacts* collects counts of FRL-eligible students at the school level for both the CCD and Title I. FRL eligibility status has the advantage of being a consistently defined and accessible measure of family income. In many situations FRL eligibility is “the only game in town” because the *Protection of Pupil Rights Amendment (PPRA)* prohibits federally funded data collections<sup>5</sup> from asking students about family income without prior parental consent (National Forum on Education Statistics, 2004). The *Elementary and Secondary Education Act (ESEA)* extends this prohibition to local education agencies that receive federal funds.

Despite widespread use, there are issues with the validity and reliability of FRL eligibility status. These were summarized in a recent comprehensive research review (Harwell and LeBeau, 2010) that cautioned researchers to define carefully their conception of SES and concluded that other measures than FRL should be explored.

### ***Income is not equivalent to socioeconomic status***

Free or reduced-price lunch eligibility is determined by family income or, for free meals only, through categorical eligibility. Income level is not a complete measure of SES. Poverty, as defined by income-based guidelines, is a narrower concept than socioeconomic inequality. Title I data collections recognize this distinction in that they specifically refer to “economically disadvantaged” students. FRL eligibility, however, often serves as a proxy for SES because other measures, such as parents’ education background or education aspirations for their children, may be difficult to obtain under *PPRA*.

### ***FRL income guidelines are inflexible***

Free and reduced-price lunch eligibility is largely insensitive to geographic differences in the cost of living. The annual income eligibility guidelines are the same for all communities in the 48 contiguous states regardless of differences in the cost of living (USDA, 2012a). For example, a rural Mississippi family of four would be eligible for free meals with an annual income of \$29,960, while an urban New York family of the same size would be ineligible with a slightly

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<sup>5</sup> PPRA (20 U.S.C. paragraph 1232h; 34 C.F.R. Part 98) allows access for cases in which the information is needed to determine a student’s program eligibility.

higher income of \$30,000. Some researchers also criticize FRL because it is a dichotomous variable (i.e., eligible vs. not eligible) and insufficiently sensitive to income variation.

### ***Data are less reliable as students age***

Participation in the NSLP declines as students age, making the statistic a relatively weaker indicator of poverty among older students. An Economic Research Service study found that in 2004–05 the greatest percentage of FRL participants (33 percent) were between 8 and 10 years old, while students ages 14 to 18 made up only 13 and 14 percent, respectively, of participants (USDA 2008). This decline in participation was due largely to the failure of students to return application forms, with the result that the reliability of FRL eligibility status worsened in the higher grades. It seems possible that direct certification, which is more common now than it was in 2004–05, would reduce this problem.

### ***Students are misclassified***

A report by the FNS Office of Research and Analysis (USDA 2007b) found that about 15 percent of students certified as eligible for FRL were in fact ineligible and that about 8 percent of the sampled students should have been certified as eligible but were not. The study noted that mistakes in completing applications were a more common source of error than administrative mistakes in processing them.<sup>6</sup>

### ***Counts are inconsistent***

Two additional related issues affect the accuracy of FRL eligibility data used in research studies. First, researchers do not always indicate whether they are using a combined free and reduced-price statistic, or only one of the categories. *EDFacts* collects both counts, so outside observers could be confused by apparent differences between *EDFacts*' numbers and those published by others. Second, it is not always clear whether states consistently report counts of students *eligible* for free lunch rather than those *participating* in the program. As more schools and districts rely on direct certification for eligibility, the potential for this problem should lessen. Also, in some LEAs a single school provides meals for students from multiple schools, and it is possible that the school FRL eligible count for participating schools is attributed to this single "feeding site." (However, this does not appear to be a common practice.)

## **6. FRL Eligibility Data and State Measures of Economic Disadvantage**

States report two measures of student economic disadvantage to *EDFacts*: FRL eligible and "economically disadvantaged." FRL eligibility is defined by the guidelines for NSLP participation. Economically disadvantaged, a required disaggregation group for adequate yearly progress (AYP) under *ESEA*, is defined by the individual states.

### ***Use of FRL to determine economic disadvantage***

The 50 states, District of Columbia, Bureau of Indian Education, and Puerto Rico file accountability plans for *ESEA* and update them as needed. Critical Element 5.1 of the plan asks

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<sup>6</sup> There was no discussion of whether error rates were different for students whose eligibility was directly certified.

the state to describe how its definition of AYP includes all of the required student subgroups, one of which is economically disadvantaged students. Among all state plans, only 21 define or imply a definition of “economically disadvantaged” or provide a link to information that confirms the definition (U.S. Department of Education, 2012d). Each of these 21 states’ definitions asserts that economically disadvantage is equivalent to or based upon FRL eligibility. Ohio is more specific in including students from households in which any member is FRL-eligible, and Texas includes Pell Grant recipients and persons eligible for programs of the *Joint Training Partnership Act* as well as those persons meeting FRL eligibility guidelines. (Appendix B presents the definitions of “economically disadvantaged” found in a review of the state plans.)

### ***States’ use of direct certification methods***

As described earlier, FRL eligibility can be determined through income information provided by a parent or guardian (household application) or through documentation of eligibility for specific assistance programs whose income guidelines satisfy the NSLP requirements (direct certification). The use of direct certification is widely adopted and growing.

About 11.9 million categorically eligible students were certified for free school meals through SNAP, TANF, or FDPIR in SY 2010–11, an increase of about 1.9 million students from the previous year. (It is estimated that the percentages of categorically eligible students who were certified ranged from between 67 and 69 percent in Massachusetts, New Jersey, and South Dakota to 100 percent in Connecticut and Texas.) Among the total number of categorically eligible students who were certified in SY 2010–11, about 83 percent were directly certified and 17 percent were certified through an application (USDA, 2011c).

All states were required to implement direct certification of children from households that received SNAP benefits by the 2008–09 school year. FNS reported that in the 2010–11 school year, 85 percent of all LEAs directly certified at least some SNAP participants, and that these LEAs enrolled 97 percent of all students who were enrolled in schools that participated in the NSLP (USDA, 2011c).

## **7. Implementation of New Eligibility Procedures and Effects**

PL 111-296 includes changes in the procedures for determining FRL eligibility. Several of these changes expand existing use of direct certification for FRL, and several would allow certification without determining an individual student’s eligibility. Exhibit 4 summarizes the law’s provisions that affect, or may affect, eligibility data and the activities and timelines associated with these provisions.

**Exhibit 4**  
**Healthy, Hunger-Free Kids Act of 2010:**

**Provisions, implementation activities, and timelines**

| <b>Section</b>   | <b>Provision</b>   | <b>Activity and Time line</b>   |
|--|--|---|
| 101. Improving direct certification                                  | Provides performance bonus for up to 15 states for outstanding performance or substantial improvement in direct certification.   | July 2011, 2012, 2013.<br>\$4 million mandatory funding, October 2011–October 2013. <ul style="list-style-type: none"> <li>• Implementation memo with criteria for bonuses, use of funds, spring 2011</li> <li>• Proposed Rule published fall 2011</li> </ul>                     |
|  | Requires continuous improvement plans for states not meeting thresholds for direct certification via Supplemental Nutrition Assistance Program (SNAP).   | Threshold is 80 percent of local education agencies (LEAs) in 2011; 90 percent in 2012; 95 percent 2013 and thereafter. Implementation memo on threshold requirements, continuous improvement plans, spring 2011.   |
|  | Eliminates “letter method” as acceptable for direct certification via SNAP.  | Implementation memo January 2011. Included in existing interim rule on direct certification spring 2011.  |
| 103. Direct certification for children receiving Medicaid benefits   | Authorizes demonstration project in selected LEAs.   | \$5 million mandatory funding. Begins July 2012.<br>No regulation required. Select LEAs in fall 2011 for 2012 demonstration.  |
|  | Estimate effect on meal program cost and participation.  | <ul style="list-style-type: none"> <li>• RFP released spring 2011</li> <li>• Evaluation awarded winter 2012</li> <li>• Final report October 2015.</li> </ul>  |
|  | Provide access to data to conduct program monitoring, evaluation, performance measurements of states and LEAs participating in the Child Nutrition Programs (CNP).   | No associated implementation dates.   |
| 104. Eliminate individual applications through community eligibility | Community Eligibility Option (CEO) meal claims based on percentage of enrolled students directly certified; schools must meet initial threshold of 40 percent directly certified; secretary and state agencies annually notify eligible LEAs. Breakdown of states implementing the CEO: <ul style="list-style-type: none"> <li>• three states, July 2011</li> <li>• four states July 2012, 2013</li> <li>• Nationwide July 2014</li> </ul> | Initial Guidance, Request for Applications, March 13, 2011; annually through 2013. Selected states notified spring 2011, annually through 2014. <ul style="list-style-type: none"> <li>• Proposed Rule, spring 2012</li> <li>• Interim or Final Rule by December 2013.</li> </ul> |

**Exhibit 4**  
***Healthy, Hunger-Free Kids Act of 2010:***  
**Provisions, implementation activities, and timelines (continued)**

| Section | Provision  | Activity and Timeline   |
|---------|--|---|
|         | Evaluate program.  | Evaluation required; \$5 million mandatory funding October 2010, available through September 2014. <ul style="list-style-type: none"> <li>• RFP released spring 2011</li> <li>• Evaluation awarded fall 2011</li> <li>• Final report December 2013</li> </ul> |
|         | Identify alternatives to annual applications; authorizes implementation or further pilot studies of recommendations from Committee on National Statistics on use of American Community Survey (ACS). | No funding. National Research Council interim report 2010; final report due fall 2012 (Prepublication copy available May 2012.)   |
|         | Requires secretary to consider use of a socioeconomic survey for counting and claiming in up to 3 LEAs.  | Issue survey parameters fall 2011. Select schools for survey spring 2012.   |

Source: U.S. Department of Agriculture, Food and Nutrition Service (2011d). *Implementation Plan: Healthy, Hunger-Free Kids Act of 2010*.

***Expansion of direct certification***

States were required to establish a system of direct certification of children from households receiving SNAP benefits by the 2008–09 school year under the 2004 *Child Nutrition and Women, Infants and Children (WIC) Reauthorization Act*. PL 111-296 strengthens this by offering bonuses to states that show outstanding performance or substantial improvement in direct certification and by requiring continuous improvement plans from states that have not met the threshold number of LEAs using direct certification. The threshold rises from 80 percent of a state’s LEAs in 2011 to 95 percent in 2013 and subsequent years.

PL 111-296 established a demonstration project beginning in 2012 that would examine the effects of directly certifying students whose families receive Medicaid services. Alaska, Florida, Illinois, Kentucky, and Pennsylvania participated in the Medicaid pilot in 2012.

The law eliminated the “letter method” for direct certification based on SNAP participation. Agencies may no longer send the notice of categorical eligibility to the household with the requirement that the parent forward this confirmation to the school. Instead, schools and LEAs are required to receive eligibility information directly from their SEA, or from SNAP. Direct certification based on other acceptable programs, such as TANF, may continue to use the letter method.

These changes should lead to better FRL data, with more extensive coverage and less error. An evaluation by USDA (final report due October 2015) will formally assess the effects on cost and participation when using direct certification through Medicaid. Regular required reviews of FRL



applications, as well as the increased use of direct certification, should result in better quality eligibility data.

***Expansion of provisions replacing annual individual eligibility determination***

Existing provisions, some of which have been in effect since 1980, already allow schools or LEAs to collect eligibility status information on a two- or four-year schedule. As of the 2010–11 school year, 33 states had some districts in which all schools participated in the NSLP under Provision 2 or 3 (Exhibit 5). This was an increase from 26 states in 2009–10. The number of LEAs ranged from 1 (Kentucky, Maryland, Massachusetts, Rhode Island, and Vermont) to 114 (New York). Under Provisions 2 and 3, if the school population remains stable (i.e., the overall percentage of FRL-eligible students does not decrease) at the end of the four-year cycle, the state may extend the school’s eligibility for another four years.

**Exhibit 5  
Number and percent of Provision 2 or 3 local education agencies<sup>1</sup> by state,  
school year 2010–11 and percent school year 2009–10<sup>2</sup>**

| <b>States and the District of Columbia</b> | <b>2010–11<br/>Number of<br/>LEAs Total</b> | <b>Number of<br/>Not Provision<br/>2 or 3</b> | <b>Number<br/>of<br/>Provision<br/>2 or 3</b> | <b>SY 2010–11<br/>Percent LEAs<br/>Provision 2<br/>or 3</b> | <b>SY 2009–10<br/>Percent LEAs<br/>Provision 2 or 3</b> |
|--|---|---|---|---|---|
| <b>Total</b>                               | <b>18,573</b>                               | <b>17,964</b>                                 | <b>609</b>                                    | <b>3.3</b>  | <b>3.1</b>  |
| Alabama                                    | 151   | 147   | 4   | 2.6   | 2.0   |
| Alaska                                     | 51  | 41  | 10  | 19.6  | 16.3  |
| Arizona                                    | 430   | 400   | 30  | 7.0   | 5.1   |
| Arkansas                                   | 290   | 273   | 17  | 5.9   | 5.3   |
| California                                 | 1,078                                       | 1,025   | 53  | 4.9   | 5.0   |
| Colorado                                   | 207   | 205   | 2   | 1.0   | 4.6   |
| Connecticut                                | 186   | 186   | 0   | 0.0   | 0.0   |
| Delaware                                   | 33  | 33  | 0   | 6.1   | 0.0   |
| District of Columbia                       | 57  | 57  | 0   | 0.0   | 0.0   |
| Florida                                    | 190   | 190   | 0   | 0.0   | 0.0   |
| Georgia                                    | 230   | 210   | 20  | 8.7   | 9.5   |
| Hawaii                                     | 36  | 36  | 0   | 0.0   | 0.0   |
| Idaho                                      | 144   | 141   | 3   | 2.1   | 3.8   |
| Illinois                                   | 1,119                                       | 1,115   | 4   | 0.4   | 0.2   |
| Indiana                                    | 501   | 501   | 0   | 0.0   | 0.0   |
| Iowa                                       | 494   | 494   | 0   | 0.0   | 0.0   |
| Kansas                                     | 399   | 399   | 0   | 0.0   | 0.0   |
| Kentucky                                   | 189   | 188   | 1   | 0.5   | 1.5   |
| Louisiana                                  | 114   | 114   | 0   | 0.0   | 0.0   |
| Maine                                      | 192   | 186   | 6   | 3.1   | 3.1   |
| Maryland                                   | 49  | 48  | 1   | 2.0   | 0.0   |
| Massachusetts                              | 421   | 420   | 1   | 0.2   | 0.0   |
| Michigan                                   | 853   | 853   | 0   | 0.0   | 0.0   |

**Exhibit 5**  
**Number and percent of Provision 2 or 3 local education agencies<sup>1</sup> by state, school year 2010–11 and percent school year 2009–10<sup>2</sup> (continued)**

| States and the District of Columbia | 2010–11<br>Number of<br>LEAs Total | Number of<br>Not Provision<br>2 or 3 | Number<br>of<br>Provision<br>2 or 3 | SY 2010–11<br>Percent LEAs<br>Provision 2<br>or 3 | SY 2009–10<br>Percent LEAs<br>Provision 2 or 3 |
|-------------------------------------|------------------------------------|--------------------------------------|-------------------------------------|---|--|
| Minnesota                           | 706                                | 697                                  | 9                                   | 1.3   | 0.9  |
| Mississippi                         | 176                                | 162                                  | 14                                  | 8.0   | 7.3  |
| Missouri                            | 761                                | 758                                  | 3                                   | 0.4   | 0.0  |
| Montana                             | 240                                | 221                                  | 19                                  | 7.9   | 7.9  |
| Nebraska                            | 379                                | 377                                  | 2                                   | 0.5   | 0.5  |
| Nevada                              | 20                                 | 20                                   | 0                                   | 0.0   | 0.0  |
| New Hampshire                       | 91                                 | 91                                   | 0                                   | 0.0   | 0.0  |
| New Jersey                          | 694                                | 694                                  | 0                                   | 0.0   | 0.0  |
| New Mexico                          | 187                                | 115                                  | 72                                  | 38.5  | 40.9   |
| New York                            | 1,106                              | 992                                  | 114                                 | 10.3  | 11.3   |
| North Carolina                      | 165                                | 165                                  | 0                                   | 0.0   | 0.0  |
| North Dakota                        | 204                                | 183                                  | 21                                  | 10.3  | 9.7  |
| Ohio                                | 1,192                              | 1,182                                | 10                                  | 0.8   | 0.6  |
| Oklahoma                            | 577                                | 546                                  | 31                                  | 5.4   | 4.9  |
| Oregon                              | 250                                | 246                                  | 4                                   | 1.6   | 2.9  |
| Pennsylvania                        | 853                                | 850                                  | 3                                   | 0.4   | 0.2  |
| Rhode Island                        | 56                                 | 55                                   | 1                                   | 1.8   | 0.0  |
| South Carolina                      | 100                                | 100                                  | 0                                   | 0.0   | 0.0  |
| South Dakota                        | 213                                | 169                                  | 44                                  | 20.7  | 19.9   |
| Tennessee                           | 175                                | 175                                  | 0                                   | 0.0   | 0.0  |
| Texas                               | 1,260                              | 1,178                                | 82                                  | 6.5   | 6.0  |
| Utah                                | 81                                 | 81                                   | 0                                   | 0.0   | 0.0  |
| Vermont                             | 238                                | 237                                  | 1                                   | 0.4   | 0.0  |
| Virginia                            | 154                                | 154                                  | 0                                   | 0.0   | 0.0  |
| Washington                          | 329                                | 316                                  | 13                                  | 4.0   | 1.8  |
| West Virginia                       | 72                                 | 72                                   | 0                                   | 0.0   | 0.0  |
| Wisconsin                           | 822                                | 811                                  | 11                                  | 1.3   | 1.6  |
| Wyoming                             | 58                                 | 55                                   | 3                                   | 5.2   | 0.0  |

<sup>1</sup> Food and Nutrition Services includes both public and private local education agencies (LEAs). In this table LEAs include public boards of education and other public or a private authorities for the administrative control of public or private nonprofit schools. Numbers of LEAs may differ from those reported under different definitions of LEA.

<sup>2</sup> In Provision 2 or 3 LEAs, one or more schools are under Provision 2 or 3.

Source: U.S. Department of Agriculture (2011c). *Direct Certification in the National School Lunch Program: State Implementation Progress School Year 2010–11*. Derived from tables 1 and A-1.

### *Community Eligibility Option*

PL 111-296 introduces the Community Eligibility Option (CEO), which could effectively end the requirement for individual student eligibility data. At least 40 percent of a school's population must be FRL-eligible in order to implement this option. Community eligibility differs from Provisions 1, 2, and 3 in that districts are not allowed to collect FRL applications for participating schools. Meal program claims are based on the percentage of directly certified enrolled students multiplied by a factor of 1.6. Schools participating in NSLP through community eligibility would not be required to maintain FRL eligibility information about individual students. Nine states and the District of Columbia met the criteria for the Community Eligibility option in 2011; of these, Illinois, Kentucky, and Montana participated in the initial 2011–12 school year (USDA, 2012c). The District of Columbia, New York, Ohio, and West Virginia will pilot CEO in the 2012–13 school year.

### **8. Summary of Findings about FRL Eligibility Data**

With the exception of pilot projects begun in three states in 2011, current FRL data are based upon an eligibility status assigned to individual students through applications returned by a student's family or by direct certification, which is based on a student's qualifying for some other income-based program. Direct certification appears to be widespread and growing. FRL eligibility status was established through direct certification for about 9.9 million students in the 2010–11 school year, an increase of 1.9 million students from the previous year (USDA, 2011c). Eighty-five percent of LEAs participating in the NSLP used SNAP eligibility data to directly certify all or some of their students in 2010–11; these LEAs enrolled 97 percent of all students in NSLP-participating schools.<sup>7</sup>

Schools that adopt Provision 2 or 3 procedures do not need to renew their certification numbers more than once every four years. In return for these savings in administrative costs, the schools provide all students with free lunches and absorb the loss of income from the sale of full-price lunches. The use of Provision 2 or 3 appears to be growing slowly. While the number of states implementing this option with one or more LEAs has grown, the percent of Provision 2 or 3 LEAs has not increased greatly. In each of school years 2008–09 through 2010–11, about 3 percent of NSLP-participating LEAs used Provision 2 or 3 (USDA, 2011c). (Note that these are percentages of LEAs, not schools or students.) Direct certification of FRL eligibility should be more accurate than eligibility through household application because direct certification uses data that other programs presumably have reviewed, and it is available for all students on the rolls of SNAP, TANF, or FDPIR programs—not just those whose families return an FRL application. FRL eligibility data based on direct certification should be fairly current. Under an interim rule issued by USDA in 2011, eligibility status must be updated at least three times during each school year.<sup>8</sup>

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<sup>7</sup> This does not mean that 97 percent of all students were directly certified using SNAP eligibility. Some schools in these LEAs may not have used that method, and some LEAs do not participate in the NSLP.

<sup>8</sup> This might not be an advantage for programs that collect information as of a single annual count date.

## Chapter 2: Other Measures Under Consideration and Remaining Questions

The *Healthy, Hunger-Free Kids Act of 2010* extends existing practices that decrease the availability of annual individual FRL eligibility data, and introduces a possible practice—the use of American Community Survey (ACS) estimates—that could eliminate individual data altogether. These current and potential conditions raise several issues for consideration by ED program offices and state *EDFacts* coordinators.

### 1. Individual- and Population-Based Alternatives to Individual FRL Eligibility

Alternatives to individual FRL eligibility status fall into two general categories. One category includes approaches that rely on a combination of characteristics of the student and his or her family to estimate SES, while the other uses approaches that are based on some population to which the student belongs. Harwell and LeBeau (2010) examined the first approach when they assessed the quality and accessibility of the major SES measures used in the research they reviewed. Householder income and householder occupation are the two measures they consider likely to provide a valid indicator of SES. However, Harwell and LeBeau rated inexpensive access to these items as only “somewhat likely to somewhat unlikely” because the information depends on responses to a student or householder survey. Surveys cost money, and the response rates can be low; they ranged from 6 to 25 percent in studies the authors reviewed. Harwell and LeBeau note that NAEP data suggest that elementary students do not report family income reliably. In these authors’ judgment, FRL eligibility does not capture the full range of household resources, but is the only measure that is easily accessible and inexpensive to obtain.

Approaches that are based on population characteristics associated with a specific geographic area use data that are available and relatively inexpensive for educators and researchers to obtain, but that may not provide an SES or economic disadvantage indicator for individual students.

#### *Efforts to improve SES measures: NAEP*

In response to a request from the National Assessment Governing Board for NAEP, NCES established an expert panel to explore potential new measures of SES for the assessments. NAEP does not report SES per se, but currently uses several SES proxies, including FRL eligibility, school Title I status, parental education, and access to reading materials in the home. The panel met several times in 2010, 2011, and 2012. The panel is in the process of completing its report with the hope of a release in late 2012. It should be remembered that, in addition to information provided by the participating schools, NAEP has access to background data that students report on their test forms.

#### *Certification through population data*

In the early 2000s, the FNS commissioned the U. S. Census Bureau to create eligibility estimates for schools in the Philadelphia City School District using data from the 2000 census long-form sample. The project required digitizing school attendance boundaries (National Research Council, 2010). Since this project there has been continuing interest, as described below, in using U.S. Census data to determine school eligibility levels.

### *Certification using the American Community Survey*

Unlike the traditional decennial census, the ACS consists of monthly sample surveys of households and other group living quarters and is, therefore, subject to sampling error (see Appendix C, *Short description of the American Community Survey*).

Section 104 of PL 111-296 directs the U. S. secretary of agriculture to explore alternatives to annual applications and authorizes nationwide implementation or further pilot testing of recommendations from the National Academy of Science’s Committee on National Statistics (CNS) on the use of ACS data for school meal claiming. The CNS study was ongoing at the time PL 111-296 was passed.

The CNS released its prepublication copy of the final report in 2012 (National Research Council, 2012). The authors describe their findings about the use of community-based information from the ACS to estimate the percentage of a school’s students who are FRL eligible as a “glass half-empty and half-full.” The drawback was that the study found no “immediately obtainable and usable set of estimates from the ACS that would enable USDA to specify a new special provision eliminating periodic base-year applications in all of the schools or entire districts that want to provide free meals to all of the students” (National Research Council, 2012). The panel’s comparison of eligibility estimates from the ACS with LEAs’ administrative data found that the ACS generally underestimated the percentages of students eligible for free lunch.

More important was the finding that there were sizable systematic differences across the five case study districts and their schools. The factors that appeared to contribute to these differences included underreporting of SNAP participation among ACS respondents, the ACS’s use of annual income data rather than the monthly income figure currently requested in the FRL application process, limitations in counting migrant and other students who were enrolled for only part of the school year or who lived in nontraditional housing, and the presence of charter or other schools that drew students from the attendance areas in which they resided.

The “half-full” conclusion of the study was that an LEA could tailor its ACS-based estimates by comparing ACS and administrative data (for example, an LEA’s rolls of eligible students). If the eligibility percentages from the two sources differed substantially, examination of data over several years would allow the LEA to determine the stability of the difference. The LEA could then select an appropriate adjustment factor to correct for this difference. The CNS report recommended that FNS provide technical assistance including the development of an ACS Eligibility Option (AEO) calculator.

The study also notes that NSLP certification data are used to establish qualification for participation in several other assistance and education programs, and that the AEO would permanently end the certification process. The authors recommend that FNS and ED, as well as other state and local agencies, agree to allow LEAs to use data other than FRL eligibility for the individual and aggregate reporting of economically disadvantaged students.

### ***Small Area Income and Poverty Estimates (SAIPE)***

Another possible alternative to individual FRL eligibility data would be a model-based approach such as the SAIPE program that is used to create poverty estimates at the school district level (U.S. Census, 2012a). The U.S. Census Bureau developed SAIPE with support from ED and other federal agencies to provide estimates of poverty and income statistics for states, counties, and school districts. The estimates are specifically designed to be used in annual Title I allocations to school districts. The SAIPE model incorporates a wide range of data inputs in developing its estimates. These include ACS data, decennial census data, summary information from federal income tax returns, numbers of SNAP benefit recipients, Bureau of Economic Analysis personal income estimates, numbers of Social Security income benefit recipients, and population estimates.

SAIPE estimates are available for school districts and counties regardless of population size. They have the additional advantage of being available sooner than the five-year estimates of the ACS and of being more precise and stable over time for smaller districts. However, SAIPE does not provide poverty estimates that match FRL eligibility counts. SAIPE uses a poverty measure that is based on the number of related persons in a household, their ages, and income. This is adjusted annually for inflation using the Consumer Price Index for All Urban Consumers. The Census Bureau notes that many government aid programs use a different poverty measure. FRL eligibility is based on poverty levels published by the U.S. Department of Health and Human Services, and eligibility is set by the USDA at 130 and 185 percent of these levels, respectively, for free or reduced-price meals. Further, SAIPE does not produce poverty estimates at the sub-district level (that is, for individual schools).

### ***Advantages and limitations of alternative approaches***

The community eligibility model proposed in the National Academy of Science's study has the advantage of reducing LEAs' efforts in collecting eligibility data. Its major drawbacks are that it would not provide a poverty status measure for individual students, and that many LEAs and schools would need to apply an adjustment factor to several years' worth of data. In order for the community eligibility measure to be disaggregated to the school level, a state or LEA would have to geocode school attendance areas. This could be a burdensome procedure in some cases. SAIPE estimates are available with little or no effort on the part of the LEA, but they do not provide school-level poverty estimates or an individual poverty measure.

## **2. Information Needed to Support Further Discussion**

This paper is intended to look at potential changes in how states and LEAs may determine FRL eligibility in response to recent changes seen in PL 111-296, and to identify alternative measures of economic disadvantage that ED might want to consider. Any consideration of change should take into account the quality of the current FRL eligibility data that are used widely as a measure of economic disadvantage.

There are several important questions to be addressed about coverage and access to FRL eligibility data.

1. There are questions about the current coverage of FRL eligibility data reported to *EDFacts*. What do SEA reports of FRL-eligible students include—Do they reflect the numbers of students eligible for FRL or the numbers who participate in the school lunch program? Do the counts always reflect the school in which a student attends class? What FRL eligibility data are reported for charter schools? Is there any economic disadvantage information for virtual schools, which do not participate in the NSLP? When FRL eligibility is used as a measure of economic disadvantage, does it always include both free and reduced-price lunch eligible students? Are the answers to these questions the same for all LEAs in the state?
2. Beyond coverage issues, there are additional questions about FRL data quality. How are FRL eligibility data collected? How many students are directly certified? Are any types of schools less likely than others to use direct certification, e.g., charter schools? What agencies provide direct certification information, and to what agencies (state, LEA, school) do they provide it? Is the indicator included in a student database from which the SEA can pull data for reporting to *EDFacts*?
3. SNAP data are the major source for direct certification, and state SNAP programs are required to make them available for FRL certification use. Would the state education agency or the LEAs have access to the data now used in direct certification if these data were no longer required for determining FRL eligibility? For example, if agencies administering TANF or foster care programs now report individual eligibility information for direct certification, could they continue to provide that information if a school or district adopted a community eligibility approach to administering the school lunch program? Some states have reported anecdotally that they continue to maintain individual student FRL eligibility data for program or accountability purposes even when an LEA implements FRL options that do not require maintaining an annual individual student eligibility status.

From the national perspective, there are two additional policy- or program-related questions about using FRL eligibility data for school and LEA accountability purposes:

1. When using FRL eligibility status to disaggregate performance among economically disadvantaged students, do the measure's admitted limitations raise any issues or are the data accurate enough for accountability purposes? For example, coverage may not be as accurate for schools that certify through an application as it is for directly certifying LEAs. Or, larger districts may be more prone to error in certifying students than smaller ones.<sup>9</sup>
2. Under *ESEA*, each state is responsible for establishing a definition of economic disadvantage. If FRL eligibility status is used as a state's measure of disadvantage in disaggregating academic achievement, does ED have any concerns about possible

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<sup>9</sup> Although it was concerned with the dollar costs of certification error rather than the accuracy of student-level data, a study by USDA on modeling high-risk indicators of certification error found certification errors representing \$50,000 or more in 65 percent of districts with more than 10,000 students (USDA, 2012d).

differences in how the definition is applied by different states? For example, some states may report only participating students, while others report eligible students.

### **3. Summary of Findings about Alternative Measures of SES and Remaining Questions**

An expert panel established by NCES is exploring SES measures that could be used in the NAEP. The panel had not completed its work at the time this paper was written, but presumably the final recommendations will include an individual student-level measure.

The other approaches reviewed here—the use of ACS data to produce community estimates of FRL eligibility and the Census Bureau’s SAIPE program—have much to recommend them for use at the state or LEA level. However, they would not provide eligibility estimates for individual students and might not provide them for individual schools.

Some ED programs that *EDFacts* serves may not need student-level data, whether they are FRL eligibility statistics or some other measure of economic status. The CCD is one program that could use something like ACS or SAIPE data if they were available at the school and LEA levels.

Other programs that rely on *EDFacts* data need FRL eligibility or some other measure of economic disadvantage at the individual student level, at least at the data’s source. *ESEA* reports of adequate yearly progress, for example, are disaggregated for students whose achievement must be tied to their economically disadvantaged status. Community estimates of poverty or SES will not satisfy these programs’ needs as they are currently defined.

Two major questions need to be answered before assessing the potential impact of changes in FRL eligibility determination on ED and its programs. The first is the question of how accurate and comparable FRL data reported to *EDFacts* are now. The second is the question of whether the sources of these data—particularly those used to directly certify students’ FRL eligibility—would be accessible to states even if they were no longer needed for the NSLP.



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## Appendix A: Allowed Access to Individual Eligibility Data

| <b>Recipient of Information</b>  | <b>Information that May Be Disclosed</b>  | <b>Required Notification and Consent</b>   |
|--|---|--|
| Programs under <i>National School Lunch Act (NSLA)</i> or <i>Child Nutrition Act (CNA)</i>   | All eligibility information   | Prior notice and consent not required  |
| Federal/state or local means tested nutrition programs with eligibility standards comparable to the NSLP   | Eligibility status only   | Prior notice and consent not required  |
| Federal education programs   | Eligibility status only   | Prior notice and consent not required  |
| State education programs administered by a state agency or local education agency  | Eligibility status only   | Prior notice and consent not required  |
| Local education programs   | No eligibility information, unless parental consent is obtained                     | Must obtain parental consent   |
| Medicaid or the state children's health insurance programs (SCHIP), administered by a state or local agency authorized under Titles XIX or XXI of the <i>Social Security Act</i> to identify and enroll eligible children  | All eligibility information, unless parents elect not to have information disclosed | Must give prior notice to parents and opportunity for parents to decline to have their information disclosed |
| State health programs other than Medicaid/SCHIP, administered by a state agency or local education agency  | Eligibility status only   | Prior notice and consent not required  |
| Federal health programs other than Medicaid/SCHIP  | No eligibility information, unless parental consent is obtained                     | Must obtain parental consent   |
| Local health program   | No eligibility information, unless parental consent is obtained                     | Must obtain parental consent   |
| Comptroller General of the United States for purposes of audit and examination   | All eligibility information   | Prior notice and consent not required  |
| Federal, state or local law enforcement officials investigating alleged violations of any of the programs under the <i>NSLA</i> and <i>CNA</i> or investigating violations of any of the programs that are authorized to have access to names and eligibility status | All eligibility information   | Prior notice and consent not required  |

Source: U.S. Department of Agriculture, Food and Nutrition Service (2011). *Eligibility Manual for School Meals. Federal Policy for Determining and Verifying Eligibility*, p.66.



## Appendix B: State Definitions of Economically Disadvantage for *No Child Left Behind* Accountability Reporting: School Year 2010–11<sup>10</sup>

| State                      | Definition  |
|----------------------------|---|
| California                 | Free or reduced lunch eligibility   |
| Colorado                   | Free or reduced lunch eligibility   |
| Connecticut                | Link to state report card; definition not found   |
| Delaware                   | Refers to code book; definition not found   |
| District of Columbia       | Application for free or reduced lunch   |
| Georgia                    | “Will use information from student record”  |
| Hawaii                     | Free or reduced lunch eligibility   |
| Illinois                   | Low income; free or reduced lunch eligibility; public aid; neglected and delinquent; foster homes   |
| Indiana                    | Not defined, but student record includes “direct certification” element   |
| Iowa                       | Not defined; states that state education agency has student database  |
| Kansas                     | Implies free or reduced lunch eligibility   |
| Kentucky                   | Refers to link on page 55 but no usable information on that page  |
| Louisiana                  | Refers to State Bulletin III: Louisiana Accountability, chapter 6, par. 4310  |
| Maine                      | Free or reduced lunch eligibility   |
| Maryland                   | Refers to Free and Reduced Meals (FARMS)  |
| Massachusetts              | Refers to accountability report; link not operative   |
| Michigan                   | Refers to “Attachment 12”; element not defined  |
| Minnesota                  | Free or reduced lunch eligibility determined by completion of eligibility form  |
| Mississippi                | Refers to State Regulation 200.13(b)  |
| Missouri                   | Free or reduced lunch eligibility   |
| Nebraska                   | Refers to School-based Teacher-led Assessment and Reporting System (STARS); link not operative  |
| Nevada                     | Link to adequate yearly progress (AYP) manual, which includes free or reduced lunch   |
| New Jersey                 | Free or reduced lunch eligibility   |
| Ohio                       | Free or reduced lunch eligibility; members of household in which one or more children are free or reduced lunch eligible; Title I; public assistance  |
| Oklahoma                   | Refers to state means test; could not find reference  |
| Pennsylvania               | Based on free or reduced lunch  |
| Rhode Island               | Refers to Rhode Island Department of Education (RIDE) template for demographic information  |
| South Carolina             | Free or reduced lunch eligibility   |
| South Dakota               | Free or reduced lunch eligibility   |
| Tennessee                  | Free or reduced lunch eligibility   |
| Texas                      | Free or reduced lunch eligibility; income below poverty; Supplemental Nutrition Assistance Program (SNAP); Temporary Assistance to Needy Families (TANF); Pell grant or state need-based grant; <i>Joint Training Partnership Act (JTPA)</i> eligible |
| Virginia                   | Free or reduced lunch eligibility   |
| Washington                 | Referred to state report card, which uses free or reduced-price meals eligibility   |
| West Virginia              | Could not find on referenced state report card  |
| Wisconsin                  | Free or reduced lunch eligibility   |
| Bureau of Indian Education | Does not used economically disadvantaged item   |

Source: U.S. Department of Education (2011d). *NCLB State Accountability Plans*.  
<http://www2.ed.gov/admins/lead/account/stateplans03/index.html> (Retrieved June 2011; updated June 2012).

<sup>10</sup> Includes only states providing a definition in response to Critical Element 5.1 of the accountability plan: How does the definition of AYP include all of the required student subgroups? Excludes states that asserted “economically disadvantaged” was included, but did not provide or link to definition.





## Appendix C: Short Description of the American Community Survey<sup>11</sup>

The American Community Survey (ACS) is an annual sample survey of individuals in housing units and group quarters (e.g., residential facilities) that the U.S. Census Bureau conducts. Data are collected each month throughout the calendar year. The ACS produces information about the demographic, economic, social, and housing characteristics of the U.S. population.

Each year approximately 3 million housing units in the U.S. and 36,000 housing units in Puerto Rico are included in the ACS, as well as approximately 200,000 people living in group quarters. The samples are drawn from the Census Bureau's Master Address File. These represent independent samples from each of the 3,142 counties or equivalent areas in the United States and the 78 municipalities in Puerto Rico. The total sample is divided into 12 monthly samples and the units are then interviewed by mail, telephone follow-up, or a personal visit. Ineligible addresses (e.g., commercial sites, nonexistent buildings) are removed from estimates of response rate.

In 2010 the Census Bureau reported a response rate of 97.5 percent for sampled housing units and 97.6 percent for group quarters. Approximately 1.9 million people were interviewed in housing units and 145,000 people were interviewed in group quarters.

ACS data from individual years are pooled to increase the reliability of the estimates for small geographical areas. The one-year estimates from 2010 produced published data for areas with populations of 65,000 or more persons. Three-year estimates, 2008 through 2010, are published for populations of 20,000 or more. Finally, five-year estimates incorporating ACS data from 2006 through 2010 are reliable enough to publish for populations of almost any size (U.S. Census Bureau, 2012b).

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<sup>11</sup> A complete description of the history, content, and methodology of the American Community Survey is available at [www.census.gov/acs/www/](http://www.census.gov/acs/www/).





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