State Rep. Julie McCluskie, D-Dillon, works in her office at the Colorado Capitol, using a simulation tool developed by national nonprofit EdBuild to explore how changes to the state's school funding formula would impact districts across the state. (Erica Breunlin, The Colorado Sun)

EDUCATION

Part calculator, part crystal ball: Colorado lawmakers’ simulator testing tweaks to state’s school-funding formula

The state is contracting with EdBuild to pay for its simulator tool through the end of 2019 for a total cost of $177,428. Lawmakers hope it can predict the effect of any changes they want to make to the formula.

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Erica Breunlin
It’s hard to say how changes to a 25-year-old school funding formula will impact individual districts across Colorado, but for state lawmakers contemplating changes, an advanced simulation tool offers a peek into how tweaks could play out.

The tool, called a simulator by its creator, EdBuild, is part calculator and part crystal ball.

“At the very basic level, this is a tool that helps legislators figure out literally how much it’s going to cost to build into a new formula the policies that they would like to enact,” EdBuild founder and CEO Rebecca Sibilia said.

The nonprofit is nationally renowned for its research into the flaws of current school funding systems across states and its advocacy work for fair public school funding. To that end, the organization has constructed school funding formula simulation tools for five states, including Colorado, using statistical modeling software and a visualization plug-in, Sibilia said.

For close to three years, members of Colorado’s Legislative Interim Committee on School Finance have mulled potential changes to the formula, called the Public School Finance Act of 1994, as many have criticized it for failing to fund schools adequately or equitably. It’s also been widely characterized as an outdated funding mechanism.

The committee took its most significant step forward last month, when it decided to draft legislation that would reconfigure the factors that are
considered as state dollars are allocated across Colorado’s 178 school districts.

Among the elements included in the conversation is how much cost of living should influence the way districts are funded and whether more money should flow to rural districts.

Committee members are also evaluating how to define “at-risk” students, which currently centers on students who qualify for free lunch and some English language learners. Additionally, they’re considering pouring more funding into ELL students from low-income households – who currently are funded for one characteristic or the other – and boosting funding levels for special education students.

MORE: Lawmakers are finally setting out to retool Colorado’s school funding formula. They’ll have to reach a consensus on these questions first.

At the end of last year – before the idea of drafting legislation was put on the table – the committee asked EdBuild to produce a tool that could model the formula and show the kind of outcomes that would result from potential changes.

The state is contracting with EdBuild through December for a total cost of $177,428, which covers services including the development of the tool.

EdBuild will shut down in June, as was the plan when the organization set its strategy in 2015 to spend five years calling attention to the impacts of inequitable public school funding schemes in the U.S., Sibilia said.

The nonprofit will provide the state with a manual that explains how to use and update the tool after EdBuild ceases operations, she said.
Because EdBuild used a widely accessible software to develop the tool, it’s “very specifically intended to live beyond us,” she said.

The simulator designed for Colorado, Sibilia said, is unique in that it’s based entirely on the formula as it currently exists, with the ability to individually manipulate different factors that drive the formula.

In other states, she said, EdBuild was hired to rewrite the school funding formula rather than focus on making adjustments to the one in place.

Colorado’s tool – which EdBuild has continued to update as the committee has made decisions about what to focus on in the formula – starts with the total amount the state is currently investing in education and allows a user to set a new benchmark for how much additional money he or she wants to funnel into education, Sibilia said.

Through the tool, a lawmaker can either start with a higher sum of funding and figure out what will happen when it’s distributed, or keep the current funding total in place and learn how much more money will be needed to pay for a new formula.
A simulator tool developed by national nonprofit EdBuild is giving Colorado lawmakers a better idea of how potential changes to a 25-year-old school funding formula could affect districts and the state’s budget. (Provided by EdBuild)

The simulator also contains an input related to per-pupil funding, in which a lawmaker can change the amount of that funding. Legislators are constitutionally obligated to increase base student funding each year, but the tool enables lawmakers to set the base at an even higher amount than what is mandated by the constitution, Sibilia said.

From there, the tool can assess five elements key to the formula and analyze the cost of modifications to any one of them: cost of living, size factor, low-income students, English language learners and special education students.

Factor by factor, lawmakers can study how changes made to funding tied to low-income students, ELL students and special education students will shape the state’s budget along with district allocations.

For each of those student demographics, Sibilia said, lawmakers can indicate within the tool whether they want to keep funding the same, whether they
want to change the way those students are counted in the formula and at what level they want to fund those students.

The same is true when it comes to cost of living and size factor. The key question, Sibilia said, is “do you want to keep things the same or do you want to change the relative power that each of those have in the formula?”

Each time a user alters the way a factor plays into the formula, he or she can immediately see what effect it would have on the state budget and can also get an idea of how specific districts would fare.

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Additionally, the tool is loaded with student demographics and financial data from each district, data that is necessary to project how changes to the formula would shake out for districts, according to Sibilia.

For instance, users can zero in on districts with the highest concentration of low-income students, she said.

One component of the formula not embedded into the tool: the budget stabilization factor.

That factor was established in 2009 as the state struggled to afford required increases in K–12 spending during the Great Recession. Rather than boost funding to the degree the constitution required, the state developed the “negative factor” – also known as the budget stabilization factor – to keep track of how much it was underfunding schools annually.

The budget stabilization factor cannot be applied to certain pools of money, including base student funding as well as categorical funding for specific groups of students like ELL students, gifted students and those with special
needs. The budget stabilization factor is complicated enough that it could open up the possibility for error if inserted into the simulation tool right now, according to Matt Richmond, chief programs officer at EdBuild.

State Sen. Paul Lundeen, vice chairman of the interim school finance committee and a Monument Republican, has found value using the simulation tool, but said it isn’t an answer to the funding questions lawmakers face.

The simulator helps lawmakers understand the “mathematics of different choices,” Lundeen said, but it doesn’t create any choices. Rather, it leads lawmakers to the next question, he said, as they try to understand the makings of a good formula.

“It doesn’t fix anything,” he said. “It’s simply a tool.”


The simulator has been most useful, he said, in helping illustrate how the state can maximize its existing resources.
State Rep. Julie McCluskie, committee chairwoman and a Dillon Democrat, has spent time exploring what making changes to isolated factors would mean for districts. The tool, she said, has been beneficial, helping lawmakers identify trends based on student demographics in individual districts.

“I think it’s one thing to have a conversation and it is quite another to understand how those policy ideas might impact our districts across the state,” McCluskie said. The tool has helped lawmakers better understand how the factors within the formula interact and the complexity of how policy will play out in districts, she added.

McCluskie said she hasn’t yet found the “magical formula” through the tool, and time to do so is narrowing.

The committee had hoped to draft legislation by last Friday but now looks to draft legislation in the first few days of December.

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