Colorado K12 Funding
Observations and Ideas from the Field

Brett Ridgway
Chief Business Officer
School District 49
Colorado K12 Funding
Observations & Ideas from the Field

• Observations
  • We have gridlock & frustration because we too often recalculate the same ideas with new words.
  • More money for K12 education could be good, but it needs new ideas to match, and to engage voters.
  • Colorado needs more local funds in K12 education.
  • Equity is too narrowly defined as only applying to students. It is deeper than that. Why? There is inequity between districts; we do not have ‘District Equity’.

If we facilitate districts being relatively equal (District Equity), then efforts for student equity can be fruitful.
Creating **District Equity**

1. Size Adjustment
2. Metro Proximity Adjustment
3. Urban / Suburban / Rural / Small Rural Adj
4. Override Incentivization
5. Program Delivery Discount

**Uniform**

**Objective formulas for each**
Create District Equity:
- Size & Geography & Community

• Size – the basic scaling challenge of smaller districts to compete with larger ones.

• Where – value a district’s challenges / advantages as a result of their proximity to a metropolitan area.

• Who/What – value the challenges and advantages created by a district’s community characteristics
  • Urban - Suburban - Rural - Small Rural
Create District Equity  
- Size & Geography

• Size is not enough:
  • Comparably sized districts, with comparable size funding, but disparate geographical location:

<table>
<thead>
<tr>
<th>sFTE</th>
<th>Size Adjustment</th>
<th>Distance to Metro Area</th>
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<tbody>
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<td>1,182.40</td>
<td>1,064,811.33</td>
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<td>1,210.00</td>
<td>1,142,555.93</td>
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<td>1,327.80</td>
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<td>1,356.10</td>
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<tr>
<td>1,426.30</td>
<td>1,083,841.93</td>
<td>124</td>
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sFTE = Student Full Time Equivalent  
aka Funded Student Count

• There’s more happening here than just size.
Create District Equity
- Size, Geography, Characteristics

• Size Adjustment
  • When (with how many students) is ‘scale’ achieved?
  • Appropriate adaptation to current reality and trends.

• Urban / Suburban / Rural / Small Rural Adjustment
  • Cost of Living is different in different areas.
  • There is a value (or lack thereof) in location.

• Metro Proximity Adjustment
  • Closer metro proximity allows access to benefits of a metro area.
Create District Equity
- Local Contributions

• The Problem:
  • Patterns of Economic Development, combined with Gallagher Amendment, have created disparities that are largely beyond the influence of ‘local control’
    • Appropriate Measure = Assessed Value / student (A.V. / sFTE)
  Why is that the measure?
    • Both variables are fluid, so the ratio always reflects current reality – even if something changes with Gallagher.
    • Neither variable is directly impacted by local school boards.
    • High or Low A.V. in this context is only relevant to the student count it needs to support.
Create District Equity:
- Local Contributions

• Current Statute, minimum cap, for overrides is 20% of Program Formula Funding (PFF)
  • 20% PFF Opportunity for Colorado = $2.083 B
  • Current conversion for Colorado  .810 B
  • Theoretical opportunity for Colorado  1.273 B

• How do we access more of that opportunity?
  • Local Voters?
    Yes, but......
Create District Equity:
- Local Contributions

Horizontal Axis = order of Districts (left to right) is High value to Low value of AV/sFTE
Create District Equity:
- Local Contributions

Colorado School Districts with < $275k A.V./sFTE - 128 Districts

Horizontal Axis = order of Districts (left to right) is High value to Low value of AV/sFTE
Create District Equity:
- Local Contributions

Colorado School Districts with < $275k A.V./sFTE - 128 Districts

Horizontal Axis = order of Districts (left to right) is High value to Low value of AV/sFTE

Red = 2 small districts
Purple = 2 medium districts
Black = 2 large districts
Create District Equity:
- Local Contributions - Theory

<table>
<thead>
<tr>
<th>District Type</th>
<th>Mills for Upper End AV/sFTE</th>
<th>Mills for Lower End AV/sFTE</th>
<th>Mills for Multiple Necessary to Compete</th>
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<tr>
<td>Large Dist</td>
<td>10.480</td>
<td>41.157</td>
<td>3.9</td>
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<tr>
<td>Med Dist</td>
<td>8.854</td>
<td>63.015</td>
<td>7.1</td>
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<tr>
<td>Small Dist</td>
<td>9.649</td>
<td>53.131</td>
<td>5.5</td>
</tr>
</tbody>
</table>

Red = 2 small districts
Purple = 2 medium districts
Black = 2 large districts
Create District Equity:
- Local Contributions - Actual

Horizontal Axis order of Districts (left to right) is High value to Low value of AV/sFTE
Create District Equity:
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Create District Equity:
- Local Contributions - Actual

<table>
<thead>
<tr>
<th></th>
<th>Large Dist (30,000 ish sFTE)</th>
<th>Med Dist (7,500 ish sFTE)</th>
<th>Small Dist (300 ish sFTE)</th>
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<tr>
<td></td>
<td>MLO $</td>
<td>$ / sFTE</td>
<td>Mills</td>
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<tr>
<td>Upper End AV/sFTE</td>
<td>61,626,677</td>
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<td>8.983</td>
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<td>Lower End AV/sFTE</td>
<td>26,750,862</td>
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<td>Relative Value</td>
<td>43%</td>
<td>53%</td>
<td>190%</td>
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<tr>
<td>Lower End Needed to Compete</td>
<td>32.132</td>
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<tr>
<td>Resulting Multiple</td>
<td>3.58</td>
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Create District Equity:  
- Improve Local Contributions

• Overrides – create an incentivized matching program to make local overrides more attractive and more likely to succeed with local voters.

  • Local voters can better determine their support if they have more equitable opportunity.

  • If they decide ‘no’, then there is no match.

  • If they decide ‘yes’, then matching funds come alongside to validate and equalize the local effort.
Create District Equity:  
- Override Incentive Program

• How can it work?
  1. Answer the basic question: How much more/less should it cost one community to provide $X per student of override support than another community?  
     [Community Multiplier]
     1x?  2x?  3x?  More?  Some Fraction in between?

  2. What is the anchor point?
     • The anchor point # of mills to achieve 20% PFF. Where does that fit in the rankings of school districts?
       • Likely somewhere beyond the clear anomalies (>500k AV/sFTE)
       • Perhaps even beyond that (best of the twenty largest districts?)

  3. What is the incentive pattern?
     • Suggest something beyond simple linear, but still simple enough.
     • Determine a sweet spot that is somewhere after the local basic commitment, but short of the full opportunity.
Create District Equity:  
- Override Incentive Program

• Product of Community Multiplier & Anchor Point determines the beginning of incentive eligibility.

*Incentive Eligibility Point - from Anchor Point and Multiplier Assumptions*

<table>
<thead>
<tr>
<th>Anchor Pt. #mills</th>
<th>9.0</th>
<th>9.5</th>
<th>10.0</th>
<th>10.5</th>
<th>11.0</th>
<th>11.5</th>
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<td>Community Multiplier</td>
<td># of mills to 20% PFF Override</td>
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<tr>
<td>1.0 x</td>
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<td>9.500</td>
<td>10.000</td>
<td>10.500</td>
<td>11.000</td>
<td>11.500</td>
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<tr>
<td>1.2 x</td>
<td>10.800</td>
<td>11.400</td>
<td>12.000</td>
<td>12.600</td>
<td>13.200</td>
<td>13.800</td>
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<tr>
<td>1.4 x</td>
<td>12.600</td>
<td>13.300</td>
<td>14.000</td>
<td>14.700</td>
<td>15.400</td>
<td>16.100</td>
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<tr>
<td>1.6 x</td>
<td>14.400</td>
<td>15.200</td>
<td>16.000</td>
<td>16.800</td>
<td>17.600</td>
<td>18.400</td>
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<tr>
<td>1.8 x</td>
<td>16.200</td>
<td>17.100</td>
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<td>18.900</td>
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<td>20.700</td>
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% of Districts Eligible for Incentivization

<table>
<thead>
<tr>
<th>Anchor Pt. #mills</th>
<th>9.0</th>
<th>9.5</th>
<th>10.0</th>
<th>10.5</th>
<th>11.0</th>
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<tbody>
<tr>
<td>Community Multiplier</td>
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<td></td>
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<td></td>
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<tr>
<td>1.0</td>
<td>82%</td>
<td>81%</td>
<td>80%</td>
<td>78%</td>
<td>77%</td>
<td>75%</td>
</tr>
<tr>
<td>1.2</td>
<td>77%</td>
<td>76%</td>
<td>74%</td>
<td>70%</td>
<td>67%</td>
<td>64%</td>
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<tr>
<td>1.4</td>
<td>70%</td>
<td>67%</td>
<td>63%</td>
<td>62%</td>
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<td>59%</td>
</tr>
<tr>
<td>1.6</td>
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<td>54%</td>
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<td>46%</td>
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<td>29%</td>
<td>26%</td>
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Create District Equity:
- Override Incentive Program

• Example:
  • If we say it should be no more than twice as expensive for one community vs. another community,
  and
  • The lowest # mills to hit the override cap for a top twenty district is 10.48; round it to 10.500 for the Anchor Point then
  • The product of the two = 21.000
  Therefore, any district (of which there are 81) whose mill requirement would be > 21.000 mills to hit 20% PFF would be eligible for assistance (incentivization) to get there.
  • The # mills > 21.000 would be supplied according to the incentive curve when local voters contribute their share.
Create District Equity: - Override Incentive Program

• What is the incentive pattern? How does that step across effort? Where’s the sweet spot?

• As the local voters do their share, the state matches
Creating District Equity
- Program Delivery Discounts

• Online education delivery
• Homeschool education delivery
  • Remember that these populations are 100% choice enrollment – no boundaries for default school.
  • While it can be validly argued that both online and homeschool education delivery has a lower cost profile, it should not be assumed to be a less impactful delivery to the students and families that choose it.
  • A moderate discount is appropriate to represent the lower cost profile in the base program delivery.
  • Student equity programs should be fully applied to prevent discrimination against students and families.
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**Uniform** objective formulas for each