Colorado School Finance Partnership Overview

Financing Our Future:
Assessing Colorado's School Finance System

Background

School finance legislation is typically updated at least every 10 years, both in Colorado and across the country, but it has been nearly 20 years since Colorado last rewrote how it funds its public schools. Colorado's legislature last overhauled the School Finance Act (SFA) – its primary mechanism for financing public schools – in 1994. This means that Colorado is still funding its schools according to formulas created a decade before recent reform legislation: Senate Bill 212 (new Colorado standards and assessments developed within a preschool-through-college framework), Senate Bill 163 (new accountability and accreditation requirements for schools and districts) and Senate Bill 191 (new evaluation systems for teachers and principals that connect to student performance). These are just a few significant changes that impact how schools and districts operate.

About the School Finance Partnership

The School Finance Partnership was convened by the Colorado Children's Campaign, a nonprofit research and advocacy organization with education expertise, along with a wide range of stakeholders, in spring of 2011. Its purpose is to examine how Colorado currently funds its public schools and to propose innovative recommendations to the state's policymakers for a comprehensive overhaul of Colorado's school funding system. The work of the Partnership seeks a defined connection between the results schools are expected to accomplish and how they are funded to reach those targets.
A bipartisan group composed of education leaders, education reform advocates, elected officials and business leaders, the Partnership was tasked with examining the School Finance Act, considering options and alternatives and presenting recommendations for an innovative overhaul to the state's system of funding public schools.

The Partnership is led by three chair people and consists of two key bodies:
A **Steering Committee,** which holds decision-making authority and is composed of 16 executive leaders who represent education stakeholders (such as teachers and school administrators), business leaders, legislators and advocacy organizations; and a **Partnership Committee**, which was open to the community, funders and a wide range of stakeholders and organizations, providing broad insight and feedback that informed recommendations made by the Steering Committee.

The group examined a wide range of topics associated with school funding, heard nearly 20 expert presentations and engaged in thoughtful discussion and debate for more than nine months.

The primary goal of the Partnership was to address structural problems with Colorado's school funding mechanism, consider options and alternatives and present recommendations for an innovative overhaul of the School Finance Act. The recommendations of the Partnership would dramatically change how schools are funded and are intended to also dramatically improve the student outcomes that Colorado's public schools can drive.

The Steering Committee is composed of the following organizations and individuals:

- Colorado Association of School Boards, represented by Ken DeLay
- Colorado Association of School Executives, represented by Bruce Caughey
- Colorado Education Association, represented by Tony Salazar
- Colorado Forum, represented by Kara Veitch
- Colorado Legacy Foundation, represented by Helayne Jones
- Colorado Succeeds, represented by Tim Taylor
- Denver Metro Chamber, represented by Kelly Brough
- Donnell-Kay Foundation, represented by Tony Lewis
- Great Futures Colorado, represented by Lisa Weil
- Early Childhood Education Representative, Barbara O'Brien (Piton Foundation)
- Higher Education Representative, Paul Teske (University of Colorado – Denver, School of Public Affairs
- State Representative Tom Massey (HD 60)
- State Senator Mike Johnston (SD 33)
- Chair – Colorado Children's Campaign President and CEO, Chris Watney
- Chair – Denver CFO and Former State Treasurer, Cary Kennedy
- Chair – President and Owner of OfficeScapes, Bob Deibel

The School Finance Partnership's recommendations, which are outlined below, were finalized by the Steering Committee by a full consensus vote in January 2012. A full report is expected to be released in April 2012 that will provide additional context and discussion points for each of the recommendations.

Recommendations

The recommendations developed by the School Finance Partnership were the result of a full consensus model, where all present members of the Steering Committee agreed to move each recommendation forward. The recommendations were developed through intensive learning processes, robust discussions, compromise and collaboration by all participants. While bringing together a diverse group of stakeholders with a wide range of perspectives was a bold endeavor, the common values and purpose the group established — providing a high-quality education for every student in Colorado — led to the development of a robust set of recommendations that the Partnership believes can lead to critical changes in the way Colorado funds its schools.

School Finance Partnership Recommendations

State Education Funding System Design Principles

Overarching Principles:

1. In making funding adjustments to the State Education Funding System, the state should use the most recent and research-supported data and methodology in order to best achieve state goals.
2. When the foundational per-pupil funding is sufficient, separate funds for targeted programs should only be included when absolutely necessary. We should strive to reach outcomes for all students, rather than increasing numbers of fragmented funding streams.
3. The state should promote the development of incentive programs that build a culture of continuous quality improvement and accountability for Colorado schools.
4. The funding system should provide every incentive to look for the most efficient and effective ways to reach outcomes.

A. Alignment and Accountability to Student Outcomes

A.1. Guiding Principle: Low-performing districts should come under more oversight than high-performing districts.

A.2. Guiding Principle: The state should encourage districts to develop allocation methods in which a portion of funding follows students to the public schools they attend.

> A.2.1. School leaders should have a large role in budgeting and resource allocation within their schools.
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> A.2.2. The state should ensure that expenditures at the state-, district- and school-level are publicly available for review. Funding to build the capacity for districts to accomplish this should be provided through the State Education Funding System. The purpose of this is to compare district and school expenditures. *Note: This is a modification of the Transparency Act.*
>
> A.2.3. The state should ensure that additional funding for student characteristics is spent on those students or programs.

A.3. Guiding Principle: The State Education Funding System should support quality early childhood education to ensure kindergarten readiness and ease transitions through the system so that all students are college and career ready and successfully transition into postsecondary and/or workforce programs.

A.3.1. The State Education Funding System should provide for full-day kindergarten for all families who choose it.

A.3.2. The State Education Funding System should provide for full-day, quality preschool for all at-risk 4-year-olds.

A.3.3. The State Education Funding System should provide for half-day, quality preschool for all at-risk 3-year-olds.

Note: For the three previous recommendations, the term "at-risk" should refer to the same categories as the Colorado Preschool Program (CPP).

A.3.4. Funding for preschool in the State Education Funding System should recognize that community preschool providers are a critical component of the state's preschool delivery model.

A.3.5. The state should fund concurrent enrollment, early college, and 5th year programs based on the principles of no cost to students and no harm to partnering districts, schools, and higher education institutions.

A.3.6. The state should ease transitions to higher education by providing high school students with the opportunity to take college courses and accumulate college course credits, up to and including an Associate Degree, while still being funded through local school districts for up to five years of high school.

B. <u>Innovation</u>

B.1. Guiding Principle: In order to encourage innovation and allow districts the autonomy to address unique challenges and opportunities, the State Education Funding System should provide districts or schools with as much fiscal flexibility as possible to meet educational outcomes.

B.1.1. The state should create a pool of money to be competitively allocated as seed funding and technical assistance to schools and districts for the design, development, planning, and evaluation of innovative programs that improve student outcomes. *Note: This might entail two separate pots of funds for different sized districts.*

B.1.2. Given the interconnectedness and comprehensiveness of the proposed funding structure, the state should set funding levels through one legislative process.

B.2. The School Finance Act should encourage student advancement based on mastery of content areas, rigorous pace and challenge levels, the flexibility for different delivery models at the school and district levels and innovation to achieve these ends and should create direct linkages to the current school accountability system. Mastery should not preclude the social and emotional development needs of students.

C. Equity

C.1. Guiding Principle: Equitable funding to school districts must address the unique and special needs and challenges faced by districts and the students they serve.

C.1.1. The State Education Funding System should provide additional resources for students with limited English proficiency to close the achievement gap and ensure these children graduate from high school prepared for college and career.

C.1.2. The State Education Funding System should provide additional resources for students in poverty to close the achievement gap and ensure these children graduate from high school prepared for college and career.

C.1.3. The State Education Funding System should recognize the different resources necessary to attract and retain high quality personnel in different geographic regions across the state.

C.1.4. The State Education Funding System must address district variances created by size and geography, but also account for a regional service delivery model that could add fiscal savings.

C.1.5. In making funding adjustments, the state should use the most recent and research-supported data and methodology that best achieve state goals.

Note: The above recommendation is intended to ensure the costs imbedded in weighting formulas are determined using research-based methodologies, a shift from current practice.

C.1.6. The State Education Funding System should provide adequate revenue for school districts to address the needs of special education students in a way that does not incent overidentification.

C.1.7. The State Education Funding System should fund proactive, research-based, early interventions to limit the need for special education services.

C.1.8. Contingent on additional resources, the State Education Funding System should allocate funds equitably based on accurate student counts throughout the year.

C.1.9. The state should provide needs-based, means-tested matching grants to school districts to address school facility needs.

C.1.10. The state should provide funding to help mitigate the cost burden of student transportation.

C.1.11. The State Education Funding System should establish a robust regional delivery structure that delivers consistent, efficient and high-quality services to every student with the recognition of a balance between standardization and innovation. Examples include, but are not limited to: purchasing, ELL, professional development, innovation, human resources, special education, technology/IT support and curriculum/instructional pooling.

C.1.12. The State Education Funding System should account for other differences that warrant varying funding levels such as vocational education, gifted and talented, academically behind, and concurrent enrollment.

C.2. Guiding Principle: There are three areas of inequity in the tax structure as established by the Colorado Constitution and state laws that the State Education Funding System needs to address: District to District, State to Local, and Residential to Non-Residential.

C.2.1. The tax structure supporting the State Education Funding System should be made more equitable.

D. Sufficiency

D.1. Guiding Principle: The State Education Funding System should provide revenue sufficient for districts to meet state standards and assessment, accountability, and evaluation expectations. We support a longer pipeline that starts in early childhood, blurs lines with higher education, and includes a wider array of educational programs.

D.1.1. The State Education Funding System should adequately meet the needs of districts to attract, retain, and support the high-quality educators needed to achieve the state's educational goals.

D.1.2. The state should provide full funding for the development and initial implementation of the teacher evaluation system.

D.1.3. In order to meet the changing needs of a modern learning environment for students, the State Education Funding System should provide for technology.

D.1.4. Colorado voters should be asked to support both a tax and revenue structure as defined by the School Finance Partnership recommendations. This would include constitutional changes addressing the conflicts among TABOR, Gallagher and Amendment 23 to ensure the sustainability of the recommendations, as well as the constitutional guarantee of a thorough and uniform system of free public schools.

E. Action Plan

E.1 The School Finance Partnership agrees this package of recommendations needs corresponding outcome targets--concrete signs of improvement on specific timelines. Further, the Partnership commits to ensuring such a plan is created using existing accountability and data tools.

E.2. The state should convene a task force charged with creating a new School Finance Act, in accordance with the principles and recommendations developed by the School Finance Partnership.

E.2.1. The state should contract for a cost analysis of reaching state education standards using a balance between all available methods.

E.3. The School Finance Partnership agrees to develop an outreach plan, including strategies for communications with opinion leaders, stakeholders and the public that will include the following components.

E.3.1. Build a toolkit of outreach materials based on the key messages that will be widely distributed.

E.3.2. Make the issue of Colorado's school finance structure relevant to broader audiences in order to develop a statewide network.

E.3.3. Demonstrate how SFP's recommendations will impact the school finance system, the education system as a whole and the lives of ordinary Coloradans.

E.3.4. Present at Steering Committee members' organizations.

E.4. The Partnership will coordinate and provide substantive support for other statewide efforts related to school finance. Important efforts/organizations to coordinate with include:

- TBD Colorado;
- The Fiscal Planning Project (convened by The Colorado Forum);
- Steering Committee members' organizations and memberships; and
- Policymakers.

E.5. Maintain the SFP website as a clearinghouse for information on School Finance and SFP activities.