

Where to Begin when Changing a School Finance Formula? Legislative Role

How Do School Finance and Educational Reforms Fit Together?

The Rise of Standards Since Mid-1990's

States and the federal government have pursued a standards-based reform to improve education, legislating specific expectations of student knowledge and performance, and creating statewide assessment procedures to measure school district and school performance in addition to educator effectiveness. Lawmakers have designed accountability systems to inform the public of a districts' progress and to provide justification for intervention if school districts and schools do not meet student academic standards or educator effectiveness expectations. While Colorado has created a strong accountability system and increased student achievement expectations it has not analyzed the cost of these reforms.

What Approaches Can Be Used To Measure Costs?

Research Approaches

Professional Judgment
Successful School District
Evidence-Based
Statistical

What Do The Results Produce?

Results from analysis:

A "base cost" and adjustments for a formula

"Base Cost" Analysis

This "base cost" reflects the cost of educating a student without special needs attending a school in a district that faces no uncontrollable cost pressures.

A "base cost" is used as a "foundation program" to allocate basic support to school districts. An adequate foundation program would incorporate a rational basis for setting the base or starting level in a formula.

A "base cost" must reflect the accountability and accreditation systems that require assessments of progress and performance and are tied to varying sanctions.

Students with Special Needs and District Adjustments

To estimate the additional cost adjustments/weights/factors needed to serve students with special needs, such as special education, gifted and talented, students at risk of failure, English Language Learners (ELL), as well as school district size and adjustments for cost of living or cost of doing business.

The result of this analysis is a multiplier against the base to generate a dollar amount needed to provide a service for a student or to make adjustments for districts characteristics.

Costs Not Included

It is important to note that these analyses do not include facilities, transportation, adult or family education and food services.

Do the Research Approaches all Produce Information for a Formula?

In Successful School Districts, base cost applies to school districts that are currently successful at a point in time. This approach does not address students or districts with special needs.

Base cost in Professional Judgment approach reflects what programs are needed to meet the expectations in the future so as to meet the proficiency and growth goals. Items like preschool for at-risk students; all-day kindergarten, summer school programs, quality before- and after-school programs, yearly staff development, and technology with a replacement cycle are included. An adjustment for student and district characteristics can be arrived at which generates a percentage amount in each category

Evidence Based approach, indicates through research that certain programs may show improvement in academic success. It is not something that reflects specific states standards or all the requirements that are required. It is limited in its use but can be helpful when used with other approaches.

Statistical approach school level data is required for performance and for expenditure which is not attainable currently. It also assumes that all schools are structured identical so comparisons must be made cautiously

How to Use Results of a Study?

An example can illustrate how using a “weight” to reflect the relative cost (compared to the base cost) of serving students with a special need would work in determining the amount of revenue a school district needs – where “serving” students means providing the programs and services needed to raise the academic performance of those students to state expected levels.

Suppose the weight for “at-risk” students (eligible to receive free or reduced-price lunches) was .40 and the base cost was \$5,000. If District A had 1,000 students and 300 (30%) of them were at-risk and District B had 25,000 students and 5,000 (20%) of them were at-risk, then district A would have a total cost of \$5.6 million and a per student cost of \$5,600 while District B would have a total cost of \$135.0 million and a per student cost of \$5,400.

What Have Other States Done?

- Several states have enacted new school finance systems in the past few years (from Maryland in 2001 to Pennsylvania in 2009).
- Among other things, these systems are less complicated than the ones they replaced – because numerous programs aimed at the same target issue were merged -- and more equitable – because there was less reliance on local funds and the majority of local funds were wealth equalized.
- Follow up studies in Maryland point to more funds being spent on direct services to students and improvements in student performance.
- In most cases, new funds have been phased in over several years and the recession has slowed the ability of states to fulfill the goals they established.
- No systematic studies have been undertaken that have been designed to evaluate the impact of new funding on student performance or to compare the experiences of states that have modified their school funding systems with those that have not done so.