

# Colorado Superintendents' Proposed Formula to Modernize School Funding

December 2017

## Background

The modernized school finance formula proposed by Colorado Superintendents aspires to provide all 178 Colorado school districts with an increased level of funding for all students, while at the same time establishing a more equitable distribution of funding for students who are underserved and/or face the greatest challenges to achieving Colorado's Graduation Guidelines and finishing high school ready for college and career.

Since passage of the existing Public School Finance Act of 1994, expectations of Colorado's public schools have increased substantially both in terms of expected outcomes of students and levels of public accountability for schools and school districts. During this same period, the programming and services Colorado's schools must provide to meet the increasing needs and challenges of students have also expanded exponentially.

In response to these challenges, Colorado Superintendents began work on developing a school finance formula that supports the current needs of all of Colorado's public schools and the students they serve.

## Objectives

The Colorado Superintendent's modernized school finance formula as it exists today was developed to achieve the following objectives:

1. Ensuring that all districts receive additional funding in a more fair and equitable manner to support current academic standards and accountability systems.
2. Creating a student-centric distribution formula utilizing weights for special education, ELL, and gifted and talented students as well as those students living in poverty, ELL, and gifted and talented students.
3. Ensuring that, at a minimum, every Colorado school district receives a total program amount at or above the current year total program funding calculation excluding the budget stabilization (negative) factor.
4. Recognizing and adjusting for cost differences among districts related to size, geography, and the cost of doing business.
5. Creating a transparent model.
6. Including an increased base amount to begin moving total per student funding in Colorado closer to the national average.

## Legislation

Legislation supporting the Colorado Superintendent's modernized school finance formula must contain language that will ensure that the formula will only be enacted in the event that an adequate and sustainable state-level increase in appropriation of funds for P-12 education allows the model to be fully funded. Any attempt to implement the modernized school finance formula without adequate revenue to fully fund the model must be strongly rejected.

## Colorado Superintendents' Modernized School Finance Formula Funding Calculation

<b>Base Cost:</b> Pupil count (including <i>either</i> .5 or 1.0 or kindergarten) times base per pupil funding.
+
<b>Special Education:</b> Mild and Moderate students are funded with a size-variable adjusted weight in the formula. Severe students will be funded through categoricals. (Severe is currently included in the formula for dollar comparison purposes.)
+
<b>Poverty:</b> Includes free and reduced price lunch students funded.
+
<b>ELL:</b> Student count equals actual ELL students served. Funded using a size-variable adjusted weight, high cost students would be funded through categoricals. (High Costs students currently included in the formula for dollar comparison purposes.)
+
<b>GT:</b> Student count equals actual GT students served. Funded using a size-variable adjusted weight.
+
<b>PreK:</b> Funded at .5 of the base amount for actual kids served.
=
<b>Total Weighted Funding before Cost of Living Adjustment</b>
X
<b>Cost of Living Adjustment:</b> Total Weighted Funding times a district-specific cost of living factor. Factor may include cost of living, cost of doing business, and/or wage differentials. Total cost of living adjustment currently modeled to be no more than 5% of total funding.
=
<b>Total Weighted Funding Adjusted for Cost of Living</b>
+
<b>Online/Accent:</b> Funded on actual pupil count, currently modeled with funding at 95% of base amount.
+
<b>Size Adjustment:</b> Based on a scaled funded pupil count for districts below ~ 43,000 students
=
<b>Total Program Funding:</b> Includes current policy of 95% minimum funding and hold harmless

## FUNDING DESCRIPTIONS

### Base and Categoricals

Base funding per pupil and Categorical funding are constitutionally defined.

### Adjustments Related to District Size

Adjustments for costs related to district size are based on the professional judgment work done for Colorado. All adjustments are linear and ensure no cliff funding in the formulas.

### Funded Pupil Count

Funded Pupil Count similar to current count including incorporating a declining enrollment adjustment and minimum funding at 50 students.

### Special Education

Mild and Moderate special education students will be funded in the model (Similar to Tier 1 and 2 students). Severe students (Tier 3) will continue to be funded through a categorical.

### Poverty

The poverty count will include both free and reduced price students.

### GT

Gifted students will be funded inside the formula.

### PreK and Kindergarten

Students will be funded based on actual service, either a .5 or 1.0 Funded Pupil Count.

### Cost of Living

Cost of living needs to address differences in costs of staff and regional cost differences. At this time, the current approach is applied with a limit to its total impact on funding.

### Online/Accent

Funded on actual pupil count. Online is currently modeled at 95% of the base amount.

### Size Adjustment

Adjustment based on full funded pupil count, similar to current funding. Size adjustment only impacts base funding, other factors are also separately adjusted for size.