CASE Convention
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1. What does a good finance system look like and how does Colorado compare?
2. National Trends – formulas, funding, budgeting, transparency, student count
3. Foundation formulas - philosophy of districts - FTE, student based and combinations
4. Colorado’s formula – an in-depth walk and what a “tweak or change” can mean

Agenda

Good Finance Formula

• Allocation is positively related to needs of school district
  – Foundation formulas generally include adjustments for student and district need
  – Colorado adjusts for Size, At-risk, and COL inside the formula but leaves ELL and Special Education outside the formula
Good Finance Formula

- Allocation of state support is inversely related to wealth of school district
  - Foundation formulas are often wealth equalized
  - Colorado equalizes funds inside the formula and it is based on wealth as measured by property wealth. Gallagher and TABOR have interacted with formula to change relationship.

Good Finance Formula

- Allocation of state support is sensitive to the tax effort made by school districts
  - Foundation formula can include differentiated funding based on local effort
  - Colorado - Gallagher, TABOR, and Stabilization Act have all created less sensitivity

Good Finance Formula

- Amount of funding reflects the costs districts are likely to face to meet state expectations
  - This can ensure adequacy and equity of funding
  - Foundation formula does not guarantee either
  - Colorado's formula is not based on the needs of students or districts
Good Finance Formula

- Districts have a reasonable amount of flexibility to determine how much they want to spend and all districts have the same opportunity to generate revenues to reach those levels.
  - Foundation Formula can allow for additional tiers of funding.
  - Colorado allows districts to pass overrides which increase flexibility.
    - Since the overrides are not equalized, many districts lack capacity to generate many dollars if passed and many fail to pass when put to voters.

Good Finance Formula

- Finance systems cover current operating AND capital outlay and debt service.
  - Foundation Formulas do not guarantee this; capital is often handled outside formula.
  - Colorado does not support capital outlay and debt service for districts.

Good Finance Formula

- Aid that is not sensitive to need and is not equalized is limited.
  - Foundation Formulas can include many types of funding, don’t need additional funds.
    - Maryland went from 53 funding streams outside of formula to just three.
  - Colorado has a number of funding streams outside of equalized formula including special education.
    - Proposed ballot measure (gambling initiative) would make this worse for Colorado.
Property taxpayers are treated equally
- Foundation formula does not guarantee equal treatment; must be intentionally included in system
- Colorado mill rates vary dramatically across the state, many differences due to Gallagher, TABOR and stabilization

State has a procedure to define and measure equity and periodically assesses
- Foundation formula does not guarantee, must be part of overall system to measure and adjust formula as needed
- Colorado does not define or assess

State has a procedure to define and measure adequacy and periodically assesses
- Foundation formula does not guarantee, must be part of overall system to measure and adjust formula as needed
- Colorado does not define or assess
National Trends

• Many states are assessing and reworking state formulas, some key areas are:
  – Increasing funding for targeted student populations including At-Risk and ELL
    • Funding supporting academic achievement gap areas
  – Accounting of dollars through transparency
  – Examining student count methodologies
  – Thinking about Return on Investment

National Trends

• Funding support academic achievement
  – Preschool, full day kindergarten, early reading intervention
• How does state governance impact funding formulas and district distribution?

How Formulas Impact District Policy

• States can influence district policy with state policy
  – In some states it is explicit
    • Alabama minimum salary schedule with unit based funding
    • New Mexico three tier salary structure
  – Local control states it is generally more implicit
How Formulas Impact District Policy

• Areas that state policy can impact with finance formula
  – Type of student count
  – Teacher pay levels
  – Specific program funding
  – Budgeting decisions
  – Transparency and reporting of data

Colorado’s Formula

• A walk thru of worksheet – examples and discussion

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