



COLORADO DEPARTMENT OF EDUCATION

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Memorandum

DATE: August 17, 2009
TO: Representative Middleton
FROM: Colorado Department of Education
RE: Background Information for School Finance Interim Committee

In response to your recent request for information, the Colorado Department of Education (Department) has gathered the following specifics related to (1) the possibility of establishing multiple count dates, (2) statewide funding for Response to Intervention, and (3) districts' use of Medicaid funds:

Multiple Count Dates

Background:

- ❖ For purposes of using count dates, the definitions of "funded pupil count" and "pupil enrollment" as used in the public school finance formula have changed over time. Various methods have been used in an attempt to find an appropriate method of funding public school districts.
 - During FY1992-93, funded pupil count included an Oct. 1 and Feb. 1 count date.
 - During FY1993-94, funded pupil count included an Oct. 1 and Feb. 15 count date.
 - Beginning during FY1994-95, the State shifted to a single Oct. 1 count date.
- ❖ Average daily attendance (ADA) is collected from each school district in the Safety and Discipline Indicator collection. The information available through

this collection is the total number of student days attended and the total number of student days possible. This information is reported for all students enrolled in the district (only for the number of days the student continues to be enrolled throughout the school year). The statewide average percentage of daily attendance was 93.55% for FY2007-08. Looking back over several years, the percentage was fairly consistent with the highest percentage of 94.14% in FY2004-05 and the lowest of 93.55% in both FY2005-06 and FY2007-08. If funding were to be based on ADA under the current formula, the decrease in funding to districts would exceed \$327 million.

- ❖ Districts are facing reductions for FY2009-10 of approximately \$110 million, school finance staff has been funded off-the-top of Total Program in the amount of \$1.7 million and the cost of living study was funded off-the-top of Total Program in the amount of \$250,000. Reductions in FY2010-11 are expected to exceed \$200 million and the inflationary increase is projected to be low (.4%).

Matters for Consideration:

- ❖ Moving from a single official count date of Oct. 1 and including a second count date in the second semester (within the first two weeks of February) might have the following effects:
 - Districts receiving students after the October count could receive adjusted funding for those students.
 - Students might be less likely to be enrolled only through the October count window and then be counseled out of the educational program for the remainder of the year, suspended or expelled.
 - We would eliminate the need for a *separate* military dependent pupil enrollment Feb. 1 pupil count, which is required already by 22-54-128, C.R.S.
- ❖ If the February count were used to determine current-year funding, it would be difficult for districts with higher mobility rates to budget accurately. (Increased or decreased funding at the end of a budget cycle is difficult to incorporate into spending adjustments. Budgets are set prior to the start of school, including staff contracts and specific educational program planning.) If the February count were a prior-year count, averaged with the current October in-year count, the amount of adjustment would be known prior to the budget adoption process.

- A method would need to be determined for addressing funding for pupils who graduate at the end of the first semester. Currently, these students are able to continue to take advantage of dual enrollment courses through the end of the school year.
- If the Department were to analyze the change in pupil count from Oct. 1 of the prior year to the end of year count of the same year, it could apply that finding in allocating funds during the following funding cycle, to adjust the funding allocation for the applicable budget year. End-of-year data is completed by November of the following school year.

Response to Intervention

Background:

- ❖ Response to Intervention (RtI) provides a continuum of evidence-based tiered interventions with increasing levels of intensity and duration. It has become a basic instructional framework for most districts across the state.
- ❖ RtI was initially designed as a Special Education reform, outlining a process for intervening to prevent students from being inappropriately assigned to receive Special Education services.
- ❖ RtI was quickly viewed by many superintendents, principals, and other educational leaders as a systematic framework for all students, not only those students with Individual Education Plans. Commissioner Jones further encouraged this approach in a letter to all 178 superintendents in October 2007, in which he recommended that each district use RtI as an overall instructional framework and requested that districts designate for the Department a RtI contact other than a special educator.
- ❖ Funding for RtI has become a concern over the last two years. Although RtI began as a Special Education reform initiative, with funding coming from special education (i.e., IDEA, ECEA), RtI has become the instructional framework for many districts and Special Education funding is not considered an "allowable use" for supporting the general education side of RtI under IDEA.
- ❖ Pursuant to Section 17 of Article IX of the Colorado Constitution, for FY2010-11, the General Assembly is required to increase total state funding for all categorical programs by at least the percentage of inflation plus one percentage point and then by at least the rate of inflation for subsequent fiscal years. The total increase for FY2010-11 is expected to be

approximately \$3.2 million from the State Education Fund, based on projected inflation of four tenths of one percent plus one percentage point. The total state funding for all programs is approximately \$230,092,698 in FY2009-10.

- ❖ The General Assembly determines on an annual basis how to allocate the required increase among the various categorical programs. Monies from the State Education Fund may only be used to comply with the requirements of the Public School Finance Act of 1994 and for accountable education reform, for accountable programs to meet state academic standards, for class size reduction, for expanding technology education, for improving student safety, for expanding the availability of preschool and kindergarten programs, for performance incentives for teachers, for accountability reporting, or for public school building capital construction.
- ❖ Currently, funding for the Special Education categorical is determined based on a December count of all Special Education students. Funding is allocated as follows:
 - Tier 1 Special Education students are provided \$1,250 each;
 - Tier 2 Special Education students are provided up to \$6,000 each for certain types of disabilities, and this amount is reduced based on appropriation levels;
 - A \$2 million pool is accessible through a grant process for reimbursement of high costs services to students;
 - \$2.2 million is provided for screening and evaluating children under the age of three; and
 - \$500,000 is provided for services to educational orphans.
- ❖ Pursuant to 22-20-106(3.5), C.R.S., an administrative unit may use up to 15 percent of the funding it receives to provide early intervening services to a student who is not identified as a child with a disability at the time the early intervening services are provided. Early intervening services may include programs and activities, including response to intervention, as determine by the state board.

Matters for Consideration:

- ❖ One policy option for increasing funding for RtI would be to encourage the use of state funding for the existing Special Education categorical to include

general RtI services. However, because of the limited amount of funding that districts receive under the Special Education categorical, it is unlikely that they have sufficient resources to allocate any funding for early intervention services. Those funds that are diverted for this purpose could limit the services provided to already identified Special Education students.

- ❖ A second option would be to create a "general education RtI" new categorical for state funding that would positively recognize and support districts' efforts to establish a RtI framework for all students, without requiring the use of federal and state Special Education funds.
- ❖ This new "categorical" could be structured in a manner similar to the current "Expelled/At Risk" categorical, as a competitive grant to incentivize those districts committed to using RtI as their systemic instructional framework or it could be allocated on a per pupil basis, using the number of students identified as reading below grade level on the K-2 assessments currently administered by districts. This type of program would meet the definition of an "accountable program to meet state academic standards" if students were to receive the intervention necessary to improve their reading skills.

Medicaid

Background:

- ❖ There are currently two Medicaid billing agents operating in Colorado: the Colorado School Medicaid Consortium and Centennial Education Solutions.
- ❖ The Colorado School Medicaid Consortium is a nonprofit and is operated by Denver Public Schools. Most of the large and/or Metro-area districts that participate in the program use the Consortium as their billing agent.
- ❖ The Centennial Education Solutions is a for-profit agency operating in Cortez, CO. Most of the smaller and rural-area districts that participate in the program use Centennial as their billing agent.
- ❖ One district in Colorado, Garfield RE 2 (Rifle), does not use a billing agent at all and administers Medicaid on its own.
- ❖ 66 School Districts and 5 BOCES (Centennial, Pikes Peak, Mt Evans, Ute Pass, and Northeast) currently participate in Medicaid.
- ❖ The most recent total reimbursement data that the Department has is for the 2005-06 program year. It is currently finalizing the statewide Annual Report

for 2006-07. Below are the total reimbursement amounts reported by district for the past 4 years:

- 2005-06: \$10,365,290
- 2004-05: \$8,523,220
- 2003-04: \$8,881,786
- 2002-03: \$10,475,140

❖ The Department expects that the 2006-07 reimbursement will be over \$10 million.