

# Issue Paper: Using Average Daily Attendance as a Basis for Distributing State School Revenue

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## Introduction

**T**he Chalkboard Project's prior research focused on issues in Oregon related to student attendance and parental involvement, policy areas of special concern to school officials and Oregonians in general. In our earlier report, *The Condition of Oregon K-12 Education*, we reported that Oregon school officials are much more likely to express concern about absenteeism than officials in other states.

The federal *No Child Left Behind Act* places a renewed emphasis on attendance; and although officials in local school districts generally embrace a high attendance goal, the method by which the State funds districts provides no fiscal incentive to reduce absenteeism. This issue paper addresses key implementation issues associated with a proposed transition to using average daily attendance, rather than enrollment, as the foundation of Oregon's formula for distributing school revenue.

## Alternative Student Counts and the State's Funding Formula

At its foundation, the State School Funding Formula uses a student *enrollment* known as Average Daily Resident Membership (ADMr). The count tracks the number of children enrolled in a district's public schools on an average daily basis over the course of the school year. By tracking students over time, the measure does capture student migration in

and out of the district. The funding formula then adds "weights" to certain types of students (e.g., special education, ESL, pregnant and parenting students) to recognize their need for supplemental educational services. The resulting student count, Average Daily Weighted Membership (ADMw), drives the distribution of funds.

Using ADMr as the basis of the funding formula provides a perverse fiscal incentive to districts to be lax in attendance policies. If students do not attend school, class sizes are reduced; but under the funding formula, revenues remain constant. No evidence exists to suggest that districts or school explicitly act on this incentive. Nonetheless, a transition to an alternative student count, Average Daily Attendance (ADA), would explicitly encourage schools to emphasize attendance where the current fiscal system does not. Using ADA holds teachers, administrators, parents,<sup>1</sup> and students jointly accountable for ensuring that students attend classes whenever they are

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<sup>1</sup> We recognize that many children live with or are deeply influenced by adults other than their parents. However, for the purposes of this issue paper, we use the term "parent" to encompass all of these adults.

healthy. When students are not in class, teachers and administrators would be responsible for quickly determining the cause of the absence. Schools would work aggressively with parents and students to maximize attendance or risk a decline in funding. In short, the change would align the state's fiscal system with the already existing goals of state and federal accountability systems.

## State Practices

While a majority of states base funding on enrollment—measured over time or at a point in time—a number of states have turned to ADA as a basis for funding, including California, Kentucky, Idaho, Illinois, Mississippi, Missouri, and Texas<sup>2</sup>.

The strength of the fiscal incentive is clear in states that use ADA as the basis of the education funding systems. In Oakland (CA) Unified School District, state administrator Randolph Ward made improved attendance the centerpiece of the district's 2003-04 financial recovery plan<sup>3</sup>. To boost student attendance, the district eliminated an automated phone message system in favor of personal calls to parents of absentees. Moreover, the district worked with Alameda County District Attorney to establish fines for parents of habitually truant students.

The school finance website for Humble, Texas Independent School District steps teachers, administrators, and parents through the fiscal impacts of absenteeism. The site reports the district loses \$32.29 in funding for each student absence and urges parents, students, and employees to eliminate unnecessary truancy<sup>4</sup>

In Kentucky's Ludlow School District, Superintendent Elizabeth Grause wrote parents to urge them to keep absences to a minimum and demonstrated each student absence cost the district \$20.73<sup>5</sup>.

While the use of ADA sends clear and powerful message, opponents of the change will argue enrollment totals better characterizes the costs that face districts. Proponents of enrollment-based funding argue that districts must have the capacity to serve 100 percent of their enrollees on any given day whether they attend or not. Put differently, they contend enrollment—rather than attendance—drives staffing and facility investment decisions. Moreover, proponents of enrollment-based finance systems could argue that an ADA-system inappropriately assumes the cost of serving a student falls to zero on days a student is not in the classroom. Today, most schools already spend resources attempting to locate absentees on the days they are not in the classroom and getting them caught up on work on the days they return.

In short, enrollment-based finance systems hold theoretic tie to the cost of service, but they lack the incentive effect on attendance.

## Distributional Effects of a Transition to ADA

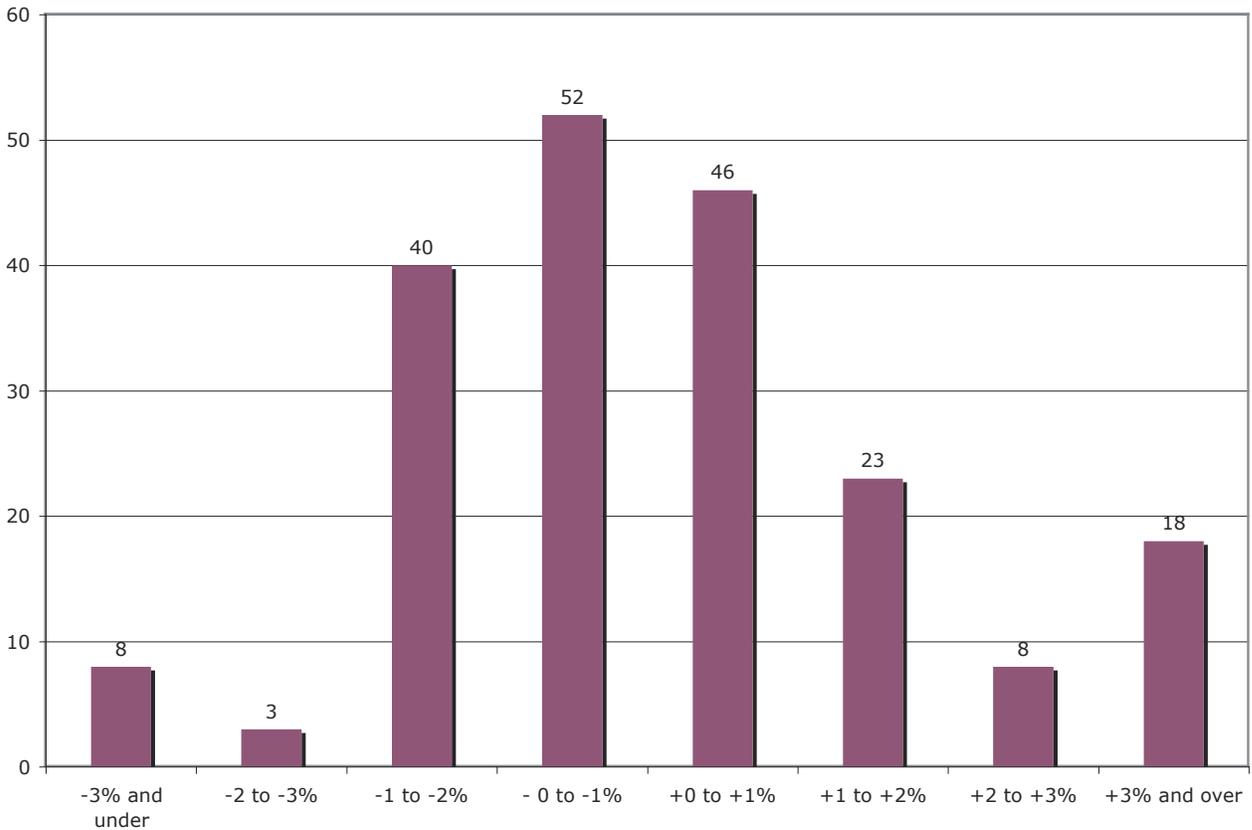
The transition from ADMr to ADA would not affect total statewide K-12 funding levels, but the move would create winners and losers across the state's 198 districts. Districts with above average attendance would gain relative to the current system while districts with below average attendance would lose. In 2003-04, statewide average attendance (defined here as Average Daily Attendance divided by Average Daily Resident Membership) was 93.4 percent. Figure 1 shows that 98 districts had attendance that fell within one percentage point—plus or minus—of the statewide average. Slightly more than half the districts (103) had average attendance above the state average and the remaining 95 had below average attendance. The average enrollment in districts with above average attendance was 2,754 compared with 2,489 for districts with below average attendance.

<sup>2</sup> Background on state finance practices was drawn from the National Conference of State Legislature's Education Finance Database.

<sup>3</sup> Lapan, Tovin. October 31, 2003. *Oakland Schools Chief Takes Aim at Attendance*. North Gate News Online. UC Berkeley Graduate School of Journalism . Accessed at [http://journalism.berkeley.edu/ngno/stories/001399\\_print.html](http://journalism.berkeley.edu/ngno/stories/001399_print.html) on January 26, 2005

<sup>4</sup> Calculations from [http://www.humble.k12.tx.us/legislativeInfo\\_attendance.htm](http://www.humble.k12.tx.us/legislativeInfo_attendance.htm) accessed on January 26, 2005. <http://www.ludlow.k12.ky.us/attendance.htm> accessed on January 26, 2005.

<sup>5</sup> Elements drawn directly and summarized from US Department of Education and US Department of Justice. Manual to Combat Truancy. July 1996. Accessed via <http://www.ed.gov/pubs/Truancy/index.html> on March 1, 2005.



Source: ECONorthwest calculated using ODE data

Districts with attendance that varied significantly from the statewide average (plus or minus three percentage points) had small enrollments. For example, the eight districts with attendance rates more than three percentage points below the state average had average enrollment of 824 students. The 18 districts with attendance rates three points higher than the state average had average enrollment of only 189. Given very small districts tend to be outliers—both positively and negatively—a revised formula may need to incorporate adjustments for small districts.

### Implementation

Given inherent impacts on individual district budgets, a phase-in period could consist of a study and attendance improvement period followed by an implementation period.

During the study and improvement period:

**ODE should review and standardize methods of counting attendance in Oregon schools.**

Generally, measures that are not explicitly tied to funding are not collected as consistently as measures that are. Attendance records—while important for federal and state accountability measure—are not directly tied to funding, and therefore, are not audited rigorously. Methods of taking attendance vary across schools. Put simply, some practices essentially assume all students are absent until they are proven present while other assume all students are present until they are proven absent. ODE should assemble, review, and standardize attendance recording methods across districts to ensure the new funding system treats districts equitably.

**ODE should evaluate correlates of low student attendance in Oregon and identify determinants of attendance that are outside a district’s ability to control.** The transition to an ADA-based funding should not punish districts for factors that are largely outside of their abilities to control. Therefore in developing the new policy, ODE should rigorously evaluate factors that determine or predict district attendance levels. Of utmost concern would be any correlations between

students with special needs (e.g., students in poverty, special education students, and English-language learners) and attendance.

Our preliminary analysis of district attendance and student-profile data for the 2002-03 school year identified a measurable, but relatively weak, relationship between attendance rates and district enrollment of students in poverty and special education students. Attendance is negatively associated with both student categories, which implies higher enrollments in those categories are associated with lower attendance rates. Specifically, our estimates suggest a 5-point increase in the poverty rate among students (for example, a district's share of students in poverty increases from 10.0 to 15.0 percent) would be associated with a 0.1 percent decrease in the attendance rate. Furthermore, a 5-point increase in a district's special education enrollments (again assume, 10.0 to 15.0 percent) would be associated with a 0.6 percent decrease in the attendance rate. Our analysis found no relationship between district attendance rates and enrollment levels of English-learning, pregnant and parenting students, or neglected/foster care students.

Again, the purpose of conducting the analyses would be to isolate characteristics that affect attendance but are outside districts' abilities to control. If, for example, a more thorough analysis of attendance among special education students concludes that medical conditions prevent certain groups of students from attending school full-time, year-round, ODE should propose adjustments to the funding method so that the system treats equitably districts with disproportionate numbers of medically needy students.

**ODE should assemble and disseminate best practices in reducing truancy.** The announcement of the funding system should spur attempts to improve attendance well before it is actually implemented. Inside Oregon and elsewhere, schools and districts have collaborated with parents, law enforcement agencies, and other community partners to devise truancy reduction programs. While programs differ in their scope and details, US Departments of Education and Justice offer five recommendations to districts that developing truancy reduction strategies<sup>5</sup>:

1. *Schools should involve parents in all truancy prevention activities.* Schools must improve methods of informing parents about absences—replacing automated messages with personal calls if necessary. In addition,

schools should consider programs that provide intensive monitoring, counseling and other family strengthening services to truants and their families. Schools can help by being “family-friendly” and encouraging teachers and parents to make regular contact before problems arise. Schools may want to consider arranging convenient times and neutral settings for parent meetings, starting homework hotlines, training teachers to work with parents, hiring or appointing a parent liaison, and giving parents a voice in school decisions. Schools have arranged in-person meeting with the parents of truant children; the younger the truant, the more likely the parent is the cause of the truancy.

2. *Ensure students face firm sanctions for truancy.* School districts should communicate to their students that they have zero tolerance for truancy. State legislatures have found that linking truancy to such items as a student's grades or driver's license can help reduce the problem. Delaware, Connecticut, and several other states have daytime curfews during school hours that allow law enforcement officers to question youth to determine if their absence is legitimate. In a few states, including New York, a student with a certain number of unexcused absences can be failed in his or her courses. A Wisconsin judge may, among other options, order a truant to attend counseling or to attend an education program designed for him or her.
3. *Create meaningful incentives for parental responsibility.* Parents of truant children must assume responsibility for truant behavior. Each community to determine the best way to create meaningful incentives for such parents to ensure that their children go to school. In some states, parents of truant children are asked to participate in parenting education programs.
4. *Establish on-going truancy prevention programs in schools.* Schools should address the unique needs of each child and consider developing initiatives to combat the root causes of truancy, including tutoring programs, added security measures, drug prevention initiatives,

mentorship efforts through community and religious groups, campaigns for involving parents in their children's school attendance, and referrals to social service agencies. Some Wisconsin schools have offered educational counseling to determine if a change in the student's curriculum could solve the problem or if any learning difficulties exist<sup>6</sup>.

Schools should also find new ways to engage their students in learning, including such hands-on options as career academies, school-to-work opportunities, and community service. They should enlist the support of local business and community leaders to determine the best way to prevent and reduce truancy. For example, business and community leaders may lend support by volunteering space to house temporary detention centers, establishing community service projects that lead to after school or weekend jobs, or developing software to track truants.

5. *Involve local law enforcement in truancy reduction efforts.* In order to enforce school attendance policies, school officials should establish close linkages with local police, probation officers, and juvenile and family court officials. Police Departments report favorably on community-run temporary detention centers where they can drop off truant youth rather than bring them to local police stations for time-consuming

processing. When part of a comprehensive anti-truancy initiative, police sweeps of neighborhoods in which truant youth are often found can prove dramatically effective. In Tennessee, truancy abatement centers allow police to deliver truant students to a common location and eliminate the need to determine which particular school the students should be attending<sup>7</sup>. Center caseworkers conduct family-wide assessments, provide referrals for health and social services, and serve as mediators between parents and children to alleviate attendance barriers.

Throughout the study and implementation periods, ODE should systematically assemble and disseminate information about practices that successfully improve attendance and determine which practices would work best in the Oregon context.

During the implementation period:

**ODE could gradually phase-in ADA as the basis of the State's funding formula.** To mitigate funding instability, ODE could blend the ADMr and ADA student counts over a two to three year period.

**ODE should establish technical assistance for districts with chronically subpar attendance.** For districts routinely falling below the statewide average attendance by three percentage points or more, ODE should establish technical assistance programs to improve attendance.

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<sup>6</sup> Bezruki, D., Monroe, K., & Cornelius, T. (2002). *A best practices review: Truancy reduction efforts*. Madison, WI: Legislative Audit Bureau.

<sup>7</sup> Morgan, J. G. (2004). *Teaching to empty desks: The effects of truancy in Tennessee schools*. Nashville, TN: The State of Tennessee, Comptroller of the Treasury Office, Office of Education Accountability.

