



AUGENBLICK,
PALAICH AND
ASSOCIATES

School Finance: A Deep Dive into the Factors

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Characteristics Adjusted for In School Finance

- States tend to adjust for the following student or district factors either through formula adjustments or categorical funding
 - Student
 - Poverty/At-Risk
 - English Language Learners
 - Special Education
 - District
 - Size
 - Cost of Living
 - May also consider transportation, CTE, Gifted

Colorado Adjustments

- Student
 - In Formula
 - At-Risk
 - Categorical
 - Special Education
 - ELL
 - Gifted
 - CTE
- District
 - In Formula
 - Cost of Living
 - Size
 - Categorical
 - Transportation
 - Small Attendance Center

3

How Adjustments are Applied

1. Cost of Living – survey done every 2 years (never actually applied based on updated results)
2. Size
3. At-Risk

- The order of the adjustments impact the scale of each factor more than people realize

4

Cost of Living

- The first factor applied in Colorado’s formula is the cost of living adjustment
 - The adjustment is made only to the estimated personnel portion of each districts funding known as the Personnel Cost Factor
 - PCF ranged from .7992 to .9050 in 2016-17
 - The PCF portion of the base is multiplied against the COL amount generated by the state
 - COL ranged from 1.012 to 1.650 in 2016-17
 - The non-personnel portion is added to the COL adjusted portion to create the COL adjusted base

5

Cost of Living

CES Categories/ Subcategories	2015 Item
Food at Home	
Cereal and bakery products	white bread, spaghetti, Cheerios
Meats, poultry, fish, and eggs	Ground beef, whole fryer chicken
Dairy Products	Milk
Fruits and vegetables	Bananas, potatoes, canned peaches, canned green beans
Other food at home	Coffee, soup, frozen waffles
Food away from home	Cheeseburger meal, cheese pizza meal, steak meal
Alcoholic Beverages	Beer
Housing	
Shelter	Mortgage payment/property taxes, homeowner’s association
Utilities	Electric, natural gas. Telephone, water/wastewater
Household operations	Day care services
Housekeeping supplies	Laundry soap
Household Furniture	Refrigerator
Apparel	
Men and boys	Men’s dress shirt, Men’s t-shirt
Women and girls	Women’s cardigan sweater, Women’s lounge/yoga pants
Footwear	Men’s athletic shoes, women’s athletic shoes
Transportation	
Vehicle Purchase (net outlay)	Car payment/auto financing
Gasoline and motor oil	85 unleaded gasoline
Other vehicle expenses	Vehicle finance charges (interest rate, bank financing fees), oil change, front end alignment, insurance premiums

6

Cost of Living

Healthcare	
Entertainment	
Fees and admissions	
Audio and visual equipment and services	
Pets, toys, hobbies, and playground equipment	
Other entertainment supplies, equipment, and Services	
Personal Care Products and Services	Women's haircut, men's haircut, toothpaste, feminine hygiene product, shaving cream
Reading	
Tobacco Products/Smoking supplies	Cigarettes
Miscellaneous	
Cash Contributions	
Personal Insurance and Premiums	
Personal Taxes	Income tax with itemized deductions for mortgage interest

7

Cost of Living

- Personnel Cost Factor
 - Recognizes that employee salaries and benefits are the largest single expense for all districts
 - Used historical information to estimate the figure for districts
 - The factor is correlated with size, as a district's population increases so does its PCF
 - The understanding is that "non-personnel" costs are a higher percent of spending in smaller districts

8

Size

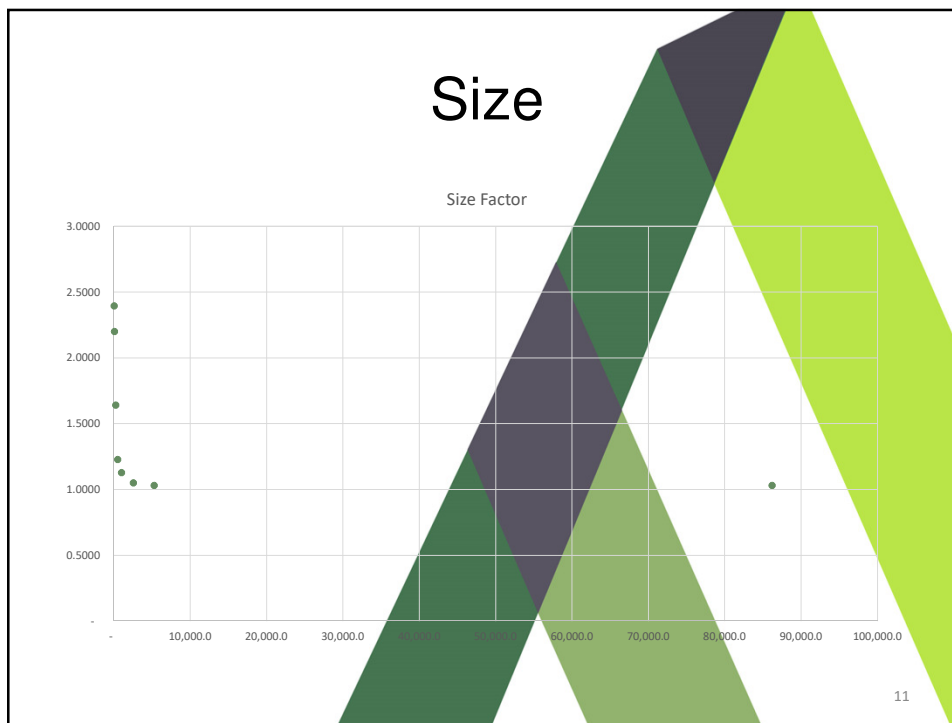
- The COL adjusted base amount is then adjusted by the size factor for each district
 - Size adjustments ranged from 1.0297 to 2.3958 in 2016-17
 - Adjustments were lowered .0045 in 2003-04
- Factor is designed to recognize the “purchasing power differences among districts and to reflect the expression of funding on a per-pupil basis.” (CDE)

9

Size

Total Funded Pupil Count	Size Factor
50.0	2.3958
101.9	2.2006
250.9	1.6401
511.5	1.2277
997.3	1.1276
2,567.5	1.0495
5,273.5	1.0297
86,193.0	1.0297

10



Per Pupil Funding

- The COL and Size adjustments act together to produce a Per Pupil Funding Amount for each district
 - Per-Pupil Funding ranged from \$7,411 to \$17,329 (prior to the negative factor) in 2016-17
 - Ratio of 2.3382:1 from highest Per-pupil funding amount to the lowest.

12

At-Risk

- The At-risk weight is to adjust for students who meet the Federal criteria for Free Lunch
- Applied to a few English Language Learner students
 - State adopted Free Lunch count as a good proxy as socio-economic status correlates strongly to performance
 - Districts can use the first through eighth grade percentage as a proxy for the entire district
 - Data is readily available

13

At-Risk

- Districts receive a base weight of .12 for each eligible child if the district is below the statewide average percentage of free lunch.
- Districts above the statewide average percentage receive a concentration factor for the students above the statewide average percentage.
- The weight is applied to the Per Pupil Funding amount, meaning that COL and Size impacts are included in At-Risk funding

14

At-Risk

- Amount of funding per At-Risk pupil ranges from \$905 to \$2,079
- Weights against Per Pupil Funding ranges from .12 to .21
- Weight against Base Per Pupil is .14 to .33

15

Total Impact of each Factor

- Total program before negative factor in 2016-17 was about \$7.2 billion
 - COL - \$1.059 billion
 - Size - \$.308 billion
 - At-Risk - \$.339 billion
- The state does not calculate each districts impact once negative factor is applied

16

Total Impact of Factors

- Important to note that the order factors are applied influences the previous figures.
- The total approach is multiplicative and could be changed to create same result but with slightly different scale for each factor
- Important to think about the that making adjustments on an inadequate base does not allow for needed resources for districts and students.

17

Total Impact of Factors

- District with 10,000 students, .90 PCF, 1.2 COL, Size 1.0297, and 25% Free Lunch – Base is \$5,000
 - Current
 - Per Pupil Funding – $((\$5,000 * .90) * 1.2) + (\$5,000 * .10) * 1.0 = \$5,900 = 1.18 \text{ rate}$
 - Size Adjustment = $\$5,900 * 1.0297 = \$6,075$
 - At-Risk per pupil = $.12 * \$6,075 = \729
 - Alternate
 - At-Risk per pupil = $.12 * \$5,000 = \600
 - $\$600 * 1.18 * 1.0297 = \729

18