A Year of Change in School Finance
CASE Convention 2023

Colorado School Finance Project

July 26, 2023
Who is CSFP

- Non-profit, non-partisan
- Supported by school district contributions
- School finance analysis for local and state policy makers since 1995
- Governed by a board comprised of national and state experts on school finance

Our Mission: To compile, collect and distribute research-based, non-partisan information and data on topics related to school finance for state and local policymakers.
CSFP Meetings

- New Superintendents Webinar – August 8th
- 3rd annual CSFP Conference – September 20th
- Monthly Advisory Meetings
- Western Slope Conference (2x/year)
- Southern Superintendents Conference (2x/year)
- Annual CASE and CASB Conferences
CSFP Conference

"Traveling the Fiscal Pathway to 2024"

Join us on September 20th in Crested Butte!

- Check in/Breakfast from 8:00-9:00
- 9:00 – 4:00
- Join us for Happy Hour After

Registration here!
Changes in School Finance

Why a year of changes in school finance?

- 5 years of legislative interim committee with a new task force created
- At-risk changes coming
- UPK impacting school finance and changes
- ESSER dollars ending
- State economic conditions – 2023 ballot
Interim Committee on School Finance

The interim committee focus:
- A student-centric formula
- Address rural districts
- Address mill levy inequities
- Address student demographics
- At-risk students
At-Risk Measure
What is the best way to define how students qualify for at-risk funding?

Currently it is free and reduced price lunch – many parents need to fill out forms to qualify (some are categorically eligible).

The pandemic changed this process as all students had access to free lunch.

In 2022, the Interim Committee on school finance passed legislation to implement a new at-risk measure.
New At-Risk Measure Basic Principles

Identified Student Percentage (ISP)

- Directly certified students (SNAP, TANF, migrant)
- Students categorically eligible for free meals (homeless, foster, Head Start, etc.)
- *Now includes Medicaid and CHP+

Neighborhood Socio Economic (SES) Index

- Census-based neighborhood indicators
- Every student assigned a census block based on their physical address
- Many indicators to choose from
Statute dictated many elements of the new model

Working group was tasked with defining several elements
- Indicators to use in SES Index
- How to organize SES Index data (i.e. quintiles or no?)
- Weighting between ISP and SES Index in formula
Asked for a one-year delay (from 23-24 to 24-25)

Raised concerns about availability of data (Medicaid, student address)

Raised concerns about use of census block in rural communities

Raised concerns about data skew in some small, rural communities between ISP, FRL

Did not reach consensus on all items (weighting)
At-Risk Measure Working Group Fall 2022

Census block group need is determined using a combination of residential neighborhood characteristics. The working group chose:

- Share of those in the same residence as of last year
- Share of adults aged 25 or older with a bachelor’s degree or higher
- Share of children under 18 who are adopted, foster, or living with relatives that are not their biological parents
- Median household income
- Share of occupied housing units with more than 0.5 occupants per room
- Average ratio of income to rent/ownership costs
- Share of children aged 5 to 17 who speak a language other than English at home
At-Risk Measure Working Group Report
At-Risk Measure 2023-24 Work

- Pilot districts volunteer to submit required data for student physical address
- Waiting for Medicaid data to include in modeling
- New Working Group to resolve open issues
At-Risk Pilot District 2023-24 Instructions
At-Risk Outstanding Questions

1. There are 5 SES Index quintiles for a district based on % of students who meet neighborhood criteria.
   • Every student is in a quintile, and every quintile has a weight. What are the implications?
2. What should the weight be of the adjustments for quintiles for the SES Index? What about the weight between ISP Percentage and SES Index?
3. What year is the data coming from?
4. How does the census and ISP data work in small rural districts?
5. How does the concentration factor influence outcomes?
School Finance Task Force
School Finance Task Force

- Created by SB23-287
- 17 members comprised of stakeholder groups, including Superintendents, CFOs, and school finance experts
- Task Force will meet no more than 7 times- work completed by Jan. 2024
- Costing out work – completed by Jan. 2025
Task Force Appointees

**Lundeen**
- Dan Snowberger - superintendent
- Steven Bartholomew - school leader of a charter school
- Brenda Dickhoner - member of an organization with expertise in school finance
- Deborah Hendricks - member of an organization that represents children and families

**Fenberg**
- Carrie Zimmerman - superintendent of school district
- Chuck Carpenter - CFO of a school district
- Sarah Siegel - representative from an organization that represents teachers
- Kathy Gebhardt - representative from organization with expertise in school finance
- Alex Magana - principal
Task Force Appointees (cont'd)

**McCluskie**
- Leslie Nichols - superintendent of a rural school district
- Nick Plantan - school leader of a charter school
- Lisa Weil - a representative of an organization with expertise in school finance
- Riley Kitts - representative of an organization with expertise in school finance
- Mary Gutierrez – teacher

*Waiting for Minority Leader in House*
The Task Force is charged with two tasks:

- Recommending changes to factors in the school finance formula to be enacted for the 2024-25 budget year.

- Developing the parameters for a study, commonly called an adequacy or costing out study. To be completed January 2025.
The Task Force is charged with recommending adjustments to the following factors for the School Finance Formula:

- Eliminating the use of multiplicative indexes for cost of living, personnel and non-personnel cost and district size
- Recalibrating, capping, or alternative methods to account the cost of living factor
- Factors designed to serve students with additional needs such as at-risk, English learner and special education.
Including other considerations other than or in addition to student enrollment and remoteness of school district for the size factor

- Securing equalization in mill levy overrides for institute charter schools based on school location, location of students, multi-district online programs and total program funding
The purpose of a costing out or adequacy study is to determine whether a state’s school funding is adequate, equitable, sustainable and adaptable.

The **SB23-287 Task Force** is charged with developing the parameters and requirements for two new costing out studies for Colorado, to be completed during the 2024 calendar year by two different vendors hired by the Department of Education.

There are four accepted methodologies for a costing out analysis.
Adequacy Study/Costing Out Analysis

- The analysis gives you information for the "base" level of funding.
- Adjustments for student and district characteristics
- The different methodologies can be reconciled to give information to create a formula – the studies themselves don't create a formula.
<table>
<thead>
<tr>
<th>Methodology:</th>
<th>Professional Judgment (PJ)</th>
<th>Successful School District (SSD)</th>
<th>Education Cost Function (ECF)</th>
<th>Evidence-Based (EB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benchmark of Success</td>
<td>Ensuring students can meet all state standards</td>
<td>Currently outperforming other school districts</td>
<td>Current performance; extrapolates to meeting all standards</td>
<td>Ensuring students can meet all state standards</td>
</tr>
<tr>
<td>Data Requirements</td>
<td>Expertise of educators serving on PJ panels; uses research as a starting point, but defers to educators when conflict arises in resource recommendations based on their understanding of state standards</td>
<td>Expenditure data from selected successful schools or districts</td>
<td>Performance, student and district characteristics and expenditure data</td>
<td>Best-practice research, reviewed by educators; when conflict arises in resource recommendations, the EB approach defers to the research</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Resulting Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base</td>
</tr>
<tr>
<td>Student Adjustments (Weights)</td>
</tr>
<tr>
<td>Resource Model</td>
</tr>
</tbody>
</table>
Universal Preschool
Any 3, 4, or 5 year old child who is not yet in Kindergarten, and who has an IEP, will receive preschool services.

4 year olds and children who are in the year before Kindergarten will be able to apply for Universal Preschool (UPK), and will receive 15 hours.

Districts will be able to serve, at a minimum, the same number of 3 year olds they have served through CPP in the past.

Children will continue to enroll in preschool programming throughout the year.
Funding Flow for Children without a Disability

Prop EE Appropriation: $154.5M
General Fund Appropriation: $167.5M
Prop II Revenue if passed in Nov.: $23.7M (April 2023 est.)

$345.7M in potential Total Revenue for UPK

4yos/year before Kg

Universal Preschool: Allocate 10 hours per week to all 4yos/year before Kg

Additional Preschool Services:
Allocate an additional 5 or 15 hours per week, depending on funding. Will likely be universal, i.e. 5 hours for all 4yos

Specified Purpose Hours:
4yos or 3yos with a qualifying factor (low-income, homeless, foster, etc.), allocate an additional 5 hours per week

Total of 30 hours possible

3yos

Three Year Olds: Allocate 10 hours per week to 3yos with a qualifying factor (low-income, homeless, foster, etc.) up to the # the district previously enrolled

Total of 15 hours possible
After the first work group meeting, a subgroup with representatives from CSFP, CDEC and CDE began meeting to address the fundamental question “How will funding and hours for preschoolers with IEPs be determined under the new Universal Preschool system?”

We realized that we first needed to understand the funding and hours flow for all preschoolers, so we started there.
Funding & Hours
Flow: For Children with Disabilities

Caveat: A child can only receive the hours noted if there is a program that offers those hours where the IEP / FAPE can be met.

4yos/year before Kg with a disability

3yos with a disability

Step 1: Provide the hours determined by IEP team to be required to meet FAPE. Child is funded for 10, 15 or 30 hours based on what is required for FAPE.

Step 2: Determine whether the child is eligible for additional hours to supplement what is required for FAPE.

If the child is funded for 10 or 15 hours as part of Step 1, is the child also income eligible?

Yes

Additional Preschool Services Hours:
If child is income eligible, award up to 15 additional hours as a supplement to FAPE (to get to a possible of 30 hours total)

No

Child does not receive a supplement to FAPE
These are the letters sent to families and providers:

- Full day funding for families with income plus one (having an IEP)
  - Families already in program

- Additional Hours for families with an IEP, but did not attest to the low income qualifying factor
  - Doesn't require full day- will receive 15 hours
Child has previously been accepted/enrolled in a part-time or half day program

Child has already been accepted/enrolled in a full-day program

Family Letter - Child is NOT Approved for full-day Funding – Not Applicable for Children with an IEP
Unanswered Questions about UPK

- Treatment of districts that have not historically enrolled 3 year olds
- Plans for future match rounds – rolling admission
- Assessment and planning for 24-25 school year- how can process be improved
Interactive Website

Provides fact sheets for every district and BOCES
State Economic Outlook
State Economic Conditions

- Inflation ranging from 4.7% to 5.1% - this is higher than the nation's
- Colorado's unemployment rate is lower than national average
- Housing continues to be challenge for Colorado, both for renters and buyers as costs increase.
TABOR Outlook
Revenue Subject to TABOR
Dollars in Billions

Revenue Above the Ref C Cap
FY 2021-22: $3.73 billion
FY 2022-23: $3.31 billion
FY 2023-24: $2.06 billion
FY 2024-25: $1.97 billion

CY 2022 inflation determines FY 2023-24 growth rates

Source: Colorado Office of the State Controller and Legislative Council Staff June 2023 forecast.
State Revenue

- State has over $3 billion above the TABOR cap – legislation/referred measure would alter this and put $ in State Ed Fund - HH.
- State will have a tighter budget as ESSER $ goes away.
- Inflationary pressure remains higher than budgeted for.
Referred Measure HH

- This would lower property tax by dropping assessment rates
- Would change TABOR cap for 10 years to be growth plus inflation plus 1%
- This would backfill K-12 revenue loss
- More districts becoming locally funded
<table>
<thead>
<tr>
<th>Location</th>
<th>State Share as % of TP before BSF</th>
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</thead>
<tbody>
<tr>
<td>AULT-HIGHLAND RE-9</td>
<td>0%</td>
</tr>
<tr>
<td>PRAIRIE RE-11</td>
<td>0%</td>
</tr>
<tr>
<td>ASPEN 1</td>
<td>0%</td>
</tr>
<tr>
<td>PLATTE VALLEY RE-7</td>
<td>0%</td>
</tr>
<tr>
<td>EAST GRAND 2</td>
<td>0%</td>
</tr>
<tr>
<td>WIGGINS RE-50(J)</td>
<td>0%</td>
</tr>
<tr>
<td>PAWNEE RE-12</td>
<td>0%</td>
</tr>
<tr>
<td>WELD COUNTY S/D RE-8</td>
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</tr>
<tr>
<td>WELD COUNTY RE-1</td>
<td>0%</td>
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<tr>
<td>WELD COUNTY SCHOOL DISTRICT RE-3J</td>
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<tr>
<td>BRIGGSDALE RE-10</td>
<td>0%</td>
</tr>
<tr>
<td>EATON RE-2</td>
<td>0%</td>
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<tr>
<td>PARK COUNTY RE-2</td>
<td>0%</td>
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<tr>
<td>SUMMIT RE-1</td>
<td>2%</td>
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<tr>
<td>CRIPPLE CREEK-VICTOR RE-1</td>
<td>4%</td>
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<tr>
<td>LAKE COUNTY R-1</td>
<td>6%</td>
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<tr>
<td>ESTES PARK R-3</td>
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<td>NORTH PARK R-1</td>
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<td>ENGLEWOOD 1</td>
<td>16%</td>
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<tr>
<td>BOULDER VALLEY RE 2</td>
<td>17%</td>
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<tr>
<td>BUENA VISTA R-31</td>
<td>17%</td>
</tr>
<tr>
<td>CUSTER COUNTY SCHOOL DISTRICT C-1</td>
<td>19%</td>
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<tr>
<td>GUNNISON WATERSHED RE1J</td>
<td>20%</td>
</tr>
<tr>
<td>PLATEAU VALLEY 50</td>
<td>23%</td>
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<tr>
<td>WINDSOR RE-4</td>
<td>23%</td>
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<tr>
<td>DENVER COUNTY 1</td>
<td>25%</td>
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<tr>
<td>EAGLE COUNTY RE 50</td>
<td>25%</td>
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</tbody>
</table>
In June, CSFP administered a survey to members about district needs for training and capacity-building and received 128 responses.

The top two areas of need / desired services were:
- Strategic school finance training and development
- Comparison data with other districts

We are working with our Board on next steps and will have more information coming this fall.
Questions or Take Aways?
Questions?

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Stay connected

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