



TO: Mike Mauer, Director of Research
Colorado Legislative Council
029 State Capitol Bldg.
Denver, CO 80203

FROM: Christopher Cross, FourPoint Education Partners, Partner-in-Charge
Richard C. Seder, FourPoint Education Partners, Senior Associate
Michael Goetz, FourPoint Education Partners, Senior Associate

DATE: January 30, 2018

RE: Interim Committee on School Finance
Interim Progress Report – October 4, 2017 – January 30, 2018

FourPoint Education Partners was contracted on October 4, 2017 to work with the Colorado Interim Committee on School Finance and with Legislative Council Staff to study and analyze the current school finance system to better assess whether the current model meets system and stakeholder goals. The project is organized around four types of study and activity: 1) Deepening understanding of the current school finance system in CO; 2) Analyzing the performance of the current system; 3) Creating strategies for improvement aligned with Colorado values; and 4) Implementing change through legislative action.

Deepening Understanding of the Current System

Richard Seder and Michael Goetz, as Project Leads, met on September 26, 2017 with Legislative Council Staff and staff from the Colorado Department of Education to begin the process of better understanding political, social, economic, and educational contexts in Colorado. With the Colorado Department of Education, the team began the process of identifying data collected and managed by the Colorado Department of Education available for analysis.

Three meetings of the Interim Committee have been held since the start of the project, beginning with the Interim Committee's third meeting in November. These meeting agendas were designed to help the committee better understand the current system and begin to analyze its effectiveness.

At the November 9, 2017 meeting of the Interim Committee (Meeting #3), the following topics were presented and discussed:

- School finance and funding systems, including description of the current Colorado funding formula
- Enrollment counts
- District characteristics (adjustments)
- Federal resources

At the December 15, 2017 meeting of the Interim Committee (Meeting #4), the following topics were presented and discussed:

- State and local revenue generation (finance of the system)
- Identification of at-risk students
- Categorical program funding
- Per-pupil student-centered allocation formulas

At the January 9, 2018 meeting of the Interim Committee (Meeting #5), the following topics were presented and discussed:

- Capital Construction
- District Organization

The January meeting completed the presentation of descriptive content and results of initial analyses and surveys. Stakeholders were also invited to present and give feedback. The committee agreed that four working groups would be developed to engage in more focused work moving forward.

Analysis of the Performance of the Current System

After the November meeting, the FourPoint team continued their work to analyze the current Colorado school finance and funding formula within the Colorado context as well as within the context of state finance and funding systems across the nation.

Colorado's state and local revenue generation system is one of the most (if not the most) complex in the nation given the different constitutional requirements. The team worked to understand the language of the constitutional requirements, primarily the Gallagher Amendment, the Taxpayers Bill of Rights (TABOR), and Amendment 23. We also worked to understand the technical workings of the formulas that operationalize the finance and funding mechanisms found in legislation.

Modeling

Michael Goetz created spreadsheet models that first replicate the results of those models used by the Legislative Council Staff and Colorado Department of Education. This is the first step in creating models to be used for simulating alternative finance (revenues) and funding (allocation) alternatives. Additionally, an initial model of a per-pupil student-based funding model was created and presented to the Interim Committee. Later, Goetz continued development of simulation model to be used by the Interim Committee to show impacts of different policy alternatives.

Data analyses explored variations and relationships in revenues, local tax rates, school and school district factors, and student-related factors. Initial data analysis results were presented through the presentations to the Interim Committee on December 15, 2017.

Survey

Richard Seder developed and delivered a survey to Interim Committee members to gather thoughts, perspectives, and insights on the effectiveness and efficiency of the current school finance and funding system. The questionnaire also gathered members' values and principles that they believe important to be included in a new system and their preferences of working groups to continue work through the regular Legislative session.

Research

In preparation for their final interim session, the team examined Colorado capital construction programs, collected data, research, and policies around the state capital, and reviewed construction assistance programs across the nation in comparison to Colorado. They also explored the history of school district organization and re-organization, including consolidation and “de-consolidation,” in Colorado and the nation.

Moving Forward

The Colorado Legislature moved into Regular Session on January 10, 2018. FourPoint will continue to assist the Interim Committee members and their efforts to understand the current school finance and funding system. Interim Committee members requested development of short briefs on issues related to the school finance and funding formula. These briefs are meant to be resource documents for the Interim Committee members and other stakeholders to create shared language and understanding of the system and its many components.

FourPoint will track and analyze introduced bills related to school finance and funding throughout the Regular Session of the Colorado Legislature. For instance, Representative Young introduced a House Bill “Concerning the Creation of a Modern School Finance Formula.” In addition, FourPoint will continue to monitor extra-legislative efforts such as ballot initiatives that have bearing on school finance and funding.

FourPoint will begin scheduling venues (in-person and virtual) to continue working with the Interim Committee members and other stakeholders through the Regular Session. Several items were requested by the Interim Committee members, such as: exploration of the base funding level, exploration of spending patterns and relative efficiency, and creation of briefs that simplify key issues to be known and understood by the Interim Committee and other educational stakeholders. FourPoint will begin development of these action items for use by the Interim Committee members throughout the working groups. These working groups will catapult the Committee into the next interim with the resources and knowledge necessary to begin consideration of legislative action.

Working Group Topics and Activities

Working Group A: Revenues – state and local.

1. Investigate alternative revenue sources and mechanisms
2. Understand/suggest revision of the Colorado constitutional restrictions placed on revenue generation
3. Model district impact of structural changes to taxation policies
4. Contemplate methods to create a more equitable system

Working Group B: Addressing student needs.

1. Review definitions (counts) of special needs students, particularly struggling students (low-income, English language learner, special education students)
2. Understand current and desired programmatic strategies to meet needs
3. Cost out programmatic strategies

Working Group C: Addressing school and district needs.

1. Unpack the ability of “base” funding to meet the needs of students, schools, and districts

2. Revisit regional cost indices and small school/district adjustments
3. Discuss methods to efficiently deliver service across schools and districts

Working Group D: Spending patterns, use of funds, performance, and accountability.

1. Investigate spending and resource allocation patterns and explore across schools and districts
2. Review the efficiency relationships between spending and academic/behavioral outcomes
3. Investigate methods by which districts and the state understand program costs and effectiveness
4. Discuss future research that can aid policymaking

Please Note: Full meeting agendas and presentation slide decks reflecting the descriptions and analytical work completed for each Interim Committee meeting were submitted in monthly reports. These meeting agendas and presentation materials are also available on the Interim Committee website.