Presentation to
House and Senate
Education Committees

January 2009
Colorado School Finance Project

Created in 1995, following the passage of the 1994 School Finance Act, the Colorado School Finance Project (CSFP) provides research and analysis of school finance information to school districts and state policy makers.
Evaluating a School Finance System

Is it:
- Equitable?
- Adequate?
- Accountable?
- Adaptable (flexible)?
- Understandable?
- Supportive of local community values?
Colorado K-12 Education: An overview  
(Data from 2006-07)

Increase in Colorado students identified with “special needs.”

At-risk: 29% of students are eligible for free lunch (218,571).
A 52% increase since 2001-02 (143,498).

Special Ed: 11% of students have disabilities requiring special services (83,121).
A 6% increase since 2001-02 (78,334).

ELPA: 9.5% of students are learning English as a second language (71,582).
A 95% increase since 2001-02 (36,756).

Total student enrollment continues to increase in Colorado.
• Colorado’s 178 district enrollment from 2005-06 to 2006-07 increased 11,700 students which is equivalent in size to the 17th largest district in the state.

Colorado per pupil spending falls $1,036 short of the national average.
• Colorado’s per pupil spending is $8,521.
• The national average for per pupil spending is $9,557.

Colorado invests less income in education than the national average.
• Revenue directed to Colorado K-12 education is equal to 3.12% of personal income.
• Revenue directed to K-12 education nationally is equal to 4.15% of personal income.

Colorado teachers’ earnings are $4,985 less than the national average.
• The average Colorado teacher salary is $45,831.
• The average national teacher salary is $50,816.
(Note: This is the average salary, not a base salary.)

Colorado teachers’ years of experience continues to decrease.
• In 1993, Colorado teachers averaged 13 years of experience.
• Colorado teachers average years of experience:

Profile data compiled by Augenblick, Palaich & Associates, 2006-07 data
Source: Colorado Department of Education
The number of students enrolled in Colorado’s public schools has increased by over 29% (167,779 students) from 1992-93 to 2006-07. Between 2005-06 and 2006-07:

- 69 districts lost 11 or more students (range from 11 to 714 students).
- 53 districts were stable (enrollment increased or decreased by 10 or fewer students).
- 56 districts gained 11 or more students (range from 11 to 2,613 students).

As the overall population of students grows, so does the number of students requiring special services.

Data Sources: Augenblick, Palaich & Associates, Profile of Changes in Colorado School Funding, 2008
CDE: ELPA 10 Year State Summary, 2007
K-12 Students under the English Language Proficiency Act (ELPA)

- ELPA Students are students whose dominate language is not English and whose academic achievement is impaired due to inability to comprehend or speak English.
- Eligible students are funded annually on per pupil basis, maximum funding two calendar years.
- Districts serve students after the two year funding limit to meet proficiency targets.
- Pre-K students are not eligible for ELPA funding.

ELPA A/B Category: A Students comprehend or speak a language other than English and do not speak English. B Students comprehend or speak some English, but the predominant comprehension and speech is in a language other than English. ELPA C Category: C Students comprehend or speak English and one or more other languages and their dominant language is difficult to determine.

In 2003-04, funding allocation for A/B and C students was almost equal, $101 for A/B and $110 for C. In the 4 school years since that time, A/B funding increased $81 to $182 per student. C funding decreased $93 to $17 per student. The allocations are not adequate to accommodate instruction and materials necessary to enable students to gain the English language literacy skills necessary to learn course content.

2008 Update  
Adequacy/Costing Out Analysis 

The Colorado School Finance Project (CSFP) did its original Adequacy/Costing Out analysis in 2003. We have updated our work three times to reflect changes in law and additional understanding of regulations after implementation of NCLB and the CCHE guidelines. This work was conducted by the national consultants of Augenblick, Palaich and Associates (APA). 

The analysis utilized the approaches of Successful Schools, the Professional Judgment and the Evidence Based models. The target or focus was the proficiency expectations set by the state and federal requirements. The analysis looked at where districts are in the continuum towards the 100% goal. 

The analysis has been very detailed and utilized multiple approaches. During the analysis, educators came to understand that moving from “universal access” to “universal proficiency” is a profound change in how students are educated. Underlying themes that rose from the analysis: 

**Time** – Longer days, longer years, quality before and after school programs, summer school – full day kindergarten for all students and pre-school for at-risk students. 

**Special Needs students** – The individualized type programs needed for a growing number of at-risk, non English speaking, special education and gifted and talented students. 

The importance of an **enriching curriculum** which includes career and technical education, International Baccalaureate programs, advanced placement classes, the arts, music, physical education, world languages, internships, etc. 

**Technology** – This includes 3 distinct components: **Infrastructure** (wired building, internet access), the **computer, software, and other technologies** (including distance or online) and the **integration** of the technologies in classroom instruction (integration for instruction and data collection). 

**Staff development** – Includes teachers and all individuals, administrators to non certified employees - focusing on a more individualized instruction for students as they attempt to meet the 100% proficiency goals. Staff development is continuous throughout the year, every year. 

Each of these five areas is complex and has been the focus of national research and analysis. As the CSFP moves forward, we will:

- Analyze available research evidence on which programs and resources might make a difference.
- Look at what other states have done as they investigate changing their educational systems (including programs and resources).
- Compare Colorado to other states in relation to achievement and investment in education.
Guiding Principles for Resource Allocation to School Districts

1. The majority (95%) of all state funding, including state grants, should be distributed to school districts through a formula that considers the needs and fiscal capacities of individual school districts.

2. The formula should be driven by a per-student base cost that reflects the revenue needed for a regular student (a student and district without any special needs) to meet the 12 content standards.

3. Adjustments to the per-student base cost should reflect added costs associated with the school district or the student that require supplementary expenditures to meet the standards.

4. School districts should make a contribution to the costs specified by the formula based on a reasonable tax effort.

5. To reflect the differing needs of their students and communities, school districts are permitted, with limitation and voter approval, to utilize additional local revenue in excess of the adjusted base amount determined in the formula.

6. A priority for school districts will be to continue to develop procedures for allocating resources to schools that reflect the needs at those sites.

7. State funding and laws for capital should be provided based on needs of districts and their relative fiscal capacity to pay, as well as evidence of reasonable local effort.

8. Funding for transportation should be provided that takes into consideration the unique circumstances districts face in transporting students.

9. For districts who offer “choice,” defined as charters or online schools, a portion reimbursed for the overhead expenses that are not reduced as part of infrastructure, when these choices are introduced.

10. The state should not specify how district funds are spent.

11. The state should hold districts accountable for student performance and appropriate legal requirements.

These principles act as a whole and are inclusive. This system should be designed to build capacity for school districts.

Revisions/Discussions ongoing.
Investing in Colorado’s P-12 Education System and Achieving State Education Requirements

Achieving academic success and meeting the accountability expectations in Colorado requires investing in students and teachers. Analysis of Colorado’s education expectations for all students to succeed requires long-term investments in:

1. Preschool
2. Universal full day kindergarten.
3. **Class size of 15-1 for Preschool – 3rd grade, 25-1 for 4th – 12th**
4. Additional instruction time for students struggling to meet academic expectations – (before and after school programs, more days in the year, summer school etc.)
5. Increased staff development.
6. Increased computers and technology for students and staff.
7. Additional support for students identified with special needs. (special education, at-risk, English language learners, gifted and talented)

These requirements are quite different from the current conditions in Colorado.

The Colorado School Finance Project (CSFP) contracted the nationally recognized firm of Augenblick, Palaich and Associates (APA) to assist with preliminary analysis in Colorado. The current discussion around increased vocational education programs, more time for students, and new accountability requirements would all need to be analyzed.

**Background:**
The analysis develops a cost estimate for every school district, each of which must deal with circumstances beyond their control, including student demographics, district size and location. Educator panels review the programs needed to accomplish the expectations. The base cost figure assumes a student with no special needs in a district with average characteristics. After deriving the base amount for each district adjustments are included reflecting district characteristics. A weighted amount is also assigned for each of the special students served, designated by special education, at-risk and non-English speaking.

**Colorado’s Analysis:**
1. **Base Amount** – amount changes with increased academic expectations and inflation.
2. **District Size**
3. **Pupil count** – includes almost 46,000 more students than currently serving with preschool and full day kindergarten.
4. **Special Needs Students** – At-risk, special education and English language learner students all are weighted and adjusted by the size of the district.
5. **Cost of living/Personnel Cost** – adjustments made for every district.
6. **Online – Technology** – Distance Learning
7. **Changing enrollment** – growing and declining enrollment districts.
8. **Choice** – impact on a finance system.
9. **Transportation** – Costs vary based on geography, size, and distance.
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CSFP Research Inventory
Areas of Major Focus

1. “Profile Data” – 1993 thru 2007 – yearly district, state and national comparisons. Areas analyzed:
   a. Enrollment – changes – size
   b. Special Needs populations – trends
   c. Wealth of school district – equity
   d. Number of teachers – years of experience/education
   e. Dollars spent toward instruction, maintenance and operation

2. “Adequacy Study” - Approaches include Successful School District and Professional Judgment. Study originally completed in 2003, first updated in 2005, recently updated in spring of 2008. Updates reflect changes in accountability requirements. Results and implications for implementation also completed initially and after updates. During this process “Guiding Principles for Resource Allocation” were also developed.

   a. School district size
   b. Cost of living factor
   c. Personnel factor
   d. At-risk: definition and adjustment
   e. Choice: in a school, in a district and increased class offerings
   f. Special Education
   g. English language learners
   h. Transportation
   i. Declining enrollment
   j. Capital: facilities, maintenance, operations
   k. CPI adjustment: alternatives
   l. Increased academic adjustment
   m. Voc Ed/Career & Tech Ed
   n. Summer School
   o. Pre School
   p. Kindergarten: all day
   q. Technology
   r. On-line
   s. Staff Development
   t. Compensation/Benefits
   u. Mill Levy
   v. Evidence-Based/Research of best practices

4. 2005 – Interim Study: Financing of Public Schools