



Measuring Socioeconomic Status in Educational Data Systems

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Socioeconomic status refers to a person's access to financial, social, cultural, and human capital resources. For students, **this measure typically includes** household income, parental education levels, and parental employment and occupation, as well as the socioeconomic composition of their neighborhood and their school. Policymakers often rely on measures of socioeconomic status in school funding formulas and accountability systems. Researchers also rely on these measures when studying educational issues and evaluating policies and practices.

The socioeconomic status measures included in educational data systems, however, are limited and problematic. Most measures typically group students into either an "advantaged" or "disadvantaged" category, without distinctions within these broad categories. Existing measures also tend to be one-dimensional, for example only measuring family income and not other aspects of socioeconomic status. Such blunt measures may lead to miscalculated accountability scores, miscalculations of policies and practices, and misallocations of funding—especially in high-poverty districts that face the greatest educational challenges.

An increased focus on linking different administrative data sets, along with policy changes that have jeopardized the quality of old measures of socioeconomic status, have prompted new attention to the design of socioeconomic status measures in education. Within this window of opportunity, policymakers should create more comprehensive and precise socioeconomic indicators.

Problems with Existing Measures of Socioeconomic Status

Historically, policymakers and researchers have relied on eligibility for free or reduced-price meals as a proxy for student socioeconomic status. Under guidelines from the National School Lunch Program, schools identify students who are at or below 130% of the poverty line and thus qualify to receive free lunch at school, or between 130 and 185% of the poverty line and thus qualify for reduced-price lunch. This metric is popular because it is easily accessible and distinguishes between students with lower and higher family incomes.

However, free and reduced-price lunch eligibility has always been an imperfect stand-in for socioeconomic status. While the measure **may capture multiple dimensions of socioeconomic status, it only formally reflects family income** and misses other individual and contextual influences. Plus, families with a wide range of incomes—from as little as \$0 to as much as \$49,025 for a family of four in 2021—would be eligible for free or reduced-price lunches. In addition, family income also fluctuates over time, and students who are eligible for free or reduced-price meals in a given year **may not face the same disadvantages** as students who are eligible every year. At the school and district levels, eligibility rates have **tended to exceed what would be expected based** on local income rates.

The quality of free or reduced-price lunch eligibility as a socioeconomic measure has become even less reliable. A federal community eligibility provision now allows schools to provide free lunch to all students if states can directly certify that at least 40% of their students are low-income based on participation in other social service programs. In response, **some states have created new measures** to replace free and reduced-price lunch data, instead identifying student economic disadvantaged based on their families' participation in other social services. These new measures, however, remain limited beyond broadly identifying students as low-income. As with the free and reduced-price lunch criterion, they still fail to distinguish levels of poverty and account for individuals' exposure to poverty over time.

Recommendations for New Measures

States can construct better measures of socioeconomic status for educational data systems, guided by three criteria:

- Maximize the identification of low-income students
- Capture levels of poverty and additional dimensions of socioeconomic status
- Minimize administrative burden for families and schools or districts

Identifying students as low-income based on participation in other social service programs satisfies the first and third criteria, so if states continue to link different sources of administrative data, they can provide better measures without adding new burdens to families and schools or districts. To capture levels of poverty, data from tax returns can be useful, as they contain more precise measures of household income and information on employment and occupation. In addition, where states have records of high school and college graduation, they may be able to identify parental education levels. These measures can be aggregated and combined for school- and district-level measures, and small-area income and poverty estimates from the Census Bureau can be used to create more precise neighborhood socioeconomic status indicators. With these measures in longitudinal data systems, states can also capture how students' socioeconomic status changes over time.

Socioeconomic status remains one of the most relevant factors for educational policymaking and one of the most used variables in educational research. With better measures, states can improve accountability rating systems and equitably provide funds based on individual socioeconomic circumstances and concentrated school and neighborhood poverty. Likewise, researchers can more precisely study the relationship between socioeconomic status and academic outcomes and evaluate the impact of educational policies and practices.