



# PERFORMANCE AUDIT REPORT

**K-12 Education:  
Reviewing Free-Lunch Student Counts Used as the  
Basis for At-Risk Funding, Part II**

## ***Executive Summary*** ***with Conclusions and Recommendations***

**A Report to the Legislative Post Audit Committee  
By the Legislative Division of Post Audit  
State of Kansas  
December 2006**

# ***Legislative Post Audit Committee***

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## ***Legislative Division of Post Audit***

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December 14, 2006

To: Members of the Kansas Legislature

This executive summary contains the findings and conclusions, together with a summary of our recommendations and the agency responses, from our completed performance audit, *Reviewing Free-Lunch Student Counts as the Basis for At-Risk Funding, Part II*.

The report also contains an appendix showing the funding basis for at-risk services used in 41 of the 50 States.

The report includes several recommendations for the Department of Education. We would be happy to discuss these recommendations or any other items in the report with you at your convenience.

If you would like a copy of the full audit report, please call our office and we will send you one right away.

A handwritten signature in black ink that reads "Barbara J. Hinton". The signature is written in a cursive, flowing style.

Barbara J. Hinton  
Legislative Post Auditor



**EXECUTIVE SUMMARY**  
LEGISLATIVE DIVISION OF POST AUDIT

**Overview of At-Risk Services and State At-Risk Funding**

**Free-lunch counts are used to determine the amount of State funding each district receives for at-risk services, but districts decide which students need those services.** ..... page 3  
*The Department provides the districts with guidelines for identifying at-risk students, but every school district develops its own criteria for identifying students who are “at risk” of failing academically and need additional services. Since 1992, the State has provided funding for at-risk services based on the number of students who are eligible for free lunches under the National School Lunch Program. However, the 2006 Legislature expanded the at-risk funding formula to include high density at-risk and non-proficient at-risk funding mechanisms. The State is projected to provide more than \$195 million in funding for at-risk services in 2006-07.*

**Question 1: How Does the Number of Free-Lunch Students in Kansas Compare With the Number of Students Who Receive At-Risk Services?**

**The Department doesn’t have a reliable count of students receiving at-risk services.** ..... page 7  
*Each year, the Department requires districts to report the number of students who receive State-funded, at-risk services. However, the Department hasn’t given school districts clear guidance about how they should report their at-risk students. Therefore, the counts of at-risk students that districts report to the Department each year aren’t uniform or consistent. Also, the number of students who receive State-funded, at-risk services may not be the most meaningful at-risk measure because it excludes at-risk students served by other funding sources, and it captures only students who receive services, not those that need services.*

**There’s little relationship between the students used to fund at-risk services and the number of students who receive at-risk services.** ..... page 9  
*Smaller districts generally provided at-risk services to fewer students than the number of free-lunch students counted for funding purposes, while larger district generally provided at-risk services to more students. For 12 of our 22 sample districts, fewer than half the students for whom districts received State at-risk funding also received at-risk services. Because the free-lunch count is only a proxy measure for the number of at-risk students, it’s not expected to be a one-to-one match with students receiving at-risk services.*

**Question 1 Conclusion.** ..... page 11  
*Academic research indicates that student poverty is highly correlated with being at risk of failing academically. Because the free-lunch count is a timely and convenient measure of*

poverty, Kansas uses it as a proxy measure for at-risk students. However, because there are no good Statewide data on the number of at-risk students in Kansas, it's difficult to assess whether the free-lunch count truly is an adequate proxy for at-risk students. As a result, the only way to validate the free-lunch count as a proxy is to compare at-risk and free-lunch counts for smaller samples of districts—as we've done in this audit and in our earlier cost study.

**Question 1 Recommendations.** To help ensure that school districts provide consistent counts of at-risk students that allow for comparisons with the free-lunch count used to fund at-risk services, we recommend that the Department provides clear instructions for districts to report the count of students that receive State-funded at-risk services. We also recommended that the Department require districts to report counts of students served through all at-risk funding sources, as well to report the number of students identified by each district as needing at-risk services. .... page 11

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## **Question 2: What Is the Basis for Funding At-Risk Services in Other States?**

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**Almost all states use some measure of poverty as the basis for distributing at-risk funding.** Of the 41 states for which information was available, only one distributes at-risk funding based on the number of students who actually receive at-risk services. Some measure of poverty—primarily free- and reduced-price lunch counts—is used to distribute at-risk funding in 39 states. Ten states, including Kansas, distribute at-risk funding through a “poverty-plus” mechanism that combines a measure of poverty with additional at-risk indicators, such as low assessment scores. .... page 12

**Question 2 Conclusion.** Many have questioned Kansas’ use of free-lunch counts as a proxy measure for at-risk students in distributing funding for at-risk services. However, Kansas appears to be like the vast majority of states—39 of the 41 states for which we found information used a poverty-based measure as well. Although using free-lunch counts to distribute State at-risk funds isn’t a perfect mechanism, it doesn’t appear that other states have found a better mechanism at this time. .... page 13

**Appendix A: Scope Statement** ..... page 14

**Appendix B: Funding Basis for At-Risk Services Used in Other States** ..... page 16

**Appendix C: Agency Response** ..... page 19

*The Agency agreed with our recommendations.*

This audit was conducted by Katrin Osterhaus, Allen Bartels, and Dan Bryan. Scott Frank was the audit manager. If you need any additional information about the audit’s findings, please contact Ms. Osterhaus at the Division’s offices. Our address is: Legislative Division of Post Audit, 800 SW Jackson Street, Suite 1200, Topeka, Kansas 66612. You also may call us at (785) 296-3792, or contact us via the Internet at [LPA@lpa.state.ks.us](mailto:LPA@lpa.state.ks.us).