


Presentation to
House and Senate
Education

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upport children.
upport the future.

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Augenblick, Palaich
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Colorado School Finance Project

Created in 1995, following the passage of the 1994 School Finance Act, the Colorado School Finance Project (CSFP) provides research and analysis of school finance information to school districts and state policy makers.

Augenblick, Palaich and Associates

APA has been involved in estimating costs in almost 20 states.

- APA was founded in 1983.
- APA has evaluated school finance systems in many states and built state aid formulas in several states.
- APA, Marzano Research Laboratory and RMC Research Corporation recently received a contract from U.S. Department of Education to form the Central States Education Lab. The new lab will build alliances with state and district education leaders in seven central states to explore key policies surrounding educator effectiveness, closing the achievement gap, and postsecondary and workforce readiness.
- APA also evaluates the Denver Preschool Program, is helping Jefferson County implement a new approach to paying teachers, provides assistance to Mississippi in the Delta region, and provides support to the National Board for Professional Teaching Standards

School Finance Act – 1994

Goals and Objectives

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- To have a 50% state and 50% local contribution in funding formula
- To have all school districts participate around 40 mills
- To acknowledge some differences in student and district characteristics
- To acknowledge regional cost differences – mechanism for adjustment
- Allow for additional district participation – through an override system above state formula to implement local control clause.
- Promote Universal access for students – ensuring students attend.



Who are Colorado's Public School Students?

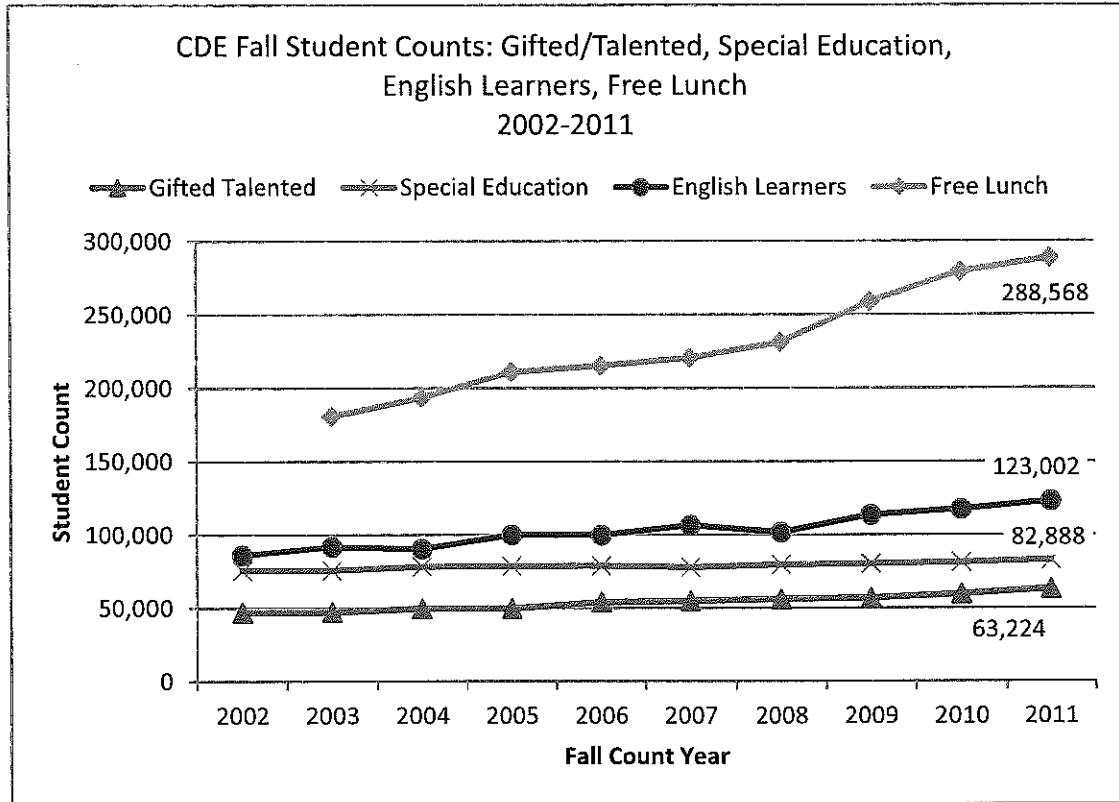
As of January 2012

1. Enrollment has increased over 100,000 students in the past 10 years, now over 850,000.
2. Students identified at-risk (free-lunch proxy for district funding) are 33% of the student population (288,568). Including reduced-lunch students, brings this group to 41% (339,723) of the population. Free and Reduced Lunch students are the fastest growing population group in Colorado.
3. Colorado serves over 123,000 students in 177 languages – whose primary language is not English. The state provides funding that covers \$.25 for every dollar spent by districts.
4. Colorado's special education population remains less than 11% of its population, the second lowest in the country. State and Federal funding cover about \$.30 for every dollar spent by districts.
5. Colorado's gifted population continues to increase, now over 60,000 students, as funding has dropped to \$132 per student per year.

Data Source: Colorado Department of Education



Gifted/Talented, Special Education, English Learners, Free Lunch Student Counts



Increases in number of students served between 2002 and 2011:

Total students served in 2011: 854,265 - an increase of 102,403 students since 2002.

Gifted and Talented: Increased 16,130 students

Special Education: Increased 7,303 students

English Learners: Increased 36,873 students

Free Lunch (At-Risk proxy): Increased 107,813 students since 2003

Quick Facts:

Free Lunch student counts outpaced the increase in student enrollment. In 2011, 34% of students are Free Lunch students. In 2003, 24% of students were Free Lunch students.

123,002 students are English Language Learners, the School Finance Act funds 36,575 of these students. CDE estimates the state provides support of about 20-25% of the total educational expenditures incurred by districts to address the needs of English Learner Students.

Data Source: CDE Instructional Program Counts, CDE Free Lunch Eligibility Counts (2002 count not available).



A Look at Colorado's School Districts by Student Count (District Size)

DISTRICT SIZE INFORMATION						
District Size	Number of Districts	Percentage of Districts	Total Students	Percentage of Students	Average District Size	
0-500	83	46.4%	19,865	2.3%	239	
501-1,000	22	12.3%	15,555	1.8%	707	
1,001 - 5,000	42	23.5%	86,047	10.1%	2,049	
5,001 - 10,000	11	6.1%	75,035	8.8%	6,821	
10,001 - 20,000	9	5.0%	131,393	15.4%	14,599	
Over 20,000	12	6.7%	525,512	61.6%	43,793	
State	179		853,407		4,768	

FREE/REDUCED PRICE PERCENTAGES BY DISTRICT SIZE					
District Size	0 - 20% Free/ Reduced	20 - 40% Free/ Reduced	40 - 60% Free/ Reduced	60 - 80% Free/ Reduced	80 - 100% Free/ Reduced
0-500		26	38	16	3
501-1,000	1	5	9	6	1
1,001 - 5,000	5	13	15	9	
5,001 - 10,000	1	1	7	1	1
10,001 - 20,000		4	2	2	1
Over 20,000	3	5	2	2	

DISTRICT FREE/REDUCED PRICE LUNCH INFORMATION			
District Size	Percentage of Free Lunch	Percentage Reduced Lunch	Percentage Free/Reduced Lunch
0-500	36.1%	12.6%	48.7%
501-1,000	40.2%	9.7%	49.9%
1,001 - 5,000	34.7%	8.9%	43.7%
5,001 - 10,000	38.1%	9.6%	47.6%
10,001 - 20,000	40.8%	7.9%	48.7%
Over 20,000	29.8%	6.0%	35.8%
State	36.2%	10.5%	46.7%



School Finance

Quick Historical Facts

1. In order for Colorado or any other state to be granted “statehood” – an education clause was required in a state’s constitution. Colorado’s Constitution has two components in its education clause: “local control” and the “thorough and uniform” clauses.
2. The constitution recognized that the state is not the direct provider of education services or an employer of education personnel – Colorado needs an educated citizenry and workforce to promote a strong democracy and economy.
3. School Finance Acts must accomplish the goals of a states constitution and the legislative statutes.
4. School Districts have taxing authority.
5. School Districts through Boards of Education were given authority for how they wanted to organize themselves, the hiring of their employees, the curriculum they would teach and how revenue would be allocated.
6. School Finance Acts typically have a life of 7 years – it is important to have a review process, as academic and student characteristics change. Colorado’s finance act is 18 years old.



School Finance Principles

What is a School Finance System?

Principles for a school finance system focus on academic expectations set forth in statute, the constitution and revenue distribution.

1. A system must be "adequate" which is defined by the constitutional language and state statute expectations. This is inclusive of "Thorough and Uniform" and the "Local Control clause".
2. A system must be "equitable" which is defined by student equity and tax payer equity.
3. A system must be "sustainable" which is defined by consistent and reliable revenue.
4. And it must be "adaptable" which is defined by adjusting to new statutes and expectations.

A School Finance System is a defined set of formulas (equations) that create a funding system that is adequate, equitable, sustainable and adaptable.



Where to Begin when Changing a School Finance Formula? Legislative Role

How Do School Finance and Educational Reforms Fit Together?

The Rise of Standards Since Mid-1990's

States and the federal government have pursued a standards-based reform to improve education, legislating specific expectations of student knowledge and performance, and creating statewide assessment procedures to measure school district and school performance in addition to educator effectiveness. Lawmakers have designed accountability systems to inform the public of a districts' progress and to provide justification for intervention if school districts and schools do not meet student academic standards or educator effectiveness expectations. While Colorado has created a strong accountability system and increased student achievement expectations it has not analyzed the cost of these reforms.

What Approaches Can Be Used To Measure Costs?

Research Approaches

Professional Judgment
Successful School District
Evidence-Based
Statistical

What Do The Results Produce?

Results from analysis:

A "base cost" and adjustments for a formula

"Base Cost" Analysis

This "base cost" reflects the cost of educating a student without special needs attending a school in a district that faces no uncontrollable cost pressures.

A "base cost" is used as a "foundation program" to allocate basic support to school districts. An adequate foundation program would incorporate a rational basis for setting the base or starting level in a formula.

A "base cost" must reflect the accountability and accreditation systems that require assessments of progress and performance and are tied to varying sanctions.



Students with Special Needs and District Adjustments

To estimate the additional cost adjustments/weights/factors needed to serve students with special needs, such as special education, gifted and talented, students at risk of failure, English Language Learners (ELL), as well as school district size and adjustments for cost of living or cost of doing business.

The result of this analysis is a multiplier against the base to generate a dollar amount needed to provide a service for a student or to make adjustments for districts characteristics.

Costs Not Included

It is important to note that these analyses do not include facilities, transportation, adult or family education and food services.

Do the Research Approaches all Produce Information for a Formula?

In Successful School Districts, base cost applies to school districts that are currently successful at a point in time. This approach does not address students or districts with special needs.

Base cost in Professional Judgment approach reflects what programs are needed to meet the expectations in the future so as to meet the proficiency and growth goals. Items like preschool for at-risk students; all-day kindergarten, summer school programs, quality before- and after-school programs, yearly staff development, and technology with a replacement cycle are included. An adjustment for student and district characteristics can be arrived at which generates a percentage amount in each category

Evidence Based approach, indicates through research that certain programs may show improvement in academic success. It is not something that reflects specific states standards or all the requirements. It is limited in its use but can be helpful when used with other approaches.

Statistical approach school level data is required for performance and for expenditure which is not attainable currently. It also assumes that all schools are structured identical so comparisons must be made cautiously



How to Use Results of a Study?

An example can illustrate how using a “weight” to reflect the relative cost (compared to the base cost) of serving students with a special need would work in determining the amount of revenue a school district needs – where “serving” students means providing the programs and services needed to raise the academic performance of those students to state expected levels.

Suppose the weight for “at-risk” students (eligible to receive free or reduced-price lunches) was .40 and the base cost was \$5,000. If District A had 1,000 students and 300 (30%) of them were at-risk and District B had 25,000 students and 5,000 (20%) of them were at-risk, then district A would have a total cost of \$5.6 million and a per student cost of \$5,600 while District B would have a total cost of \$135.0 million and a per student cost of \$5,400.

What Have Other States Done?

- Several states have enacted new school finance systems in the past few years (from Maryland in 2001 to Pennsylvania in 2009).
- Among other things, these systems are less complicated than the ones they replaced – because numerous programs aimed at the same target issue were merged -- and more equitable -- because there was less reliance on local funds and the majority of local funds were wealth equalized.
- Follow up studies in Maryland point to more funds being spent on direct services to students and improvements in student performance.
- In most cases, new funds have been phased in over several years and the recession has slowed the ability of states to fulfill the goals they established.
- No systematic studies have been undertaken that have been designed to evaluate the impact of new funding on student performance or to compare the experiences of states that have modified their school funding systems with those that have not done so.



Counting of Students

How does it impact a school finance act?

The counting of students for a school finance formula is the result of other educational policy decisions. For example:

1. **Pre school** – what age and what students – (currently limited number)
2. **Kindergarten** – how many – (current funding .58 versus full time)
3. **Concurrent enrollment** – early college – (currently supporting funding for 5th year and access as early as 9th grade.)
4. **English Language Learners** – funded for 2 years, though educating twice as many students
5. **October Count** – currently counting students during a 10 day window around October 1. Financial adjustment made through supplemental process in legislature in following January. (See information below)

Other policy issues that have been discussed are how to count students who need **more or less time**. If a student needs more than Pre School through 12th grade or a 13th year, will they be funded? If a student finishes their education earlier, what is the impact on school district funding?

Rewards and Sanctions – would this be part of the accreditation and accountability system? Is this tied to students, schools, or districts? Impact may influence student count.

Student count generates a number based on other education policies which define how and what students are counted. Student counts are applied to formulas in the School Finance Act.

How many times a year is a student counted?

A study directed by the legislature (SB10-008) called for a study on this topic. The study was completed in January 2011. Highlights of the study include:

1. The terms that states use - single count date, multiple count date, average daily membership and average daily attendance - mean different things in each state. For example, Colorado uses the term “single count day” – yet we count students during a 10 day window and have a supplemental process in January. Implementation in each state is also different, even if using the same term.
2. Need clear and consistent definitions of membership, enrollment and attendance.
3. The goal of counting students must align with the state’s audit process.
4. Data systems for the state and the district must be compatible. What is the time and effort spent by the state and districts for count process and audit? Can the state and districts data systems support the student count expectations?
5. Clearly defining what the role of the state and the districts are in counting students.

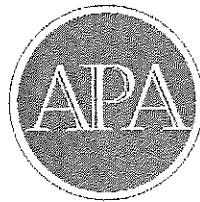




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Seventeen years of research and analysis of school finance information
for school districts and state policy makers.

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