

# 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



November 14, 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. Status & Vision for an Updated Formula (30 mins) (Info & Awareness)
4. Informational Analysis of Size Factor (30 mins) (Discussion)
5. Break (5 mins)
6. Size & Additional Factor Proposal Development (40 mins) (Discussion)
7. Break (5 mins)
8. Cost of Living Proposal Development (40 mins) (Discussion)
9. Break (5 mins)
10. Revisiting Charter Institute Development (30 mins) (Discussion)
11. Planning for December (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**
  - **Prioritizing Student Need**
  - **Cost of Living Factor**
  - **Multiplicative Indexes**

Tuesday, 12th

- Review & discuss models
- **Vote on Recommendations for**
  - **ICSS**
  - **Size Factor**
  - **Undecided AT RISK proposals**

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

# Overview of Today's Agenda

1. Welcome & Norms Review (10 mins) (Info & Awareness)
2. Adequacy process update (5 mins) (Info & Awareness)
3. Status & Vision for an Updated Formula (30 mins) (Info & Awareness)
4. Informational Analysis of Size Factor (30 mins) (Discussion)
5. Break (5 mins)
6. Size & Additional Factor Proposal Development (40 mins) (Discussion)
7. Break (5 mins)
8. Cost of Living Proposal Development (40 mins) (Discussion)
9. Break (5 mins)
10. Revisiting Charter Institute Development (30 mins) (Discussion)
11. Planning for December (20 mins) (Discussion)

# 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



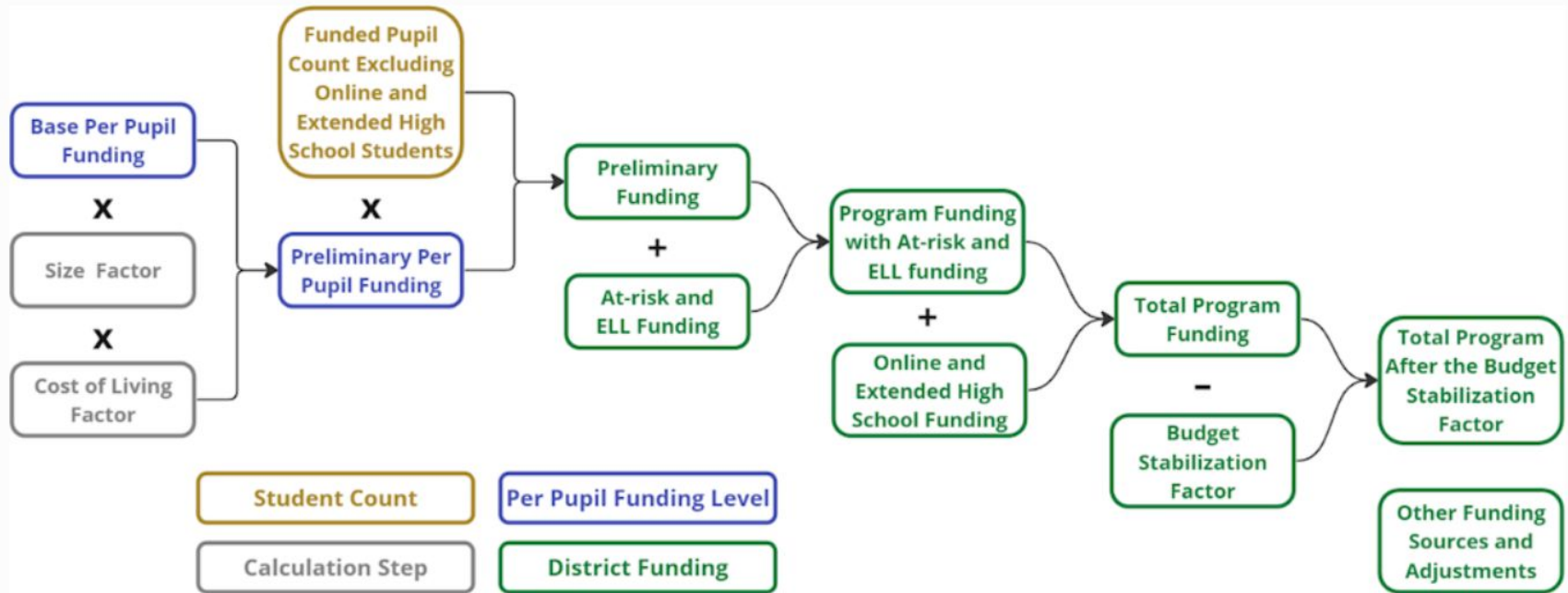
# Overview of Today's Agenda

1. Welcome & Norms Review (10 mins) (Info & Awareness)
2. Adequacy process update (5 mins) (Info & Awareness)
3. **Status & Vision for an Updated Formula (30 mins) (Info & Awareness)**
4. Informational Analysis of Size Factor (30 mins) (Discussion)
5. Break (5 mins)
6. Size & Additional Factor Proposal Development (40 mins) (Discussion)
7. Break (5 mins)
8. Cost of Living Proposal Development (40 mins) (Discussion)
9. Break (5 mins)
10. Revisiting Charter Institute Development (30 mins) (Discussion)
11. Planning for December (20 mins) (Discussion)

# Current Formula

## CO School Finance Formula

Below is a diagram of the formula used to calculate funding for each Colorado school district. Click a part of the diagram to learn more.



# Takeaways from Discussions Thus Far

1. Desire to make it more simplified
2. Desire to make it more student focused
3. Desire to eliminate multiplicative aspects of the formula
4. Desire to increase student weights with a specific focus on ELL, SPED and AT Risk
5. Desire to Account for additional “cost of doing business”
6. Desire to make changes “based on adequacy study”
7. Desire to fund CSI charter schools with Mill Levy equalization aligned to the statute from 2023 session

# Current Proposal(s): Eliminating Multiplicative Indexes

## Draft Proposals:

1. Remove personnel factor
2. Move COL & Size Factor 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;”**

# Current Proposal(s): A Revised Cost of Living Factor

## Draft Proposals:

1. Move COL & Size Factor to the end of the formula in a “District Adjustment”
2. Remove Personnel Factor
3. Rebase COL Factor
4. Add an additional (new) index (cost of doing business) in addition to current COL

## 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.”*

”

# Current Proposal(s): Prioritizing Student Need

## Draft Proposals:

At Risk	
Proposal 1	Proposal 3
Increase At-Risk weight to at least <b>1.0</b> , in line with research recommendations.	Increase At-Risk weight to <b>0.75</b> , as determined by Task Force Members.
Remove <b>cap (0.3)</b> on total possible At-Risk weight.	Remove <b>cap (0.3)</b> on total possible At-Risk weight.

ELL		
Proposal 1	Proposal 2	Proposal 4
Remove current ELL weight and implement additional weights for 3 proficiency categories sourced from Hawaii funding model: <ol style="list-style-type: none"> <li>Fully proficient: <b>0.1</b></li> <li>Limited proficient: <b>0.25</b></li> <li>Non-English proficient: <b>0.5</b></li> </ol> No eligibility cap for students, regardless of proficiency.	Increase current ELL weight to <b>0.5</b> , as determined by Task Force Members.  No eligibility cap for students, regardless of proficiency.	Increase current ELL weight to <b>0.5</b> , as determined by Task Force Members.  Increase student eligibility to 5 years regardless of proficiency.

## 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;”

# Current Proposal(s): Prioritizing Student Need cont...

## Draft Proposals:

Students with Disabilities	
Proposal 4	Proposal 3
<p>SPED Categorical dollars remain the same.</p> <p>Create formula weight based on actual Colorado per pupil spending data using state and local share of spending.</p> <p>Include an additional SPED weight in the formula that would ensure that formula funding is <b><u>not duplicated</u></b> between formula and categorical funding, for a total weight of <b><u>2.06</u></b>.</p>	<p>SPED Categorical dollars remain the same.</p> <p>Alternative Recommendation from TF Members:</p> <p>Move Tier A funding inside of the formula with a <b><u>0.75</u></b> weight. This will be known as the Supplemental Tier A funding.</p> <p>Continue to fund Tier B as is.</p>

# Current Proposal(s): Revising the Size Factor

## Draft Proposals:

1. Move COL & Size Factor to the end of the formula in a “District Adjustment”

**\*\*Still need to discuss other factors \*\***

## ***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;”*



# Current Proposal(s): Securing Equalization in MIL Levy

## Draft Proposals:

1. Support existing legislation

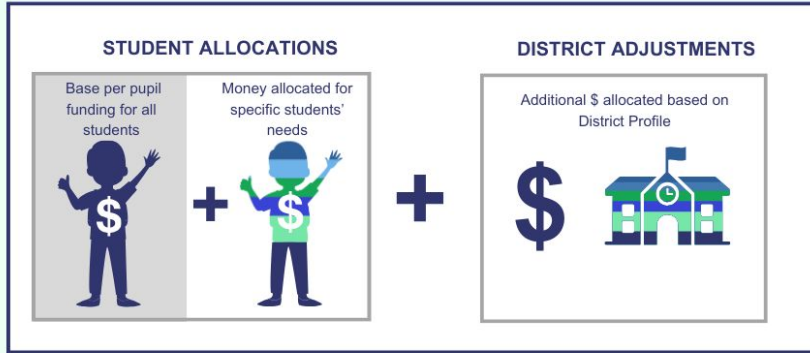
\*\*\* Still need to discuss and finalize \*\*\*

## *Task Force Responsibility:*

“(D) **SECURING EQUALIZATION IN MILL LEVY OVERRIDES FOR INSTITUTE CHARTER SCHOOLS BASED UPON THE SCHOOL DISTRICT WHERE THE INSTITUTE CHARTER SCHOOL IS GEOGRAPHICALLY LOCATED, INCLUDING CONSIDERATIONS FOR STUDENTS WHO DO NOT RESIDE IN THE SCHOOL DISTRICT WHERE THE INSTITUTE CHARTER SCHOOL IS GEOGRAPHICALLY LOCATED, MULTI-DISTRICT ONLINE PROGRAMS, AND TOTAL PROGRAM FUNDING**”

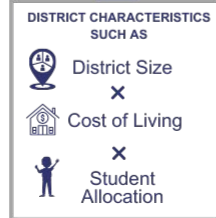
# How does this transform the formula?

## TOTAL PROGRAM FUNDING



$$\text{BUDGET STABILIZATION} = \text{ADJUSTED PROGRAM FUNDING} + \text{OTHER FUNDING SOURCES}$$

*i.e. Categorical Funding, State Grants, Federal Grants*



# Overview of Today's Agenda

1. Welcome & Norms Review (10 mins) (Info & Awareness)
2. Adequacy process update (5 mins) (Info & Awareness)
3. Status & Vision for an Updated Formula (30 mins) (Info & Awareness)
4. **Informational Analysis of Size Factor (30 mins) (Discussion)**
5. Break (5 mins)
6. Size & Additional Factor Proposal Development (40 mins) (Discussion)
7. Break (5 mins)
8. Cost of Living Proposal Development (40 mins) (Discussion)
9. Break (5 mins)
10. Revisiting Charter Institute Development (30 mins) (Discussion)
11. Planning for December (20 mins) (Discussion)

# Size Factor: Progress to Date

## What have we done?

- Reviewed the components of school funding formulas
- Task Force members provided perspectives on what the Size Factor does and what could be done to fulfill the charge.
- The facilitation team has analyzed district size, sparsity, and remoteness in Colorado.

## ***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;*

# Our goals for today

*We are not making any decisions, finalizing any recommendations, or voting on any changes today.*

## Our goals for today:

- **Share** various models and analyses.
- **Provide space** for task force members to provide feedback, perspectives, and additional input.
- **Understand** what information task force members need in order to make decisions.
- **Solidify** the next set of steps to develop proposals for additional modeling and impact analysis.

# 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)

# Size Factor Survey

**Purpose of the Survey:** To collect feedback and input on size factor proposals.

**Participation:** 4 out of 20 Task Force Members

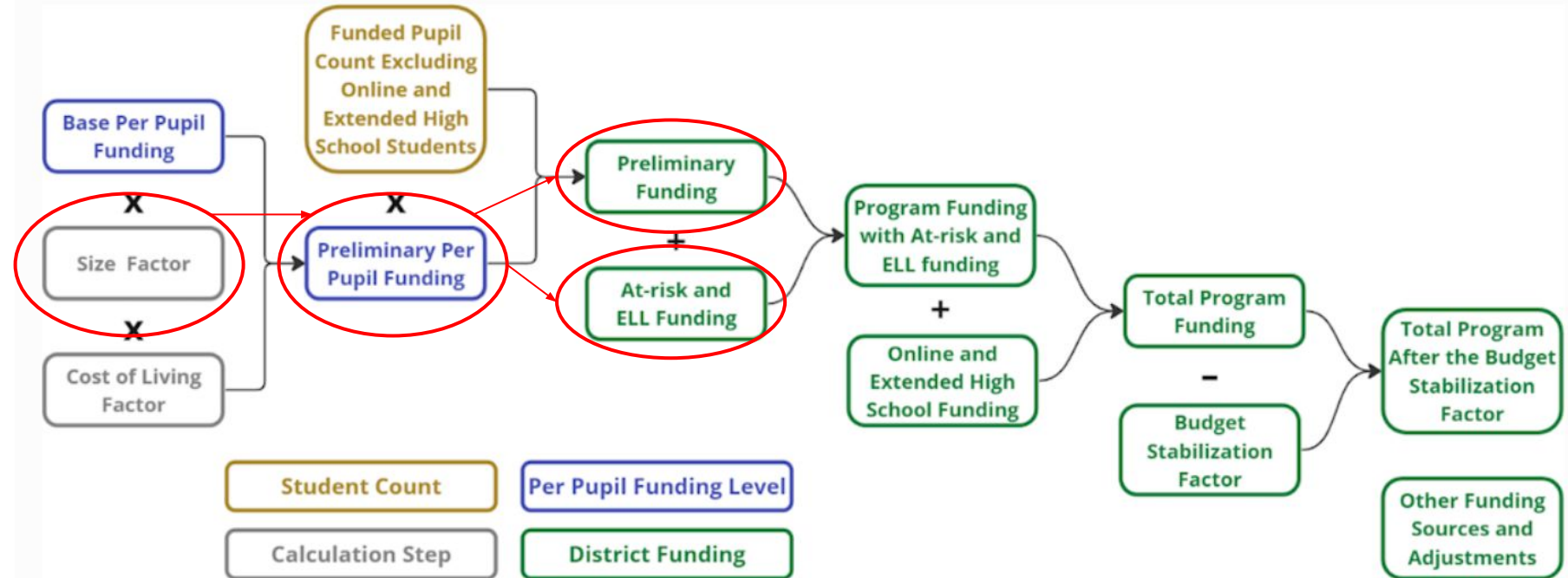
**Takeaways (Survey Results):**

1. **Sparsity** and **remoteness** should be considered in the funding formula in addition to district size.
2. District size is not sufficient to account for the challenges faced by districts.

# Size Factor & Formula Effect

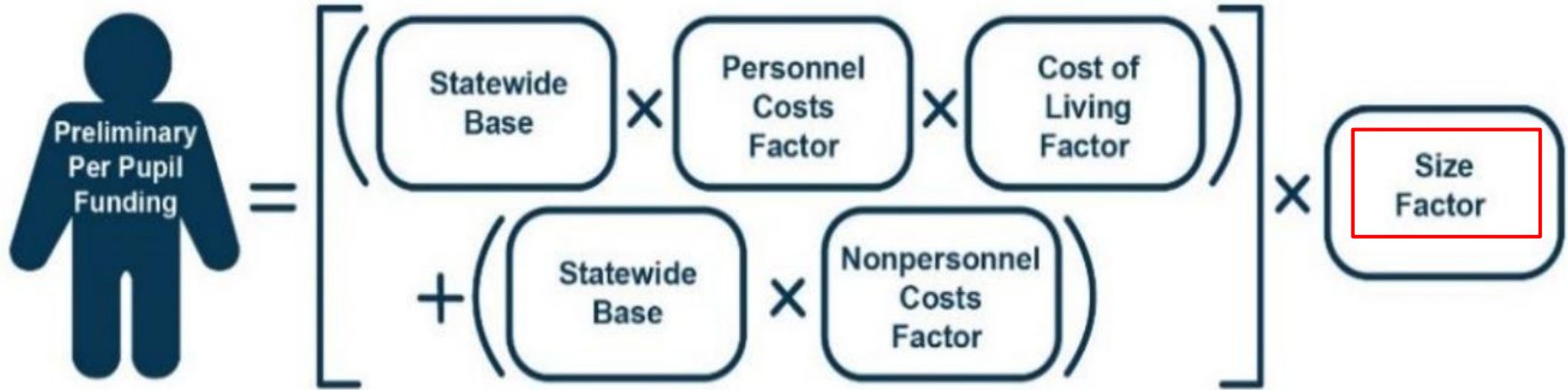
## CO School Finance Formula

Below is a diagram of the formula used to calculate funding for each Colorado school district. Click a part of the diagram to learn more.





# Size Factor



- Size factors range from **1.03 to 2.40** and differs by district according to enrollment.
- The smallest districts – districts with enrollments of fewer than 5,000 students – **receive the largest size factors and, therefore, more funding per pupil.**
- In FY 2022-23, approximately **\$365.7 million** is allocated through the size factor, or about **4.2 percent of total program funding.**

# Understanding the broader picture of size , sparsity, and remoteness.

The task force charge requires members to consider changes to the size factor to take into account district characteristics other than enrollment, such as remoteness.

## Key Definitions:

- **Size:** the extent to which small student populations impacts service delivery.
- **Sparsity:** the extent to which low population density in a district impacts service delivery.
- **Remoteness (also known as isolation):** the extent to which a district is distant from centers of population, commerce, or other activity.
- **Geography:** the extent to which certain natural features such as water, mountains, weather etc. impact service delivery.

The goals of the next section are to:

1. Understand the relationship between size, sparsity, and remoteness in Colorado.
2. Understand how other states have included these characteristics in funding systems.
3. Develop and align on a set of proposals to maintain or change the size factor per the task force charge.

# Revisiting the current size factor

## ILLUSTRATION 4: DETERMINING THE SIZE FACTOR

<b>For a pupil count of:</b>	<b>The district's size factor is:</b>
Less than 276	$1.5457 + (0.00376159 \times \text{the difference between the district's pupil count and 276})$
276 or more but less than 459	$1.2385 + (0.00167869 \times \text{the difference between the district's pupil count and 459})$
459 or more but less than 1,027	$1.1215 + (0.00020599 \times \text{the difference between the district's pupil count and 1,027})$
1,027 or more but less than 2,293	$1.0533 + (0.00005387 \times \text{the difference between the district' pupil count and 2,293})$
2,293 or more but less than 3,500	$1.0368 + (0.00001367 \times \text{the difference between the district's pupil count and 3,500})$
3,500 or more but less than 5,000	$1.0297 + (0.00000473 \times \text{the difference between the district's pupil count and 5,000})$
5,000 or more	1.0297

*Note: The size factor for districts with fewer than 500 pupils is calculated using the district's enrollment minus 65 percent of the district's pupils in charter schools.*

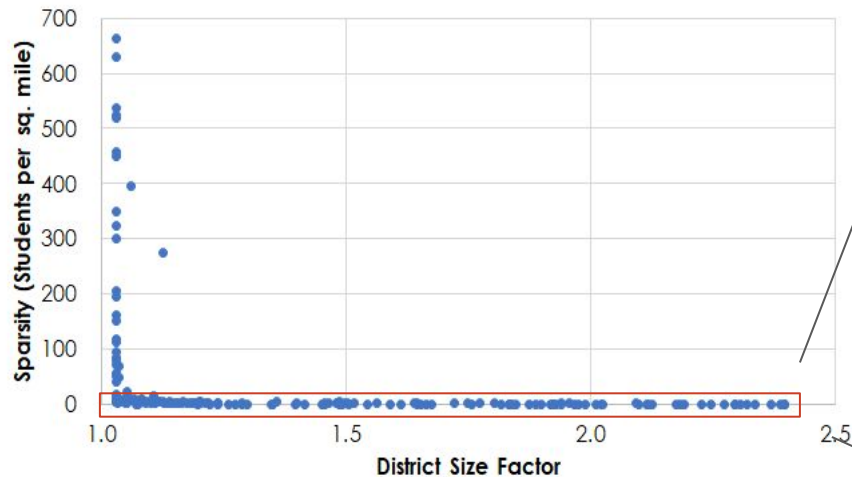
# Size, sparsity and remoteness are common features of state funding formulas.

**In total, 34 states provide a small size or isolated funding adjustment.  
Currently, 13 states use a combination of adjustments.**

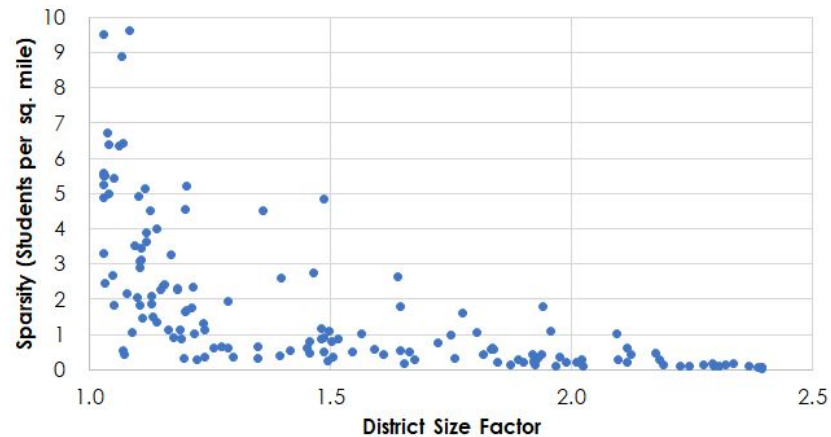
Type of Adjustment	Number of States	State Example
Size (ex. number of students or population)	29	<b>Nevada</b> There is a district size adjustment by attendance area. The weight ranges from an additional 24.00 for an enrollment area of 1 to an additional 0.04 for an attendance area of 50,000 or above.
Sparsity (ex. population density or student density)	8	<b>Oklahoma</b> Districts receive additional funding from one of the following formulas, whichever produces the greatest amount for the district: (1) Small school district formula or (2) District sparsity-isolation formula: The school district cost factor multiplied by the school district area factor, the result of which is multiplied by the school district's average daily membership.
Remoteness (ex. distance or travel time)	9	<b>Arizona</b> Based on size, grade levels, and category (small or small isolated), districts receive an additional per pupil weight between 0.669 (for smallest isolated schools serving grades 9-12) and 0.158 (for small schools serving grades K-8).
Geography	1	<b>Michigan</b> Categorical grant - Schools meeting size and geographic barrier eligibility submit a spending plan to receive portion of \$1,557,300 from the above amount.

# The size factor and district sparsity are closely linked.

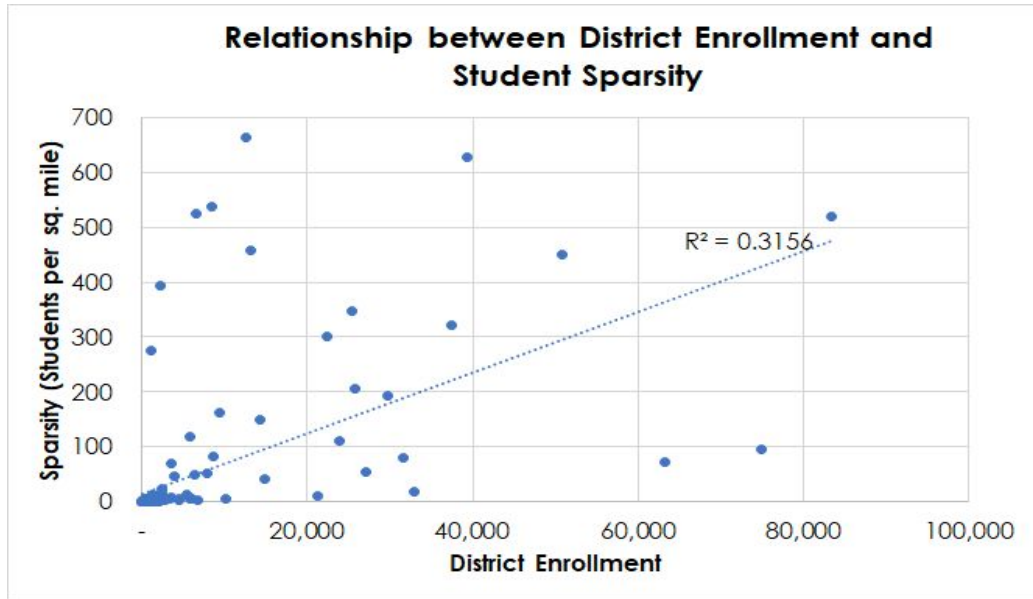
Relationship between District Size Factor and Student Sparsity



Relationship between District Size Factor and Student Sparsity



# District enrollment in Colorado has a mixed relationship to student sparsity.



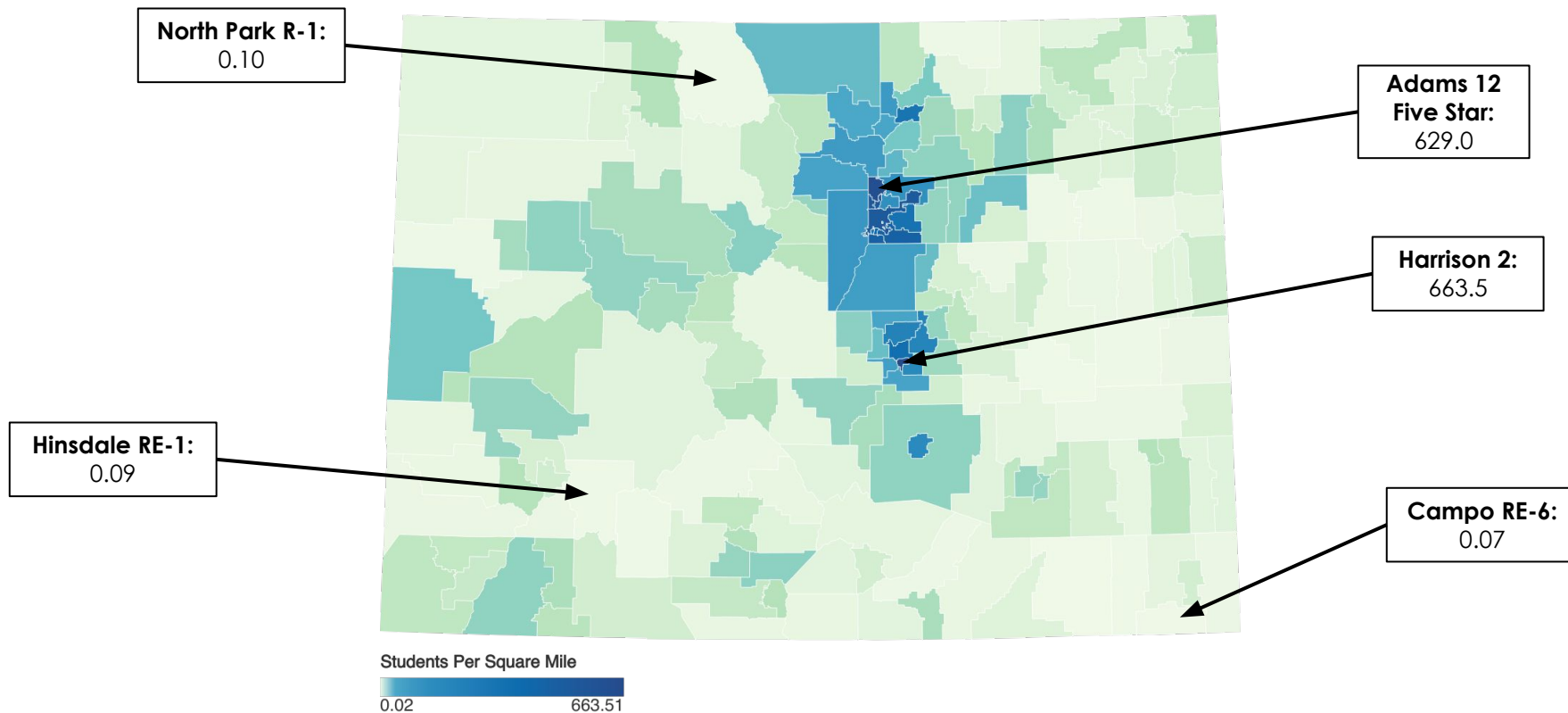
- While this relationship is mixed, the vast majority of students in Colorado are not educated in very sparse districts.
- **80%** of Colorado school districts have **less than 10 students per square mile**.
- **10%** of Colorado school districts have **more than 100 students per square mile**.

# District enrollment in Colorado has a mixed relationship to student sparsity.

- At the quartile level, generally, smaller districts have fewer students per square mile.
- **Larger districts educate 90% of Colorado students**, and are generally more “dense”.

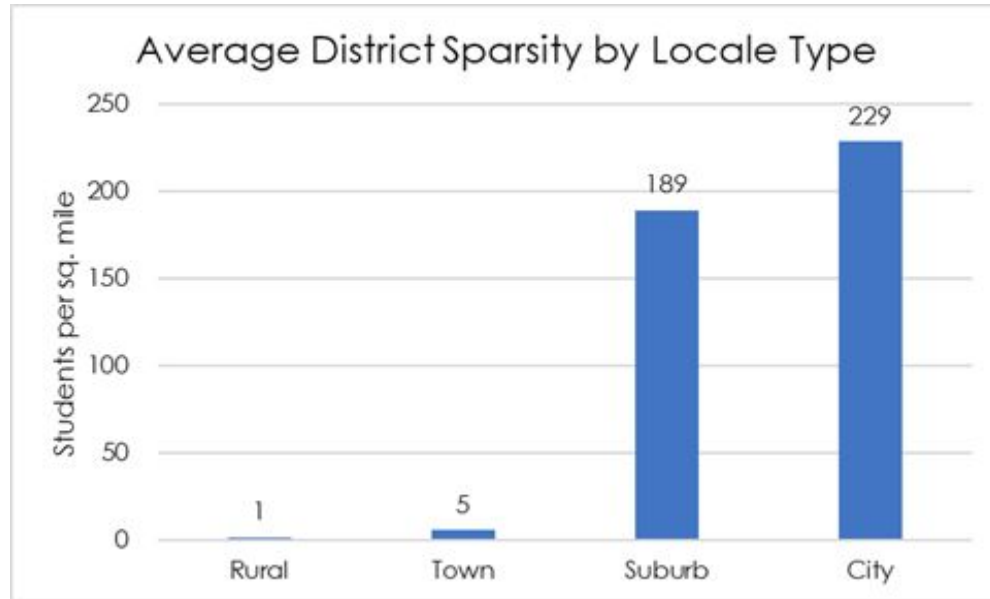
District Category	District Count	Enrollment	Average Sparsity (students / sq. mile)	Average Size Factor
<b>Very Small</b> (less than 217 students)	45	6,195	.4	2.07
<b>Small</b> (between 217 and 583)	44	15,185	1	1.46
<b>Medium</b> (between 583 and 2,173)	44	51,025	9	1.13
<b>Large</b> (more than 2,173 students)	45	777,732	153	1.03

# Most sparse districts are located in northwest and southern regions of the state.





# District sparsity and enrollment in Colorado is closely related to district isolation, or remoteness.

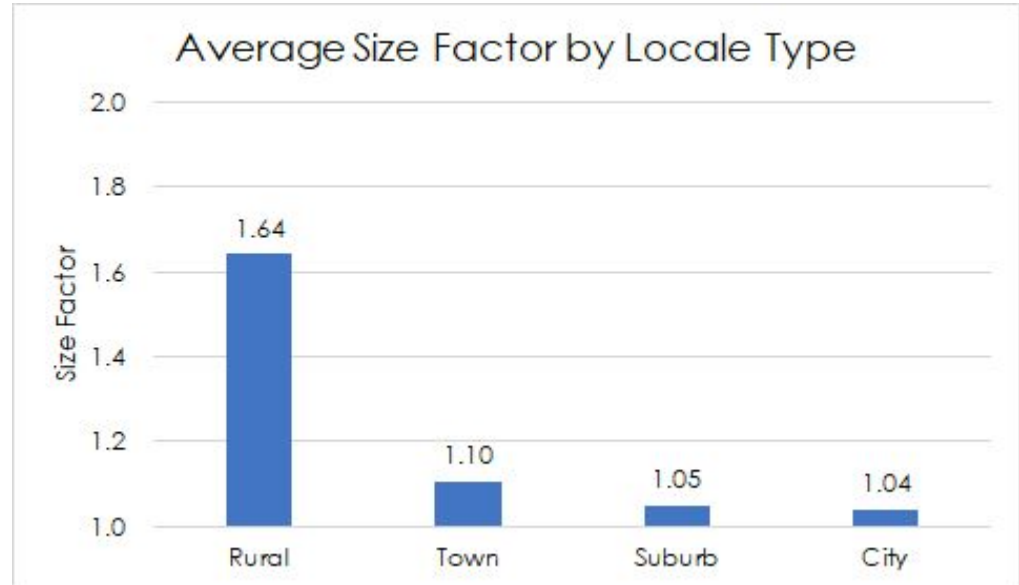


# of Districts	110	34	19	15
# of Students	50,213	78,301	344,493	377,130

- There are significant differences between two large groupings of Colorado districts, rural and town versus suburb and city.
- The NCES locale codes classify each district based upon the **distance from urban areas** and the **size of the nearest urban area**.
- This classification will be discussed in greater depth in later parts of today's discussion.
- Although most of Colorado's districts are rural, **85% percent of Colorado students are educated in suburb or city districts.**

# The current size factor aligns closely with district remoteness, or isolation.

- Rural districts receive larger size factors due to their smaller size.
- The NCES locale codes classify each district based upon the **distance from urban areas** and the **size of the nearest urban area**.
- Rural districts, which generally have large size factors, educate about **6% of Colorado students**.



<b># of Districts</b>	<b>110</b>	34	19	15
<b># of Students</b>	50,213	78,301	<b>344,493</b>	<b>377,130</b>

## Defining a base for understanding sparsity and remoteness in Colorado districts.

- Colorado contains significant differences in **district size, student sparsity, and remoteness.**
- The current size factor generally provides **more resources to sparse districts and remote districts.**
- A significant **majority of Colorado students** are educated in **larger, more urbanized, and population dense areas.**
- A significant **majority of Colorado school districts** are **smaller, more remote, and more sparsely populated with students.**

# Common methods to measure and account for sparsity.

- Population or enrollment density is the most common method for measuring sparsity.
  - Typically measured by students or population per square mile.
- Generally, state funding formulas use this data to set cutoffs or classifications of districts, and then add weights or flat grants for those identified as sparse.

Example State	Definition of Sparsity	Funding
North Dakota	fewer than <u>0.36</u> students / sq. mile	An additional weight of .1
Michigan	fewer than <u>4.5</u> students / sq. mile	Use of 3-year average pupil count to mitigate impact of declining enrollment on funding
Wisconsin	fewer than <u>10</u> students / sq. mile	\$400 per student
New York	fewer than <u>25</u> students / sq. mile	Provides a factor $((25 - \text{enrollment/square mile})/50.9)$ for applicable districts in Pupil needs Index.

# Common methods to measure and account for remoteness/isolation

Available systems for measuring remoteness or isolation are:

















- [Colorado Department of Education Rural and Small Rural Designation](#)
- [National Center for Education Statistics \(NCES\) Local Classifications](#)
- Calculated distance or travel times to neighboring other schools/school districts.
  
- Generally, state funding formulas use classify districts using such a system and then add weights or grants for those identified districts.
  
- Remoteness is commonly used in conjunction with size and/or sparsity to provide additional resources in light of diseconomies of scale.
  - For example, limiting additional aid to districts under a certain enrollment threshold that are not population dense and/or far from urban areas.
  - **Arizona** provides an additional per pupil weight between 0.669 (for smallest isolated schools serving grades 9-12) and 0.158 (for small schools serving grades K-8).

# The CDE Rural and Small Rural Designation

The CDE classification is based on the distance from urban areas and student enrollment.

- A Colorado school district is determined to be rural:
  - giving consideration to the size of the district,
  - **the distance from the nearest large urban/urbanized area** and
  - having a student enrollment of **6,500 students** or less.
- Small rural districts are those districts **meeting these same criteria** and having a student population of **less than 1,000 students**.

# The NCES Locale System classifies each district based upon the distance from urban areas and the size of the nearest urban area.

 RURAL	 TOWN	 SUBURBAN	 CITY
<b>FRINGE (41)</b> Census-defined rural territory that is less than or equal to 5 miles from an urbanized area, as well as rural territory that is less than or equal to 2.5 miles from an urban cluster	<b>DISTANT (42)</b> Census-defined rural territory that is more than 5 miles but less than or equal to 25 miles from an urbanized area, as well as rural territory that is more than 2.5 miles but less than or equal to 10 miles from an urban cluster	<b>REMOTE (43)</b> Census-defined rural territory that is more than 25 miles from an urbanized area and is also more than 10 miles from an urban cluster	
 RURAL	 TOWN	 SUBURBAN	 CITY
<b>FRINGE (31)</b> Territory inside an urban cluster that is less than or equal to 10 miles from an urbanized area	<b>DISTANT (32)</b> Territory inside an urban cluster that is more than 10 miles and less than or equal to 35 miles from an urbanized area	<b>REMOTE (33)</b> Territory inside an urban cluster that is more than 35 miles from an urbanized area	
 RURAL	 TOWN	 SUBURBAN	 CITY
<b>LARGE (21)</b> Territory outside a principal city and inside an urbanized area with population of 250,000 or more	<b>MIDSIZE (22)</b> Territory outside a principal city and inside an urbanized area with population less than 250,000 and greater than or equal to 100,000	<b>SMALL (23)</b> Territory outside a principal city and inside an urbanized area with population less than 100,000	
 RURAL	 TOWN	 SUBURBAN	 CITY
<b>LARGE (11)</b> Territory inside an urbanized area and inside a principal city with population of 250,000 or more	<b>MIDSIZE (12)</b> Territory inside an urbanized area and inside a principal city with population less than 250,000 and greater than or equal to 100,000	<b>SMALL (13)</b> Territory inside an urbanized area and inside a principal city with population less than 100,000	

# Overview of Today's Agenda

1. Welcome & Norms Review (10 mins) (Info & Awareness)
2. Adequacy process update (5 mins) (Info & Awareness)
3. Status & Vision for an Updated Formula (30 mins) (Info & Awareness)
4. Informational Analysis of Size Factor (30 mins) (Discussion)
5. **Break (5 mins)**
6. Size & Additional Factor Proposal Development (40 mins) (Discussion)
7. Break (5 mins)
8. Cost of Living Proposal Development (40 mins) (Discussion)
9. Break (5 mins)
10. Revisiting Charter Institute Development (30 mins) (Discussion)
11. Planning for December (20 mins) (Discussion)



# 5 Minute Break



# Overview of Today's Agenda

1. Welcome & Norms Review (10 mins) (Info & Awareness)
2. Adequacy process update (5 mins) (Info & Awareness)
3. Status & Vision for an Updated Formula (30 mins) (Info & Awareness)
4. Informational Analysis of Size Factor (30 mins) (Discussion)
5. Break (5 mins)
6. **Size & Additional Factor Proposal Development (40 mins) (Discussion)**
7. Break (5 mins)
8. Cost of Living Proposal Development (40 mins) (Discussion)
9. Break (5 mins)
10. Revisiting Charter Institute Development (30 mins) (Discussion)
11. Planning for December (20 mins) (Discussion)

# Discussion

## Discussion Topics

- What thoughts or ideas do you have in terms of developing a proposal for revising the size factor?
- Does moving the size factor into the “District Adjustments” portion of the formula help make the formula more simple?

# Overview of Today's Agenda

1. Welcome & Norms Review (10 mins) (Info & Awareness)
2. Adequacy process update (5 mins) (Info & Awareness)
3. Status & Vision for an Updated Formula (30 mins) (Info & Awareness)
4. Informational Analysis of Size Factor (30 mins) (Discussion)
5. Break (5 mins)
6. Size & Additional Factor Proposal Development (40 mins) (Discussion)
7. **Break (5 mins)**
8. Cost of Living Proposal Development (40 mins) (Discussion)
9. Break (5 mins)
10. Revisiting Charter Institute Development (30 mins) (Discussion)
11. Planning for December (20 mins) (Discussion)

# 5 Minute Break



# Overview of Today's Agenda

1. Welcome & Norms Review (10 mins) (Info & Awareness)
2. Adequacy process update (5 mins) (Info & Awareness)
3. Status & Vision for an Updated Formula (30 mins) (Info & Awareness)
4. Informational Analysis of Size Factor (30 mins) (Discussion)
5. Break (5 mins)
6. Size & Additional Factor Proposal Development (40 mins) (Discussion)
7. Break (5 mins)
8. **Cost of Living Proposal Development (40 mins) (Discussion)**
9. Break (5 mins)
10. Revisiting Charter Institute Development (30 mins) (Discussion)
11. Planning for December (20 mins) (Discussion)

# Cost of Living Factor: Progress to Date

## What have we done?

- Reviewed the components of school funding formulas
- Task Force members provided perspectives on what the Cost of Living Factor does and what its intended impact is
- Task Force members provided input regarding potential proposals
- Facilitator modeled and constructed various analyses to help discuss and align on specific proposals
- Task Force provided feedback on scenarios and proposals

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

The specific charge of the task force is to make recommendations to the school finance formula for the 2024-25 budget year, which includes the following:

*“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.”*

# Our goals for today

*We are not making any decisions, finalizing any recommendations, or voting on any changes today.*

## Our goals for today:

- **Refine** various models and analyses.
- **Provide space** for task force members to provide feedback, perspectives, and additional input.
- **Understand** what information task force members need in order to make decisions.
- **Solidify** the next set of steps to develop proposals for additional modeling and impact analysis.

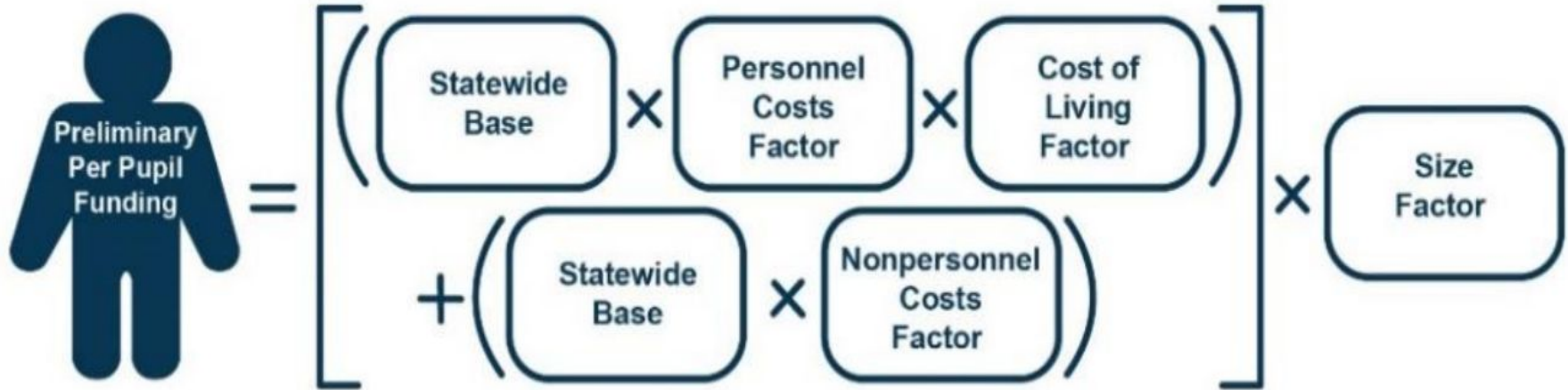


# Process for Decision Making

## Process for Decision Making

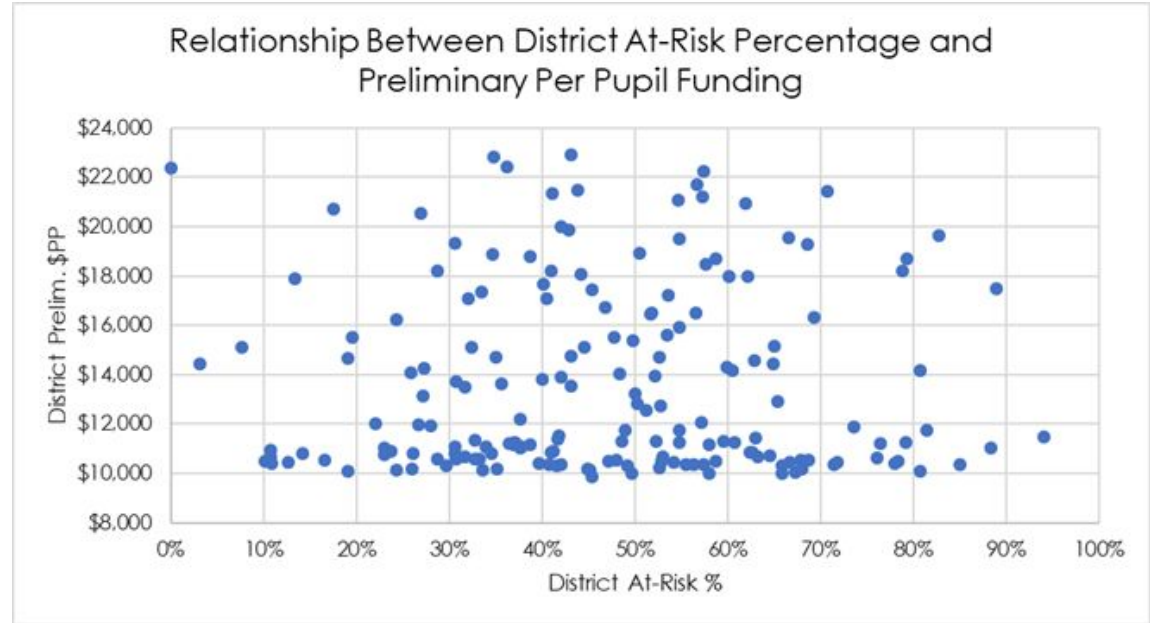
1. Review the content through pre-reads, presentations, and discussion
2. Identify, develop, and align on 2 proposals to model
3. Model & review data discussing impact, unintended effects, and potential outcomes
4. Revise and finalize a draft recommendation
5. Utilizing aspects of Robert's Rules a member 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)

# Impact of COL Factor and Size Factor



# Impact of COL Factor and Size Factor

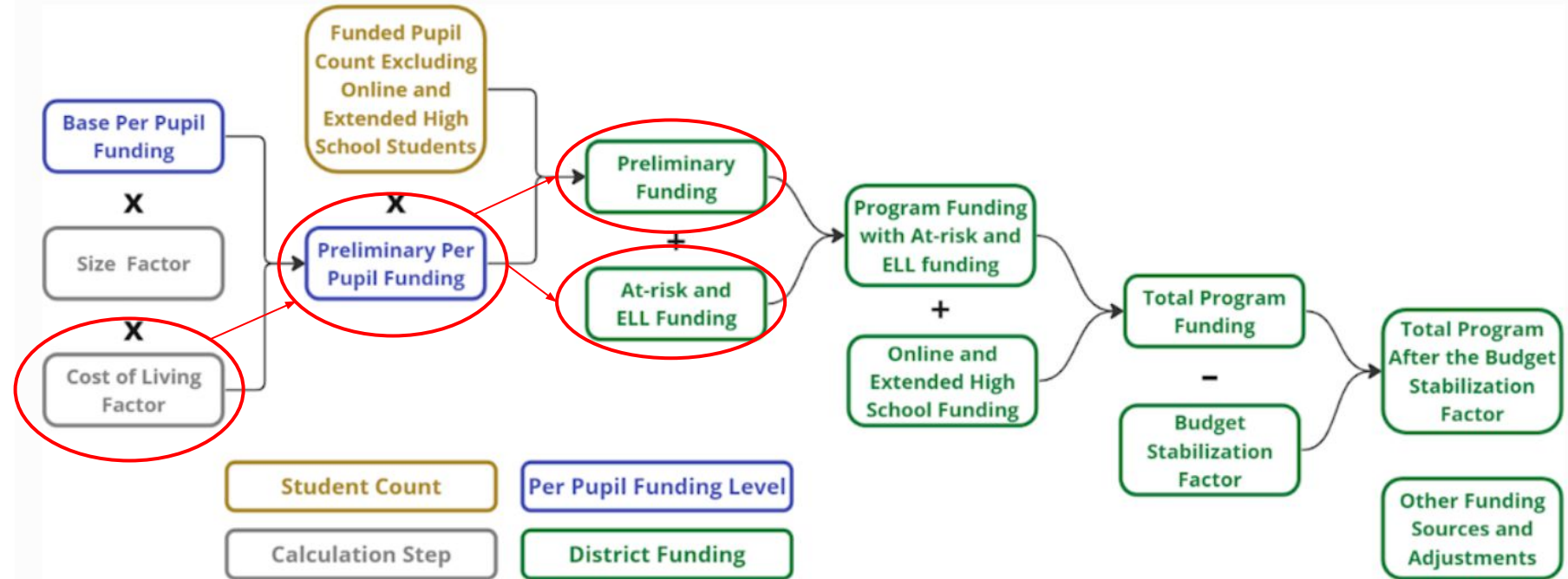
- The COL Factor and Size Factor adjust per student funding, resulting in varied funding for districts not related to student need.
- The Preliminary Per Pupil Funding is generated using the base amount, Cost of Living, Personnel Factor, and Size Factor.
- This per-student figure **does not** include At-Risk, ELL or Online funding.



# COL Factor & Formula Effect

## CO School Finance Formula

Below is a diagram of the formula used to calculate funding for each Colorado school district. Click a part of the diagram to learn more.



# Synthesized COL Proposal to Date and Key Q's

***Based on task force discussions and feedback to date, the facilitation team has synthesized the following proposal per the task force charge:***

*Move the Cost of Living Factor to “the end” of the formula, along with another district characteristics that impact the ability to deliver educational services.*

**For modeling purposes:** *COL will exist alongside **Online and Extended High School**, so that it can have the same adjustments as other program funding, and COL will be applied to all students using either the current base or a unique one.*

## **Key Questions for the Task Force:**

1. How should this allocation be determined?
2. Should the personnel factor be removed or maintained?
3. Should the COL Factor be rebased each year?
4. Should the COL Factor use new index (cost of doing business) layered in or in addition to current COL study

# Key Considerations for the Personnel Factor

- Currently, the Cost of Living Factor only applies to the determined portion of the base attributable to personnel costs.
  - Personnel costs are determined by district size (enrollment)
  - Larger districts receive a higher personnel factor.
  - Therefore, the COL Factor values have a greater impact for larger districts (larger increase to the base).
- **Eliminating or changing the Personnel Factor could:**
  - Result in an magnified impact of the COL Factor, as the COL Factor would be applied to 100% of the base rather than 80-90% of base.
  - Give all districts the same benefit of the COL Factor increases, regardless of district size (enrollment).
  - Increase Total Program costs, At-risk funding, and ELL funding (in the current formula).
  - Mean that no formula component would consider the costs of attracting and retaining qualified personnel.

# Key Considerations for Rebasing the COL Factor

- Currently, the Cost of Living Factor for each district never decreases year over year, even though the data inputs may reflect a decrease in cost of living in a district.
  - This functions as a hold harmless, guaranteeing that districts do not receive less funding due to this component.
- **Rebasing the COL Factor could:**
  - Create significant fluctuations in district funding and Total Program funding on a yearly basis (in the current formula).
  - Result in districts receiving decreases in Total Program due to decreases in the Cost of Living Factor.
  - Put all districts back on a “level playing field” with regard to assessing true differences in the costs of providing educational services.
  - Decrease Total Program costs, At-risk funding, and ELL funding (in the current formula).

# Key Considerations for Incorporating Alternative Measures

- Currently, the Cost of Living Factor is based upon the biennial study coupled with teacher information from CDE and the salary of a benchmark household.
  - Cost-of-living factors are certified following a study that measures the cost in each district of an identical set of items, such as housing, goods and services, and transportation.
  - A district's factor from the prior two-year cycle is increased when the cost of living in the district increases by a greater percentage than the increase in the statewide average teacher salary used in the study.
- **Incorporating an alternative measure could:**
  - Result in significant changes to district funding and statewide Total Program funding depending on the implementation.
  - Provide greater focus on the cost of items not fully captured in the current cost of living calculation.
  - Align Colorado to state funding formula adjustment mechanisms used in other states, depending on the alternative measures chosen.
    - CO is only one of two states to use a Cost of Living Index to account for regional cost.
    - As of 2015, 10 states use other methods to account for regional costs.

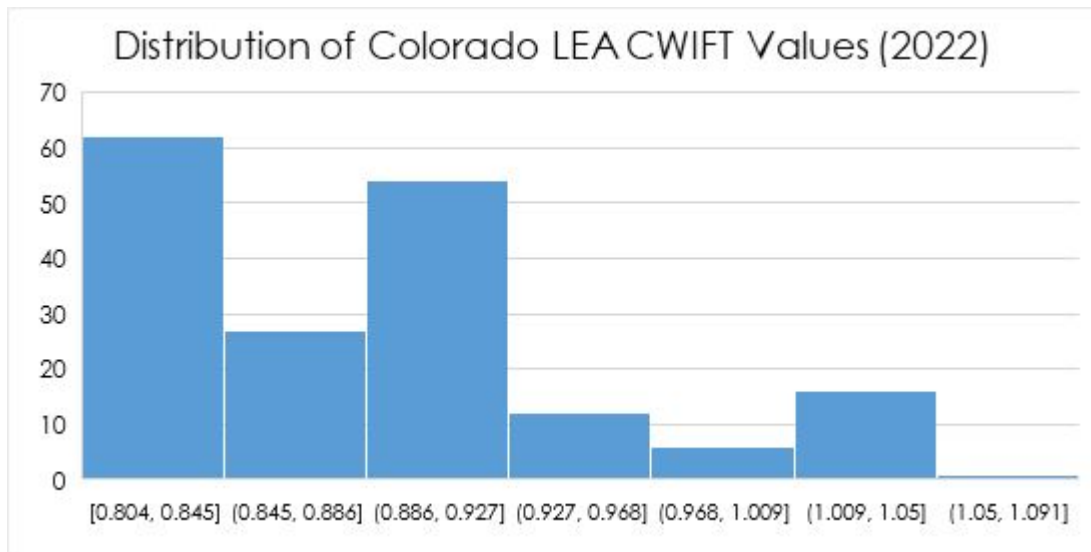


# One alternative measure is the Comparable Wage Index for Teachers (CWIFT) from NCES.

- One strand of feedback we have heard on COL is a **focus on the differences in costs to attract, compensate, and retain teachers.**
- The [CWIFT](#) is a measure of the **systematic, regional variations** in the wages and salaries of college graduates **who are not PK-12 educators** as determined by reported occupational category.
  - The purpose of this measure is to facilitate accurate comparisons of educational expenditures.
  - The CWIFT uses data from the Census Bureau (American Community Survey) on earnings, age, occupation, industry, and other demographic characteristics for millions of U.S. workers.
- Comparative Wage Indexes are based on the premise that all workers demand **higher wages in areas where the cost of living is high or desirable local amenities are not present.**
- It is possible to measure **geographic variation in the cost of hiring teachers and other PK-12 educators** by observing **systematic, regional variations** in the **wages of comparable workers who are not PK-12 educators.**

# One alternative measure is the Comparable Wage Index for Teachers (CWIFT) from NCES.

- CWIFT provides **yearly estimates** at the **district level**, which is the **predicted wage level for the district** divided by the **national average predicted wage**, (aka how different is a district compared to the average).
- Values for CO districts range from **.804** to **1.059**



Sample District	CWIFT Value
Aspen School District 1	1.059
Adams-Arapahoe School District 28J	1.003
West Grand School District 1-JT	.946
Mancos School District RE-6	.899
Trinidad School District 1	.855
West End School District RE-2	.804

## Key considerations for the CWIFT measurement.

- CWIFT values generally represent the county in which the district is located in, adjusted for districts that span multiple counties.

Potential <u>Strengths</u> of CWIFT	Potential <u>Weaknesses</u> of CWIFT
<ul style="list-style-type: none"><li>● Measures costs beyond local control/decision-making, which avoids conflating high-spend and high cost districts.</li><li>● Uses existing Census Bureau data and is updated regularly.</li><li>● Accounts for impacts in cost of living and amenities, which impact attracting/hiring staff.</li><li>● Is appropriate regardless of teacher labor market competitiveness, including lack of competitiveness.</li></ul>	<ul style="list-style-type: none"><li>● The model presumes that workers are mobile, which may or may not be the case.</li><li>● Only accounts for labor costs and does not contemplate local cost differentials in other educational inputs.</li><li>● Model assumes educators and non-educators are similar with respect for cost of living and amenity preferences.</li><li>● Reliant on survey sample, which may introduce sampling error.</li></ul>

# Discussion: Finalize COL Proposal

## Discussion Topics

- Does moving the size factor into the “District Adjustments” portion of the formula help make the formula more simple?
- Should the personnel factor be removed?
- Should the COL Factor be rebased each year?
- Should part of the proposal include adding the Comparable Wage Index for Teachers (CWIFT) from NCES?

# Overview of Today's Agenda

1. Welcome & Norms Review (10 mins) (Info & Awareness)
2. Adequacy process update (5 mins) (Info & Awareness)
3. Status & Vision for an Updated Formula (30 mins) (Info & Awareness)
4. Informational Analysis of Size Factor (30 mins) (Discussion)
5. Break (5 mins)
6. Size & Additional Factor Proposal Development (40 mins) (Discussion)
7. Break (5 mins)
8. Cost of Living Proposal Development (40 mins) (Discussion)
9. **Break (5 mins)**
10. Revisiting Charter Institute Development (30 mins) (Discussion)
11. Planning for December (20 mins) (Discussion)

# 5 Minute Break



# Overview of Today's Agenda

1. Welcome & Norms Review (10 mins) (Info & Awareness)
2. Adequacy process update (5 mins) (Info & Awareness)
3. Status & Vision for an Updated Formula (30 mins) (Info & Awareness)
4. Informational Analysis of Size Factor (30 mins) (Discussion)
5. Break (5 mins)
6. Size & Additional Factor Proposal Development (40 mins) (Discussion)
7. Break (5 mins)
8. Cost of Living Proposal Development (40 mins) (Discussion)
9. Break (5 mins)
10. **Revisiting Charter Institute Development (30 mins) (Discussion)**
11. Planning for December (20 mins) (Discussion)

# Discussion

## Discussion Topics

- Should the mill levy equalization for CSI schools be fully funded? Why or why not?
- Is there a better or more simple way to address mill levy equalization for CSI schools?
- What additional information do you need on mill levy equalization?



# Overview of Today's Agenda

1. Welcome & Norms Review (10 mins) (Info & Awareness)
2. Adequacy process update (5 mins) (Info & Awareness)
3. Status & Vision for an Updated Formula (30 mins) (Info & Awareness)
4. Informational Analysis of Size Factor (30 mins) (Discussion)
5. Break (5 mins)
6. Size & Additional Factor Proposal Development (40 mins) (Discussion)
7. Break (5 mins)
8. Cost of Living Proposal Development (40 mins) (Discussion)
9. Break (5 mins)
10. Revisiting Charter Institute Development (30 mins) (Discussion)
11. **Planning for December (20 mins) (Discussion)**

# Priorities for Modeling

**While preparing models with the final proposals, Task Force Members have provided input on what should be prioritized and what should guide decisions. Below is a summary to help prepare for the modeling in December.**

## **Sample heuristics:**

- Attempt to hold districts harmless in formula changes
  - Should districts receive decreases in total program funding?
- Increase Total Program Funding, At-Risk Funding, and ELL Funding
  - How much should the formula increase by?
- Focus on high need districts, based on At-Risk, ELL, SPED # or %
- Focus on the unique needs of rural/remote districts
- District characteristics, such as the COL Factor, should be dependent on the level of need of the students
- Use state best practices (EdBuild, ECS) or neighboring state practices
- Follow the task force charge (simpler, less regressive, and more adequate, understandable, transparent, equitable and student-center)
  - Is there one that stands out more?

# Process Considerations

## December Meetings:

- Dec 5th and Dec 12th
- Currently 4 hours; could schedule for 5 hours
- Iterative Comprehensive model review (What format would be helpful?)
- How do Task Force Members best review and analyze data?
- How can we bring specificity and clarity to whether a mode is good or not?

# Next Steps

- Finalize Comprehensive Modeling

# Closing

Recap of today's discussions



Our next meeting is Dec 5th, 2023, **9 am- 1 pm**