

# Welcome Task Force Members & Guests

## A few notes prior to the meeting starting:

Task Force Members, if possible, please change your screen name to be TF\_Your\_Name, please have your camera on and relevant documents available at the beginning of the meeting.

- Welcome to the public who are watching the meeting via Live Streaming. If we have a breakout session in today's meeting, individual breakout rooms will not be streamed. These discussions will not involve any decision making and a readout from each breakout will be provided when the full meeting resumes.
- If the public has any questions or comments, these can be sent via email to Amy Carman at [carman\\_a@cde.state.co.us](mailto:carman_a@cde.state.co.us)

# SB 23-287 School Finance Task Force



December 12th, 2023

Virtual Meeting



SCHOOL + STATE  
FINANCE PROJECT

# Overview of Today's Agenda

1. Welcome & Norms Review (10 mins) (Info & Awareness)
2. Adequacy process update (5 mins) (Info & Awareness)
3. Recommendation Development Review (10 mins) (Info & Awareness)
4. Scenarios Review & Discussion (45 mins) (Discussion)
5. Break (5 mins)
6. Recommendations Review/Refinement/Finalization (130 mins)  
(Discussion/Decision)
7. Process Plan & Outline for Report (20 mins) (Discussion)

# Technical Etiquette

## Zoom Etiquette:

- Task Force Members, if possible, please have your screen name as **TF\_Your\_Name**. All other Participants please have your screen name as **Your\_Name\_Role**.
- Please do not utilize the chat function
- If you wish you to comment, please use the raise hand function within Zoom and wait to be called on by the facilitator
- Please do not interrupt someone as they are speaking
- Breakout Rooms & Straw Polls

# Guidelines for Interaction, Deliberation and Collaboration

- Appreciate that a variety of perspectives are represented throughout this Task Force
- Task Force Members should assume good intentions from other Task Force members
- All Task Force Members should strive to understand the intent of what has gone before and what didn't work
- When introducing or discussing new topics, please endeavour to provide a clear, concise breakdown of factors, what policies drive them and the funding that goes into each one
- Task Force Members are responsible to set aside sufficient time between meetings to accomplish all readings and work
- Please appreciate that Task Force Members are performing different roles than their day to day positions

# Project Plan

Sep

Tuesday, 12th

- Vision Setting
- Project Plan Buildout
- Adequacy Study Parameters Design

Friday, 29th

- Adequacy Study Parameters Vote
- Revisit At-Risk Task Force Decisions & No Decisions
- Unpack student need & additional costs associated
- Discuss & Review current and alternative ways to fund based on need (i.e. categorical funding)
- Develop 2 proposals to model

Oct

Tuesday, 17th

- Proposal Review/Refinement
- Review and discuss current history and purpose of Cost of Living
- Revisit At-Risk Task Force Decisions & No Decisions
- Develop 2 Proposals to model

Tuesday, 31st

- Proposal Review/Refinement
- Review and discuss current indexes utilized in formula understanding history, affect, and intended purpose
- Discuss and review alternative options to address concerns
- Develop 2 proposals to model
- Review basics and funding for Institutional Charter Schools and how they differ from other Charter Schools

Nov

Tuesday, 14th

- Proposal Review/Refinement
- Review current challenges & effects of mill levy overrides
- Develop 2 proposals to model
- Review and discuss current size factor
- Discuss alternative methods to adjust for size & geography
- Develop 2 proposals to model

Model Development & Buildout

Dec

Tuesday, 5th

- Review & discuss models and the interplay between proposals-
- Refine & align on proposals (identify additional modeling requirements)
- Vote on Recommendations for
  - CSI

Tuesday, 12th

- Review & discuss models
- **Vote on Recommendations for**
  - Student Need
  - Multiplicative Indexes
  - Size Factor
  - Cost of Living

Jan

Friday, 12th

- Discuss and provide feedback (In person) for the Final Report

**Note:** Task Force Members will be able to provide feedback outside of the optional Jan meeting

# Workgroup Purpose & Scope

Required Task Force Action	Status
Recommendations due and parameters for 2024 study	Completed
Prioritizing student need in the formula	Finalizing Recommendation
Recalibrating the cost of living factors	Finalizing Recommendation
Eliminating the use of multiplicative indexes	Finalizing Recommendation
Revising the size factor	Finalizing Recommendation
Securing Equalization in Mill Levy Overrides for Institute Charter Schools	Completed
Report Detailing Findings	Develop Outline

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# Adequacy Study Process Update



## What have we done:

1. On Sep 29th the Task Force developed and approved 2 sets of parameters for 2 separate Adequacy Studies
2. On Oct 27th CDE published the [RFI](#)
3. On Oct 31st CDE republished the [RFI](#)
4. On Nov 9th CDE published responses to inquiries on the [RFI](#)

## Current actions & next steps

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# Process for Decision Making

## Process for Decision Making

1. Review the content through pre-reads, presentations, and discussion
2. Identify, develop, and align on 2 proposals to model
3. Model & review data discussing impact, unintended effects, and potential outcomes
4. Revise and finalize a draft recommendation
5. Utilizing aspects of Robert's Rules a member of the Task Force makes a motion to accept the proposed recommendation
6. Another Task Force member must 2nd it
7. The Task Force is given the opportunity to discuss
8. Once points of discussion have been raised the facilitator will move to take a vote on whether to accept or reject the proposed recommendation
9. If a majority vote to accept the proposal, it will be incorporated into the final report, if not, the proposal must be revised and finalized again (Step 4)

# Potential Recommendation Types

## The One:

- **Definition:** One recommendation per focus that contains multiple adjustments/changes to the formula
- **Example:** The Task Force Recommends the Size Factor be moved to the end of the Formula AND is adjusted so the minimum size factor is 1

## The Many:

- **Definition:** For each focus, multiple recommendations are made but contain only 1 specific change to the formula
- **Example:**
  - The Task Force Recommends the Size Factor be moved to the end of the Formula
  - The Task Force Recommends that the Size Factor is adjusted so the minimum size factor is 1

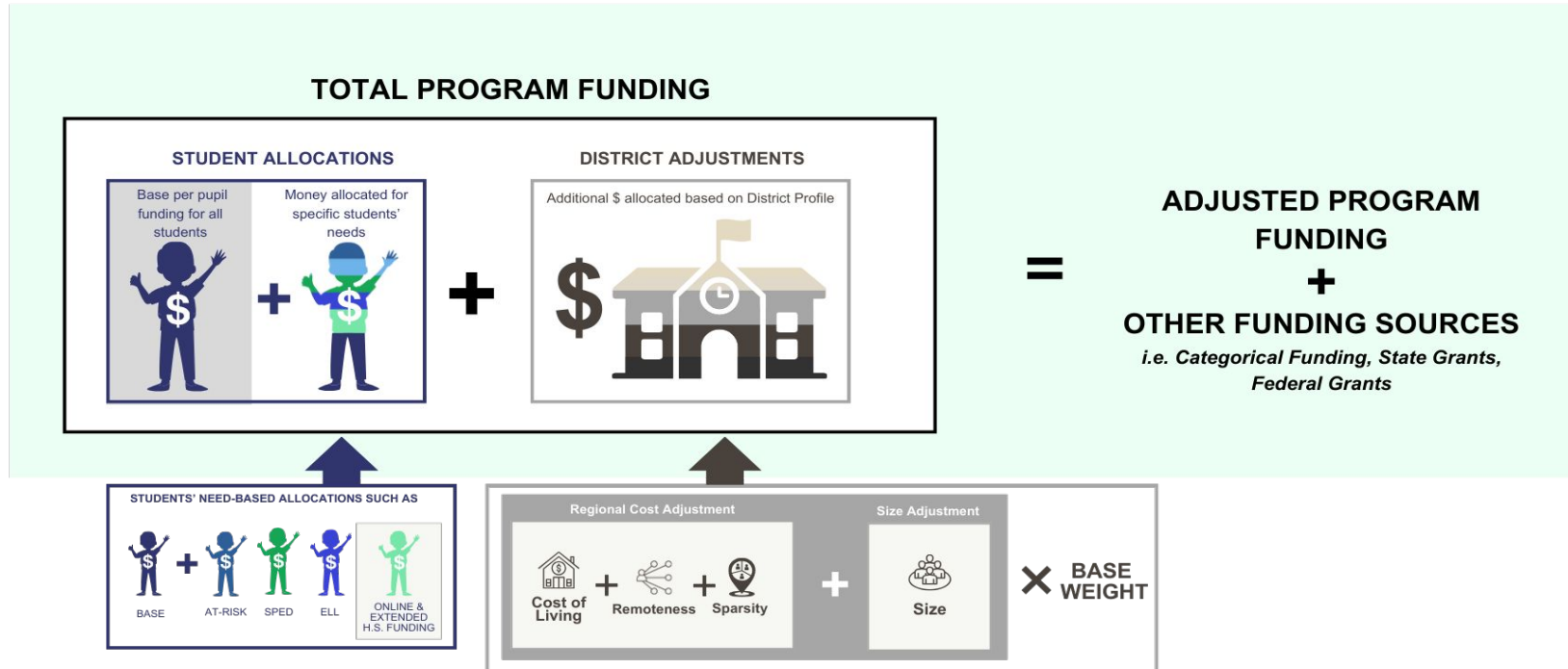
## The None:

- **Definition:** For each focus, a recommendation may be made that recommends not changing anything.
- **Example:** The Task Force Recommends to not change how the Cost of Living Factor is utilized within the formula

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# Revised Formula



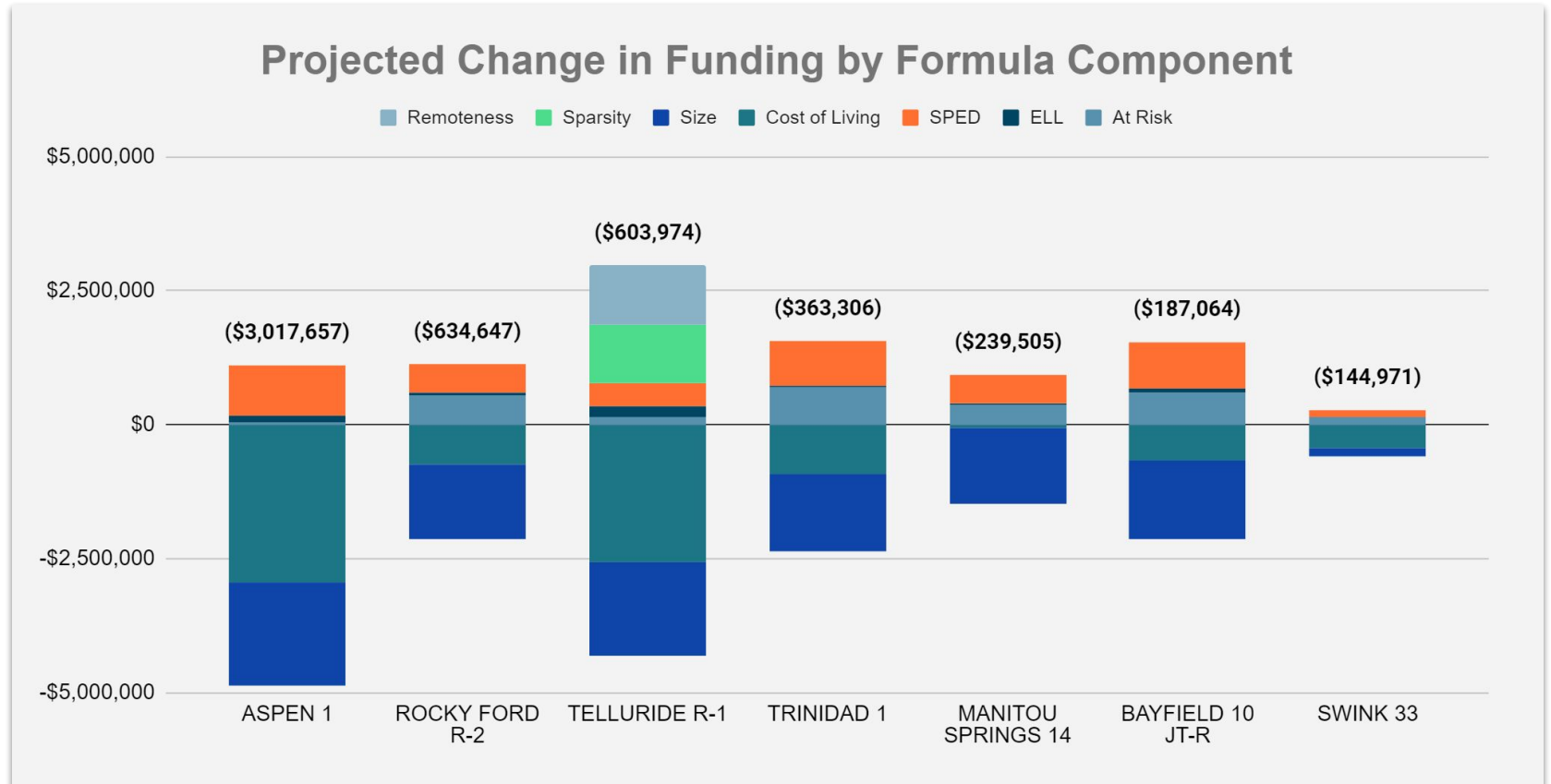
# Scenario Review Workbook

**Purpose of the Review:** To collect feedback and input around Initial Scenarios

**Participation:** 10 out of 17 Task Force Members

**Takeaways** ([Workbook Results](#))

# Scenario 5: District Losses





# Increasing Base Under Scenario 5

During the last Task Force meeting, several Task Force members highlighted the need to **increase the level of base funding**. The table below highlights the changes under Scenario 5 if base funding was **increased by \$2,000**. (The current base is \$8,472.15.)

- Increasing the base under Scenario 5 would result in a significant increase in total program funding, compared to baseline.
- Increasing the base by \$2,000 would require an additional \$2.4 billion, or a 23% increase, from the original Scenario 5.

	Total Program Funding	Change (\$) From Baseline	Change (%) From Baseline
Scenario 5: Increased Base	\$12,991,418,298	\$3,374,936,201	35%
Scenario 5: Original	\$10,564,000,210	\$947,518,113	10%

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# 5 Minute Break



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# Final Recommendations: Progress to Date

## What have we done?

- Reviewed the components of school funding formulas.
- Task Force members provided perspectives on how the formula should prioritize student need along with other priorities
- Multiple proposals for each area were developed, discussed, revised, and modeled
- Initial & Adjusted scenarios combining various proposals have been modeled and district runs have been developed and shared with the Task Force
- Those scenarios and district runs have been discussed by the Task Force

## *Task Force Responsibility:*

**EXAMINE AND MAKE  
RECOMMENDATIONS CONCERNING  
MAKING THE SCHOOL FINANCE  
FORMULA SIMPLER, LESS REGRESSIVE,  
AND MORE ADEQUATE,  
UNDERSTANDABLE, TRANSPARENT,  
EQUITABLE, AND STUDENT-CENTERED**

# Process for Decision Making

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8. Once points of discussion have been raised the facilitator will move to take a vote on whether to accept or reject the proposed recommendation
9. If a majority vote to accept the proposal, it will be incorporated into the final report, if not, the proposal must be revised and finalized again (Step 4)

## Our goals for today

***Review, discuss and finalize recommendations for all 5 remaining areas***

# Order of Operations

1. **Prioritizing Student Need**
2. **Eliminating Multiplicative Indexes**
3. **Revising the Cost of Living Factor**
4. **Revising the Size Factor**
5. **\*\*\*Additional Recommendations\*\*\***
  - a. E.g. Hold Harmless, Phase in Approach, etc...



# School Finance Formula

## Proposed Recommendations:

1. Recommend the legislature revisit and assess the adequacy of the base weights and need weights once the results of the adequacy studies have been published.

## *Task Force Responsibility:*

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# Prioritizing Student Need

## Proposed Recommendations:

1. Recommend to increase At-Risk weight to 0.31, and remove cap (0.3) on total possible At-Risk weight.
2. Recommend to adjust ELL weight where districts with enrollment less than 495, ELL weight is 0.35. For districts with enrollment at least 495, but less than 1,790, ELL weight is  $0.372934 - (0.00004633 \times \text{DISTRICT FUNDED PUPIL COUNT})$ . For districts with enrollment 1,790 or more, ELL weight is 0.29. Starting in FY25 there will be no eligibility cap for students.
3. Recommend to include additional Tier A and B student weights in the formula. Tier A students weight would be 0.5. Tier B students would be 0.85.

## *Task Force Responsibility:*

**“(C) PRIORITIZING STUDENT NEEDS IN THE FORMULA, INCLUDING MEASURES, TO THE EXTENT POSSIBLE, THAT ALIGN THE AT-RISK FACTOR, ENGLISH LANGUAGE LEARNER FACTOR, AND SPECIAL EDUCATION CATEGORICAL FUNDING BASED UPON AVAILABLE EVIDENCE-BASED RESEARCH ON STUDENT-CENTERED FUNDING THAT HAS A DIRECT IMPACT ON STUDENT OUTCOMES;”**

# Eliminating Multiplicative Indexes

## Proposed Recommendations:

1. Recommend that personnel and non personnel factor be removed from the funding formula.
2. Recommend moving cost of living, size factor and any additional non-student weight factors from the preliminary per pupil calculation, to the end of the formula in a “District Adjustment”

## *Task Force Responsibility:*

**“(A) ELIMINATING THE USE OF MULTIPLICATIVE INDEXES FOR COST OF LIVING, PERSONNEL AND NON-PERSONNEL COSTS, AND DISTRICT SIZE;”**

# A Revised Cost of Living Factor

## Proposed Recommendations:

1. Recommend rebasing the cost of living factor utilizing 2021 as a base. Rebasing the cost of living factor should occur at minimum every 5 years going forward.

### **Task Force Responsibility:**

*“RECALIBRATING THE COST OF LIVING FACTOR, CAPPING THE COST OF LIVING FACTOR, OR ALTERNATIVE METHODS TO ACCOUNT FOR THE COST OF LIVING, INCLUDING THROUGH CATEGORICAL FUNDING. A **RECOMMENDATION CONCERNING A REVISED COST OF LIVING FACTOR** MUST BE ABLE TO REGULARLY CHANGE AS A RESULT OF THE BIENNIAL COST OF LIVING STUDY.”*

”

# Revising the Size Factor

## Proposed Recommendations:

1. Recommend utilizing the current size factor calculation, but remove the size factor benefit for districts educating 459 students or more.
2. Recommend having districts receive weights based on student sparsity with a weight of 0.15 for districts with 2.5 student/sq. mile or less.
3. Recommend having districts receive weights based on student remoteness with a weight of 0.15 for districts classified as Rural using NCES classification.

## ***Task Force Responsibility:***

*“Revising the size factor to incorporate considerations other than or in addition to student enrollment, including the remoteness of a school district;”*

# Additional Recommendations

## Additional Recommendations:

1. Recommend utilizing a hold harmless with the introduction of the new funding formula for a minimum of 4 years.
2. Recommend phasing in changes to the new formula over a 4 year time period utilizing hold harmless.

## *Task Force Responsibility:*

**EXAMINE AND MAKE RECOMMENDATIONS CONCERNING MAKING THE SCHOOL FINANCE FORMULA SIMPLER, LESS REGRESSIVE, AND MORE ADEQUATE, UNDERSTANDABLE, TRANSPARENT, EQUITABLE, AND STUDENT-CENTERED**

# Phasing-in the formula can spread the additional investment over multiple years.

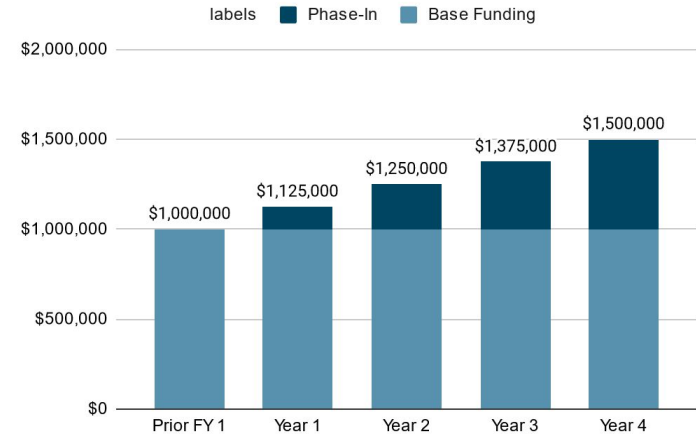
- Phase-ins generally provide an increasing **increment** of the additional state funding each FY following a formula change, until they are **“fully funded”**.
- Phase-ins **gradually increase/decrease district grants over multiple fiscal years** until the grants equal what is produced by the funding formula.

## Example Formula Phase-In

- In the example below, a funding formula provides a district a fully funded grant of \$1.5 million, or a \$500,000 increase over the prior FY grant of \$1 million.
- In this example, the funding formula is being phased-in **25% per year over 4 years**, with the district receiving **“full funding”** in year 4.

	District Grant	Phase-In %	Phase-In Amount
<b>Prior to Formula Change</b>	\$1,000,000		
<b>Year 1 of Phase-In</b>	\$1,125,000	<b>25%</b>	\$125,000
<b>Year 2 of Phase-In</b>	\$1,250,000	<b>50%</b>	\$250,000
<b>Year 3 of Phase-In</b>	\$1,375,000	<b>75%</b>	\$375,000
<b>Year 4 of Phase-In</b>	\$1,500,000	<b>100%</b>	\$500,000

Impact of 4-Year Phase-In on District Grants



# Key questions when considering a funding formula phase-in

When considering a funding formula phase-in, there are several key questions to consider.

1. **How much money (additional state cost) should be invested each year?**
  - a. Phase-ins are less expensive than fully funding a formula change, but what amounts should be expected each year?
2. **Should the additional state investment be equal in each year of the phase-in, or unequal?**
3. **How long should the phase-in take?**
  - a. Longer phase-ins can be less expensive, but result in a longer wait until “full funding”.
4. **Should all districts be phased-in at an equal rate?**
  - a. If not, which types of districts should receive a faster or slower phase-in rate?



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# Report Outline

## Proposed Outline:

- **Background:** Review current funding formula and its components
- **Challenge:** Current formula is complex, regressive, not transparent, etc.
- **Bill & Objectives:** Review overall bill and key charges of the task force
- **Approach:** Review project plan and planned discussions and modeling
- **Data Analysis & Modeling:** Review analyses & scenarios
- **Recommendations:** Review and discuss recommendations
- **Conclusion**

# Next Steps

Where did we land?

What (if anything) do we need to do to finalize recommendations?

# Closing

Recap of today's discussions



Our next meeting is Jan 12th, 2023, **9 am- 1 pm**