COLORADO
Department of Education

New At-Risk Measure Update
Pursuant to SB23-287

Submitted to:

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By:

Colorado Department of Education

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Executive Summary

With the advent of universal meal programs in Colorado, concerns have been raised that Free and Reduced-Priced Lunch (FRL) applications will no longer be a reliable method for identifying At-Risk students. In 2022, the Colorado General Assembly passed House Bill 22-1202, the At-Risk Student Measure For School Finance. The intent of the bill was to replace the use of FRL applications in At-Risk calculations by 1) incorporating Medicaid data into direct certification data, and 2) creating a new measure that would better identify socio-economically disadvantaged students that were in danger of below-average academic outcomes. The new measure established in HB22-1202 would use two metrics to identify and fund At-Risk students:

- An Identified Student Percentage (ISP) – data from direct certification (Supplemental Nutrition Assistance Program, Temporary Aid to Needy Families, Food Distribution Program on Indian Reservations, and Medicaid free) and categorically eligible students (Migrant, Homeless, Runaway, Foster, Head Start) ; and

- A socio-economic status index (SES) – data which would be determined by matching a student's home address to a weighted SES quintile based on a number of factors.

To determine the best way to design, calculate, and implement the new measure, HB22-1202 also created the At-Risk Working Group that was tasked with refining how the ISP and SES would be weighted. The working group was charged with developing a final measure by January of 2023, and met several times throughout 2022 to make determinations about the composite data points that would be used to calculate the SES index. The working group made a total of five recommendations. However, the working group was unable to make a determination on two components necessary for the implementation of the new At-Risk measure. Without actual Medicaid and student census block data to produce accurate modeling, the working group determined that it would be premature to offer a single recommendation on these two items. Additionally, the working group highlighted three areas of consideration by the legislature. As a result, the working group recommended implementation be delayed until further work could be done. The full report of the working group can be found at: https://go.boarddocs.com/co/cde/Board.nsf/files/CNL8GB1E36EF/$file/At-Risk%20Measure%20Memo.pdf.

As a result of the working group's recommendations, in the 2023 Public School Finance Act (SB23-287), the Colorado General Assembly delayed the use of the new measure and required the Colorado Department of Education (CDE) to create a pilot project to test the collection and calculation of the various proposed new At-Risk measure. The pilot was designed to identify challenges with both the calculation and implementation of the proposed measures, and revealed:

- Data abnormalities - some districts saw increases in at-risk student identified through the new measure, others saw surprising decreases

- Implementation - while implementation would likely not be a significant challenge for non-rural districts, implementation of the new At-Risk measure would likely be extremely burdensome and challenging for rural and small rural districts. These districts struggled to utilize the tools provided for the work and typically fell well short of collecting the required data for their district. On average, non-rural districts were able to obtain the needed data for ~95% of their student population, while rural and small rural districts typically only acquired the needed data for ~75% of their student population. Since At-Risk funding in Colorado, is based on a per pupil count, if a quarter of a district's population is not accounted for there could be devastating effects on the district's funding.

Based on the working group's findings and recommendations as well as the information gathered from the pilot project, several considerations were identified that will need to be addressed ahead of full implementation of the new At-Risk measure. Challenges fell into two general categories, those concerning the calculation required for the new measure and those concerning administrative burden that may be caused by the new measure. Calculation concerns involve both logistical issues regarding components of the new measure that have not been finalized as well as modeling issues that have demonstrated that in its current format, the new At-Risk measure could have a devastating impact on funding for some districts. Administrative concerns involved the fact that compiling the necessary data will be a heavy lift for smaller districts and the new measure does not eliminate the need for districts to distribute and collect FRL applications.

Upon completion of the pilot project, CDE conducted a series of analyses to better understand how FRL rates have changed over time and developed a more comprehensive picture of the factors that can influence FRL rates. Because districts will continue to distribute and collect FRL applications it will be important to understand if universal meal programs throughout Colorado will in fact impact completion rates. FRL applications could still prove to be a valuable tool for At-Risk funding calculations. The CDE analysis found that:

- FRL rates have stayed relatively stable;
- FRL rates have been a meaningful predictor of At-Risk rates;
- FRL rates have increased in recent years;
- FRL rates tend to increase when districts participate in US Department of Agriculture's Electronic Benefit Transfer (EBT) programs.

The Department also conducted a model analysis of pilot districts to help test the use of the new measure in practice. Just under half of the districts in the pilot were not able to compile enough of the necessary data to run a meaningful model. This issue highlights the fact that, if implemented, the new At-Risk measure could become a guessing game for some districts with regards to funding. For districts that were able to compile the required data to run the model, the resulting impact on the districts varied dramatically. While some districts saw sharp increases in student counts, others saw surprising

decreases. The driving force of these differences was not apparent, however, these results do highlight troubling unresolved issues with the new At-Risk measure.

Based on the information gathered by the working group, the pilot project, and the CDE analysis it is clear that in its current format the new At-Risk measure, if implemented, could have a devastating impact on the At-Risk funding across the state. As such the following recommendations are put forth:

1. The legislature should delay implementation of the new At-Risk measure until such time that further analysis can be conducted to ensure that the new measure will have the desired effect for the students of Colorado

2. The legislature should provide clear guidance to the CDE regarding how SES quintiles should be weighted, how ISP and SES counts should be weighted, and how to handle situations where the necessary data can not be acquired.

3. The legislature should develop support for districts regarding implementation to help ensure that the new At-Risk measures does not create unnecessary burden on school districts and does not increase administrative paperwork.

4. The legislature should implement an At-Risk funding hold harmless as suggested by the At-Risk working group to provide a safety net for districts until confidence in the accuracy of the new measure can be established.

At-Risk Funding in Colorado

During the 2022 legislative session, the Colorado General Assembly passed House Bill 22-1202. The bill aimed to create a new At-Risk measure to enable the state to identify students in danger of below-average academic outcomes due to socioeconomic disadvantage or poverty. The hope was that the new measure would replace the use of Free and Reduced-Priced Lunch (FRL) applications, while also ensuring that the appropriate state funding would be provided to the public schools who serve those students.

Current At-Risk Funding in Colorado

Currently in Colorado, school funding is calculated on a per pupil count (Colorado Department of Education, 2022) that is based on enrollment as of a specific day in October each year. The counts are then used in conjunction with a base funding amount that is set annually. The state also provides additional funding to schools, based on size and student population to help support high need students, including At-Risk students. At present, each student that qualifies for Free and Reduced-Priced meals in Colorado, also qualifies for At-Risk funding and receives an additional allocation on top of their base funding amount (Colorado Department of Education, 2022). Currently students can qualify for At-Risk funding in one of the following ways:

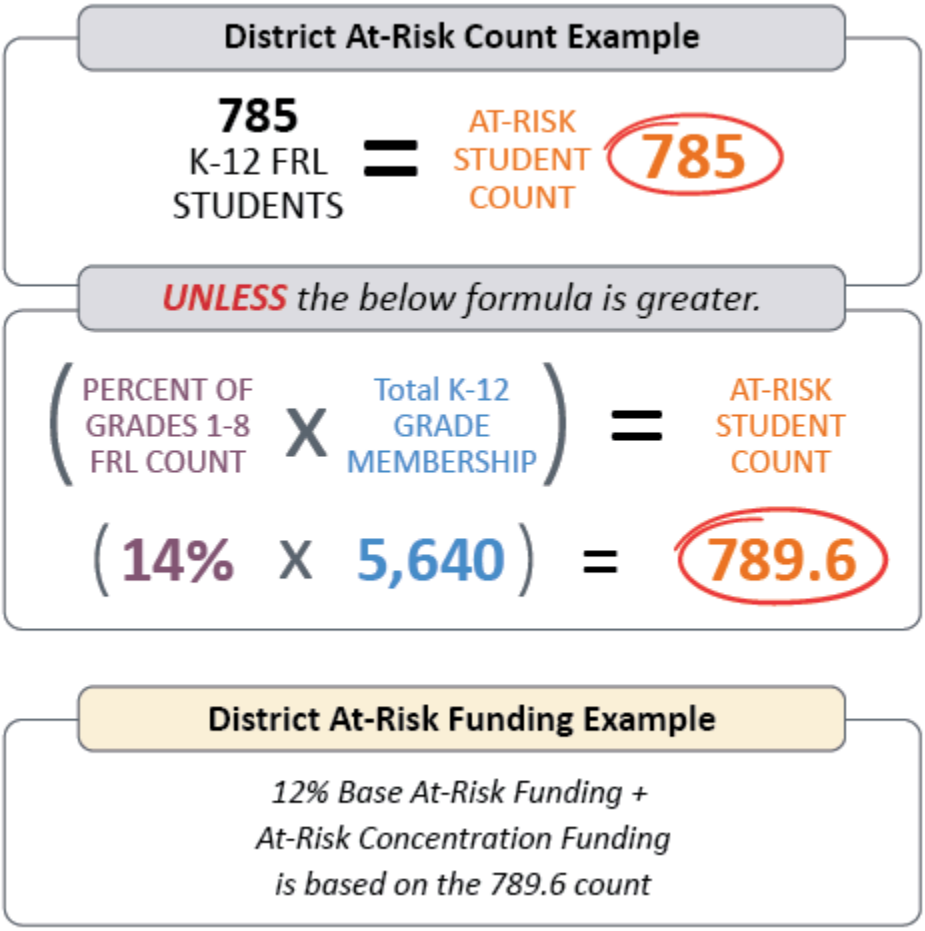
- *Direct Certification* - Students whose families participate in the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), the Food Distribution Program on Indian Reservations (FDPIR), or Medicaid[1].

- *Other Categorical Eligibility* - Students who are migrants, homeless, runaways, are in foster care, or participate in Head Start.

- *Application* - Students whose families have completed the United States Department of Agriculture (USDA) Free and Reduced-Priced Lunch (FRL) application, Family Economic Data Survey (FEDS) form, or FRL/FEDS combination application and qualify due to household income levels.

Once At-Risk counts are complete, the higher of the district's FRL count or the percentage of grade 1-8 FRL count, is multiplied by the Kindergarten to 12th grade membership to identify the number of At-Risk students. At-Risk funding is set at 12% of the base per pupil funding. Finally, a concentration factor is added to districts who have an average percentage of At-Risk students that is above the state average (Colorado Department of Education, 2022). This process is outlined below.

[1] Authorized via HB22-1202, and first incorporated in the October 2023 count.



The Future of Calculating At-Risk in Colorado

The new At-Risk measure was designed, in large part, to replace the use of FRL and FEDS applications. Two notable factors drove this decision. First, the COVID-19 pandemic resulted in a small drop in FRL numbers across the state, which led to some concern about the potential for the undercounting of At-Risk students. Second, the passage of the universal meal program, Healthy School Meals for All (HSMA), in Colorado created ongoing concerns about future completion rates of the forms. Although FRL applications are quick and easy to complete, with the availability of free lunch to all students, the incentive for families to complete the form may decrease.

To address these concerns, the Colorado General Assembly approved House Bill 22-1202, which created a new formula for identifying At-Risk students. The new at-risk measure sought to:

> *22-54-104.6 (1)(a)(I) ensure that public schools are able to participate in universal free meal programs and reduce the paperwork and administrative burden on public schools participating in those programs; (II) identify at-risk students directly through their participation in certain public benefit programs without the need to collect forms or other verification of eligibility,*

> *which often leads to the undercounting of students in the public schools that need resources to serve these students; and (III) recognize factors beyond household income that place a student at risk of below-average academic performance.*

The new At-Risk measure was required to include:

> *22-54-104.6(3)(a) a district's or institute charter school's identified student percentage, supplemented by students identified through Colorado's participation in the demonstration project operated pursuant to 42 U.S.C sec. 1758 (b)(15) for direct certification for children receiving benefits through medicaid and the children's basic health plan and; (b) student needs that are weighted based on at least five socioeconomic-status neighborhood factors, linked to each student's census block group.*

The bill created an "At-Risk Measure for School Finance Working Group" facilitated by the Colorado Department of Education (CDE) to review and suggest to the the 2023 General Assembly how a new At-Risk measure could be designed to include the use of the Identified Student Percentage (ISP) and the neighborhood socioeconomic-status (SES) index (Colorado Department of Education, 2023a). As part of the work group, CDE retained the Urban Institute to model the impact of various scenarios that were under consideration.

Although the new At-Risk measure was scheduled to be implemented during the 2023-2024 school year, the working group recommended that it be delayed until the 2024-2025 school year due to the fact that Medicaid data would not be available until the 2023-2024 school year and the need to develop a system for districts to report census block information (At-Risk Measure for School Finance Working Group, 2023). In addition, the working group recommended that the SES be a composite of seven data points from the American Community Survey (ACS). The data points included:

- Share of those in the same residence as of last year
- Share of adults aged 25 or older with a bachelor's degree or higher
- Share of children under 18 who are adopted, foster, or living with relatives that are not their biological parents
- Median household income
- Share of occupied housing units with more than 0.5 occupants per room
- Average ratio of income to rent/ownership costs
- Share of children aged 5 to 17 who speak non-English language at home

The At-Risk measure would be calculated by averaging these data points to create an SES index for each census block across the state (At-Risk Measure for School Finance Working Group, 2023). Census blocks would then be placed into one of five socio-economic status quintiles based on SES index scores. Based on a student's physical address, each student would then be placed in the quintile corresponding with their home census block quintile. Quintiles would be weighted based on estimated socio-economic

status, with higher weights corresponding to lower socio-economic status. Each student within a district would receive a corresponding weight and all students would be combined across the district to calculate an overall SES student count for the district. An ISP district count would also be calculated for the district. Students would be included in the ISP calculation if they qualified under Direct Certification or the student was Categorically Eligible. Direct certification includes students enrolled in programs such as Medicaid, TANF, and SNAP. Categorically Eligible students include those who are experiencing homelessness, those in foster care, or those participating in the Migrant Education Program. The ISP does not include students eligible for Free or Reduced-Priced Lunch through the FRL or FEDS applications. At-Risk student counts would then be determined for the district through the weighted addition of the ISP and SES counts (At-Risk Measure for School Finance Working Group, 2023).

No determination was made by the working group regarding how ISP and SES should be weighted in the final calculation. Additionally, no determination was made by the working group regarding how to weight the SES quintiles. Due to the absence of actual Medicaid information and student census block data to produce accurate modeling, the working group determined that it would be premature to offer a single recommendation for these two elements (At-Risk Measure for School Finance Working Group, 2023).

The working group also noted some additional considerations that they felt were necessary to address ahead of full implementation of the new At-Risk measure (At-Risk Measure for School Finance Working Group, 2023):

- ***ACS data of rural communities was highly variable.*** The working group found that the ACS data collected from rural areas tended to be more variable than ACS data collected from urban areas. The working group felt this variability could make it difficult to accurately represent the socioeconomic status of the state's smallest districts.

- ***Large differences exist between ISP and FRL percentages***. The working group found that roughly 20 districts, mostly small rural, had much lower ISP percentages relative to their previous FRL percentages. The working group hypothesized that several barriers could exist that prevent families from enrolling in social safety net programs to the same extent they are able to demonstrate eligibility for free and reduced lunch benefits. The working group also noted that unless a clear understanding of the causes of this shift could be determined, these districts would be in danger of being underfunded moving forward.

Given the working group's recommendations, in 2023 the Colorado legislature via Senate Bill 23-287 delayed implementation of the new At-Risk measure until the 2024-2025 school year. Additionally, the bill required CDE to create a pilot program to test the collection and calculation of the new At-Risk measure and identify challenges with calculations and implementation. The bill states that:

> *22-54-104.6(11.5)(a) In order to prepare for the implementation of the new At-Risk measure for the 2024-25 budget year, the Department of Education shall conduct per-implementation modeling and testing of the new At-Risk measure. At a minimum, the Department shall simulate 2024-25 budget year total program calculations, including the new At-Risk measure recommended by the working group instead of the At-Risk measure in effect for the 2023-24 budget year.*

Additionally, the work was intended to include:

> *22-54-104.6(11.5)(b)(II) An identification of issues encountered in the modeling and testing using the new At-Risk measure*

At-Risk Measure Pilot Project

Intent and Overall Findings

Overall, the pilot project determined that reporting ISP data would not likely present any new challenges for school districts as this information is already collected and submitted to CDE, however, reporting SES information would be extremely challenging for a large number of districts, particularly smaller districts in rural areas across the state. The significant challenge for most districts was faced when attempting to determine census block information for each student. The current method for determining census block information is to enter a student's primary physical address into either the United States Census Bureau Geocode Tool or a district owned GIS/school boundary software system. While some large urban schools have their own GIS software, the vast majority of districts in Colorado will need to rely on the Census Bureau Geocoding Tool. The Geocoding Tool was found, by all districts in the pilot, to be somewhat unreliable, and the requirements to utilize the tool properly were often unsuccessful in rural and remote regions of the state.

Phase One

Phase one of the pilot project began in June 2023, and included a total of eight districts across the state. Participants were asked to provide feedback and considerations regarding the draft instructions on *How to Use the Geocode Tool* that would guide districts in using the Geocode Tool following implementation of the new At-Risk measure. Much of the feedback focused on the importance of ensuring accuracy when entering student addresses, using a physical address rather than a P.O. box address, and guidance on how to address students who are living in apartments, trailer communities, students who are homeless or participating in the state's confidentiality program.

Phase Two

Once changes were made to the instructions utilizing the feedback received in phase one, phase two of the pilot project commenced. Phase two began in November 2023 after the October Student Count, and included a total of nine districts. The nine districts represented 5% of Colorado’s public school districts

and approximately 22% of the total funded Kindergarten-12th grade student population. Districts were classified into three groups (small-rural, rural, and non-rural) based on their total funded Kindergarten-12th grade student population. These groups were utilized during analysis of the project. Small rural districts had less than 1,000 funded students, rural districts had from 1,000-6,500 funded students, and non-rural districts had greater than 6,500 funded students. Four of the districts were classified as non-rural, two were classified as rural, and three were classified as small rural. Additionally, the nine districts that participated represented six of the eight different geographic regions of the state (Colorado Department of Education 2023b). Table 1 lists participating districts, along with the district classification and geographic region.

Table 1: Participating districts represent all district classifications and a variety of geographic regions across the state

District Name	District Classification	Geographic Region
Denver County 1	Non-Rural	Metropolitan
Cherry Creek 5	Non-Rural	Metropolitan
Greeley 6	Non-Rural	North Central
Pueblo City 60	Non-Rural	Pikes Peak
Montrose County RE-1J	Rural	West Central
Elizabeth School District	Rural	Metropolitan
South Routt RE 3	Small Rural	North West
Mountain Valley RE 1	Small Rural	South West
Silverton	Small Rural	South West

Phase two of the pilot had three overarching goals:

- To evaluate the Geocode Tool instructions for widespread distribution and use.
- To determine issues, concerns, and/or considerations related to district capacity to obtain and provide census block data for funded students.
- To assess whether the estimated census block data counts provided to the CDE by the Urban Institute are reliable.

For this phase of the project, each participating district was asked to use the Geocode Tool to determine a census block for all funded students in the district. In order to obtain a census block, the primary physical address for each student needed to be formatted properly and uploaded into the tool. Once the tool determined census blocks based on the student addresses, the district would export a file

containing all necessary data. If an address could not be identified, districts were asked to first confirm the address was valid using the United States Postal Service (USPS) address locator tool. If the address was correct, the district was asked to then resubmit in the Geocode Tool. If the address was still not returning a census block in Geocode Tool, districts were asked to determine a census block by utilizing a Census Block Group Map or Interactive Map.

Pilot Takeaways

Following completion of the pilot, in total, districts were able to obtain census block data through geocoding for approximately 96% of the students included in the pilot. However, not all districts had the same success rates, and on average small rural and rural districts were able to geocode far fewer funded students compared to non-rural districts. While non-rural districts on average were unable to geocode ~4% of their student population, rural and small rural districts on average were unable to geocode ~10% and ~25%, respectively. While rural and small rural districts combined represent less than a quarter of the funded student population in Colorado (~15%), they represent a significant majority of school districts (~85%) (Colorado Department of Education, 2024a). The small rural and rural districts encountered a number of complications and road blocks during the pilot that non-rural districts did not. A summary of feedback from each district classification is included below.

Small Rural Districts - These districts typically struggled to complete the work. Two of the districts indicated that it took them almost a week to complete the work and a number of district staff (superintendent, finance director, principal, administrative assistant) had to be pulled off their normal jobs to help. The third district was unable to get the Geocode Tool to function properly and after several attempts, addresses were sent to the department to complete the work. All of the small rural districts also encountered issues with finding valid addresses and/or having the Geocode Tool recognize new or remote addresses. Some newer homes or developments were not recognized by the Geocode Tool at all. Additionally, many families in small rural districts use a mailing address (typically a P.O. box) as their primary address rather than a physical/residential address, and in some cases families may not have or know their residential address at all.

- ***Rural Districts*** - One of these districts had less trouble completing the work compared to small rural districts. It took both districts approximately 20 hours to complete the project. Each district had a data manager that took the lead on the project. Both districts indicated that the student address “cleaning” to format everything for the system took the most time. One rural district echoed the small district's concerns regarding new addresses not being recognized by the Geocode Tool.

- ***Non-rural Districts*** - These districts on average had the least trouble completing the work, typically completing the project in 8 to 24 hours. All non-rural districts had a district staff member who could complete the work and two of the districts had a Geographic Information Systems (GIS) specialist to assist in the work. Three of the four districts had their own GIS system

which is used internally, so methods and processes for “cleaning” addresses were already in place. Even with all these supports available, these districts still indicated that a number of valid addresses did not return results within the Geocode Tool. One district also indicated that the “Geocode Tool does partial matches that may not be accurate.” They also emphasized the fact that when the Geocode Tool does not return results, the process necessary to return a usable census block is extremely time consuming. More than one district also indicated that the backup options of Census Block Group Maps and Interactive Maps were challenging to use as they required the use of other mapping tools like Google Maps to locate a residence and then locate the residence on the Census Block Group Map or Interactive Map to manually cross reference and determine a student’s census block code. After making the determination, the census block code then had to be manually recorded.

One non-rural district completed the work using both the Geocode Tool and their district owned GIS system. The Geocode Tool was able to obtain data on 96.4% of the district’s funded students while the district GIS system was able to obtain data on 99.65% of the district’s funded students. In total for all participating districts, 4.11% (7,048 students out of 178,590) of the student population could not be geocoded. Districts indicated a number of reasons they believed these students could not be geocoded including:

- McKinney-Vento students
- Students in foster care
- Students participating in the Confidentiality Program
- Detention Center students
- Families refusing to provide physical address
- Families not knowing their physical address or providing a mailing addresses instead

Regardless of the reason, during the pilot program these students were not able to be assigned a census block and it was unclear how the unassigned students would be handled if the At-Risk measure was implemented in the 2024-2025 school year. For some rural districts, a lack of census block information for a quarter of their student population could result in huge variability in At-Risk funding in the future.

Challenges Identified

Considerations Ahead of Implementation

The development of the new At-Risk measure put forth in House Bill 22-1202 sought to accomplish the following:

> *22-54-104.6 (1)(a)(I) ensure that public schools are able to participate in universal free meals programs and reduce the paperwork and administrative burden on public schools participating in programs; (II) identify at-risk students directly through their participation in certain public*

benefit programs without the need to collect forms or other verification of eligibility, which often leads to the undercounting of students in the public schools that need resources to serve these students; and (III) recognize factors beyond household income that place student at risk of below-average academic achievement.

While the new At-Risk measure does address all of these goals in principle, in practice it may fall short of delivering on its intended objectives. As a result of the working group report and the pilot project, several additional points should be considered before the new measure is fully implemented statewide.

Calculation Components

The new At-Risk measure involves multiple calculations and sources of information to be completed. Because Colorado provides school funding on a per pupil basis, it is critical to ensure that accurate counts of the student population can be made when calculating funding. A number of logistic challenges and barriers were identified during the previous work that highlight the likelihood of inaccurate counts being made if the current At-Risk measure is implemented in its current format.

- ***SES quintile weights have not been finalized.*** The new At-Risk measure uses weighted quintiles to calculate SES student numbers for each district. Different weighting of the five socio-economic quintiles would result in very different student counts for districts across the state. The working group proposed multiple potential quintile weights that could be used in the final calculation, however, a final determination was not made regarding which set would be used. Identifying appropriate quintile weights will be critical to ensure an effective At-Risk measure. Adjustments of weights could have a huge impact on funding levels for high-need districts.

- ***ISP/SES factor weights have not been finalized.*** Once ISP and SES student counts are calculated in the new At-Risk measure, the two counts are weighted and then combined. The working group proposed multiple potential ISP/SES factor weights but did not come to consensus on which should be utilized moving forward. Determining the optimum ISP/SES factor weight will be necessary to ensure an effective At-Risk measure. If either the ISP or SES student counts are undercounting students, changes in the factor weight could significantly change funding for high-need districts.

- ***There are address integrity and Geocode Tool capacity issues that may impact accurate counts.*** Most districts in Colorado do not have their own GIS system. As a result, the vast majority of districts across the state will need to rely on the Geocode Tool to calculate a SES student count. The pilot project highlighted some serious concerns regarding address integrity and capacity when using the tool. If an At-Risk measure that requires geocoding is implemented, it will be critical to ensure that the tools available to school districts are of the highest quality and accuracy. If the available resources are not able to provide districts with the required data, there is no hope for accurate At-Risk student counts to be made across the state.

- ***There is no method in place for calculating weights for students with no valid address***. The SES portion of the new At-Risk measure is dependent on obtaining an accurate primary physical address for each student to enable successful geocoding. Geocoding is a method of determining a specific geographical location and does not work with Post Office Box addresses. Students who are not geocoded will not have a corresponding SES quintile. The At-Risk working group did not come to a decision on what should be done with student's who did not have an identified quintile. The pilot project demonstrated that while overall participating districts were able to geocode ~96% of the student population some districts were only able to geocode ~75% of their student population. Although rural and small rural districts make up a much smaller percentage of the overall student population across the state, the absence of over 25% of the student population for smaller districts would have a staggering impact on the accuracy of At-Risk funding for these communities.

- ***Undocumented students may be missed in the new ISP count.*** In the new At-Risk measure, ISP numbers are calculated by combining Direct Certification student numbers and Categorically Eligible student numbers. Although this method will likely capture the majority of At-Risk students across the state, because the majority of the programs and classifications included in ISP require state or federal documentation, undocumented students may be excluded from future ISP counts. This change could result in undercounting of students in some areas of the state that serve larger populations of undocumented students. Both the working group and the pilot project highlighted this potential issue. In very small rural districts, even a handful of uncounted, undocumented students could have a significant impact on funding. All students, regardless of documentation status, are eligible for the USDA's National School Lunch Program (NSLP). As a result, undocumented students have likely been captured in FRL and FEDS applications in the past.

Calculation Modeling

The working group and pilot project both included modeling of the new At-Risk measure. Not all components of the new measure have been finalized so several iterations were run in each case, however, a number of anomalies and areas of concern were identified through the modeling process. These considerations will need to be addressed if the current At-Risk measure is implemented in its current format.

- ***The new measure will likely result in compression of quintiles.*** Recent modeling by the Colorado School Finance Project (CSFP) identified the likelihood of the skewing of census block data in some areas of the state. Because the SES quintiles are determined by the socio-economic status of individuals within the block, areas with high concentrations of low income and highly mobile populations will be identified as high-need areas. However, areas of the state, such as Boulder, which are home to large concentrations of college students can skew the data. College students tend to have low income levels and be highly mobile, however, areas that are home to large colleges and universities tend to traditionally fall higher on the socio-economic scale. As a result

of the presence of large numbers of college students, anomalies can occur that would shift At-Risk counts up in communities that traditionally have lower FRL counts at the detriment of communities that traditionally have higher FRL counts. This “compression” of quintile data could have devastating consequences, by increasing At-Risk funding to low need districts and consequently, reducing At-Risk funding in high need districts.

- ***The new measure will likely result in a significant drop in student count for some districts.*** The Geocode Tool pilot project identified the likelihood of several small rural districts having significantly lower ISP numbers relative to FRL numbers if the new funding formula goes into effect. It was unclear from the modeling what the exact cause of the discrepancy was, however, high concentrations of undocumented students in some areas of the state could be a mitigating factor. Regardless of the cause, if funding was allocated based on the new measure and some districts have significantly lower ISP numbers compared to past FRL counts it would likely have a devastating effect on these districts' ability to support some of their most vulnerable students.

- ***The new measure will likely result in large swings in funding for many districts*****.** The HB22-1202 At-Risk Working Group was able to align on ACS data points that would be utilized when calculating the SES index, however, they could not determine the weighting of ISP and SES in the final calculation, or the weighting of SES quintiles for calculating the SES counts. As a result, nine models were run, utilizing the potential components in consideration. The results demonstrated that large swings in funding could occur across the state depending on the final weights that are chosen for the At-Risk measure. For high-need districts it will be critical that the final formula ensures the necessary funds are allocated based on accurate and informative student counts. A significant drop in funding could have devastating consequences for these districts.

- *T**he new measure could result in decreased At-Risk funding for the state.*** As part of the HB22-1202 At-Risk Working Group’s final report, estimates were created for nine models based on potential ISP/SES factor weights and SES quintile weights (At-Risk Measure for School Finance Working Group, 2023). Model estimates were compared to June 2022 At-Risk counts and funding amounts. In all models, estimates of At-Risk student counts went up, however, in eight of the nine models, estimates of overall At-Risk funding went down. This apparent disconnect between student counts and funding amounts is counterintuitive if the goal of At-Risk funding is to provide the necessary supplemental funding to help support some of Colorado’s most vulnerable students. This paradox is the result of the new funding model considering every student in the state to have at least some kind of need. While this is likely not a bad assumption it does result in the inflation of the number of At-Risk students. Every quintile in the SES model currently receives some weight in the new formula. As a result, even students that are placed in the lowest need quintile are “counted” albeit at a much lower percentage. However, due to the fact that every student in Colorado counts, at least in part, the overall number of At-Risk students goes up. While this may seem like a positive with regards to addressing student needs, it has an unexpected and likely negative impact across the state. When At-Risk funding is calculated, first,

each At-Risk student in the district receives an additional 12% of the base funding amount for that year (Legislative Council Staff, 2023). So for each student identified the district gets more money. However, the second step in the At-Risk funding calculation provides an additional allocation to districts with an At-Risk population that is higher than the state average. The allocation is based on the difference between the district average and the state average. Since the new models increase the number of At-Risk students across the state, the state average also increases. This results in the second step of the funding model being impacted in two ways. Some districts will lose this additional allocation entirely if their district average is no longer higher than the state average and for the remaining districts the difference in their district average will likely be smaller relative to the state average than it was before. Districts in Colorado that have always had a high At-Risk population are not likely to see a significant increase in the number of students identified with the new model, in fact they are more likely to see a decrease in their At-Risk counts since some students that would have been counted as one student in the past calculation may now only count as a fraction in the overall count calculation. Additionally, districts that had extremely low At-Risk populations in the past are likely to see a sizable increase in their population due to the factor that every student now represents some amount of "need". This change results in low need districts pushing the state average up at the detriment of high need districts.

Administrative

- ***Compiling data for the new At-Risk measure may prove to be a heavy lift for districts.*** House Bill 22-1202 sought to "*reduce the paperwork and administrative burden on public schools participating",* however, the pilot project conducted with nine districts across the state highlighted the fact that compiling census block data was an arduous task for districts, especially rural and small rural districts. In small rural districts several district staff members spent up to a week working to compile the ultimately incomplete data set. One school also indicated that each family in the district needed to be contacted by phone in an attempt to compile the complete list of physical addresses needed for the new funding formula. Although large urban and suburban districts needed to compile data on significantly larger numbers of students, they were able to complete the work in much shorter periods of time due in large part to the fact that several of these districts had specialists on staff that could complete the work. Additionally, several of the districts had their own GIS software which provided a secondary mechanism for obtaining the necessary data. If the new funding formula goes into effect across the state it will be important to consider how rural and small rural districts can be supported to ensure that the administrative burden is reduced and not increased.

- ***The new At-Risk measure will not eliminate the need for FRL and/or FEDS forms.*** Colorado Revised Statute 22-54-112(4)(a) states that "*every school of a district, charter school of a district, and institute charter school shall include in the materials for pupil registration the pupil application form to participate under the federal "Richard B. Russell National School Lunch Act", 42 U.S.C. sec. 1751 et seq.*" (CRS 2020 Title 22 Education, 2020). As a result of this statue, school

districts across the state are already collecting this information from all students. This data is also utilized in several non-school finance ways, including but not limited to: assessments, framework and accountability measures, and grant eligibility. Further, many districts that participate in USDA federally funded programs are required to distribute, collect, and report on these applications. Due to the continued need for schools to share and collect these forms, the implementation of the new At-Risk measure will not eliminate the use of FRL and/or FEDS forms, and will potentially result in an increase in administrative paperwork and burden as opposed to the intended decrease.

CDE FRL Analysis

FRL Analysis Intent and Overall Findings

In response to the challenges, burdens, and considerations identified by the working group and pilot project, the CDE conducted an FRL analysis. The goal of the work was to better understand how FRL rates have changed over time and develop a more comprehensive picture of factors that can influence FRL rates to help inform implementation of a new At-Risk measure. The analysis found that:

- FRL rates have stayed relatively consistent for the last seven years, with the exception of a small drop during the COVID-19 pandemic.
- FRL rates have been a meaningful predictor of At-Risk rates both pre- vs post-pandemic.
- FRL rates have increased across the state when pre- vs post-pandemic data is compared.
- FRL rates tend to increase when a district participates in the USDA Electronic Benefit Transfer (EBT) program for multiple years.

The state of Colorado has an extremely diverse educational landscape. Statewide district counts from the 2023-2024 school year reported 845,822 students enrolled in 179 school districts (Colorado Department of Education, 2024a). The huge variability that exists across school districts throughout the state creates unique challenges when developing statewide solutions. The Denver Public School District alone makes up approximately 10% of the total student population in Colorado, while the smallest 143 school districts in the state, combined, only represent approximately 5% of the total student population.

To account for the variability in school district size and geography, the CDE assigns each of the districts a ‘District Setting’ designation (Colorado Department of Education, 2024b). The district setting measures urbanicity on a scale from rural to urban. There are five categories:

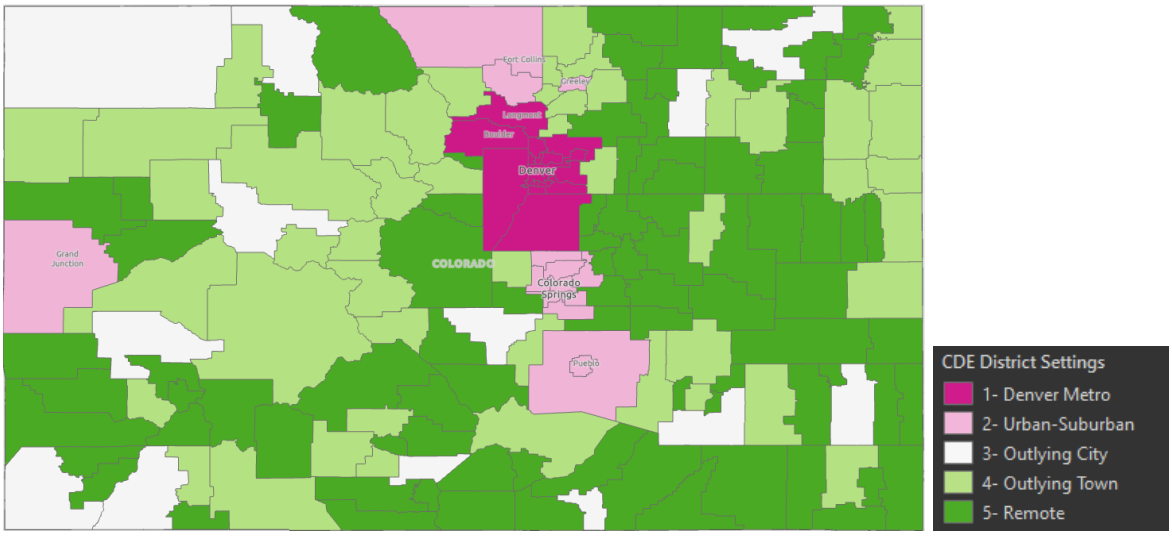
1. Denver Metropolitan Area
2. Urban-Suburban (pop. center over 30,000 residents, outside the Denver Metro Area)
3. Outlying City (pop. center of 7,000 to 30,000)
4. Outlying Town (pop. center of 1,000 to 7,000)
5. Remote (pop. center of less than 1,000)

The district setting categories are used as the framework when comparing districts. Table 2 shows the proportion of funded students relative to their district setting for the school year 2023-2024. The Charter School Institute is its own category because the funded student numbers are reported to the state as one total, however, the charter schools are located in various geographic areas throughout the state. Over half of the students for the 2023-2024 school year live in the Denver Metropolitan area. However, the majority of districts are located in 'remote' or 'outlying town' areas. The percent of students per district setting has remained consistent for the last seven years (average of 55% of students located in Denver Metropolitan and average of 3% in 'remote'). Map 1 illustrates the geographic variability in Colorado and district setting distribution. The majority of the student enrollment is centered in the Denver Metropolitan area (dark pink), however, students and their districts are found throughout the state.

Table 2: Outlying and remote districts represent the majority of districts but the minority of the student population (School Year 2023-2024)

District Setting	Funded Students SY2023-24	% Students SY2023-24	# of Districts	% of Districts
1- Denver Metro	453,710	54%	15	8%
2- Urban-Suburban	229,268	27%	15	8%
3- Outlying City	36,680	4%	13	7%
4- Outlying Town	68,966	8%	49	27%
5- Remote	34,580	4%	86	48%
Charter School Institute	22,618	3%	1	1%
Grand Total	**845,822**	**100%**	**179**	**100%**

Map 1: The Denver Metropolitan Area enrolls the majority of students in the state



FRL Counts as an At-Risk Measure

In 1983, the National Commission on Excellence in Education authored an article entitled “A Nation at Risk” (The National Commission on Excellence in Education, 1983). The article discussed students across the country that were experiencing factors in their lives that increased the chances of academic failure. A number of factors were identified such as poverty, family instability, and limited community resources. These challenges, now often referred to as “At-Risk” factors, have since been the focus of research and initiatives in hopes of mitigating their potential negative effects. One such initiative is additional school funding for students classified as At-Risk (Parker & Griffiths, 2016). Numerous studies have found a positive correlation between additional At-Risk funding and student academic success.

Methods for identifying At-Risk students vary across the country, however, a majority of states, including Colorado, have used a student’s eligibility for USDA’s NSLP as their benchmark. NSLP provides free and low-cost meals to low income students at public schools, nonprofit private schools, and residential child care institutions (Food Nutrition Service, 2023b). These meal programs are often referred to as “Free and Reduced-Priced Lunch”. Research from the U.S. Department of Education Institute of Education Sciences National Center for Education Statistics has shown a negative correlation between eligibility for NSLP and academic success (Parker & Griffiths, 2016). Students who were eligible for NSLP typically have lower math and reading scores and lower graduation rates than students not eligible for NSLP. For the 2023-2024 school year, student’s whose family income is 130% of federal poverty levels qualify for free meals, while student’s whose family income is 185% of the federal poverty level qualify for reduced-priced meals (Food Nutrition Service, 2023b). As a result of this relationship between NSLP eligibility and academic achievement, district FRL counts have been a useful and meaningful indicator for calculating At-Risk numbers in Colorado.

The USDA has established several methods to determine a student's eligibility status for NSLP, including Direct Certification of those who are enrolled in assistance programs such as the SNAP, TANF, and Medicaid; other categorically eligible students such as those in Foster Care, those experiencing homelessness, or those identified as Migrant; and utilization of a school meal applications including FRL, FEDS, and FRL/FEDS combo (Colorado Department of Education, 2023a). School meal applications are sent home at the beginning of each school year and status is granted based on the national income eligibility guidelines. The application is self-reported and does not require enrollment in any other state or federal assistance programs to be completed. As a result school meal applications can be completed regardless of documentation status.

Percent FRL Rates by Setting

An analysis of FRL rates across the state was conducted to determine the number of districts by setting that fall into various FRL percentage categories. Table 3 shows that the majority of districts across the state have FRL rates between 26-75%. ‘Outlying Towns’ and ‘Remote’ districts showed the largest trend towards this range. Only 7% of school districts across the state have FRL rates of 25% or less, while 49% of school districts across the state have FRL rates above 50%.

Table 3: A majority of districts across the state have FRL rates between 26% and 75%

	# of Districts and FRL Ranges					
District Setting	0 to 25%	26 to 50%	51 to 75%	76 to 100%	Suppressed	Grand Total
1- Denver Metro	3	4	3	5	0	**15**
2- Urban-Suburban	3	4	6	2	0	**15**
3- Outlying City	1	1	8	3	0	**13**
4- Outlying Town	2	23	19	4	1	**49**
5- Remote	4	31	33	5	13	**86**
Charter School Institute	0	1	0	0	0	**1**
Grand Total	**13**	**64**	**69**	**19**	**14**	**179**

**School year 2023-2024 FRL rates used when available, otherwise used average of past FRL rates. Suppressed data is the result of a district having small enough student populations that FERPA prevents districts from sharing data.*

Percent At-Risk Population by Setting

The CDE conducted an analysis of At-Risk rates across the state to determine the number of districts by setting that fall into various At-Risk percentage categories. Table 4 lists the results of the analysis. The majority of districts across the state have At-Risk population rates between 26 to 75%, similar to FRL rates, as would be expected. While all district settings demonstrated this trend, 'Outlying Towns' and 'Remote' districts showed the largest trend towards this range. Only 12% of school districts across the state have At-Risk populations of 25% or less, while 44% of school districts across the state have At-Risk populations above 50%.

Table 4: A majority of districts across the state have At-Risk rates between 26% and 75%

	# of Districts per At-Risk Rate Range					
District Setting	0 to 25%	26 to 50%	51 to 75%	76 to 100%	na	Grand Total
1- Denver Metro	2	6	3	4	0	**15**
2- Urban-Suburban	4	7	3	1	0	**15**
3- Outlying City	1	2	8	2	0	**13**
4- Outlying Town	6	23	17	3	0	**49**
5- Remote	8	41	32	5	0	**86**
Charter School Institute	0	0	0	0	1	**1**
Grand Total	**21**	**79**	**63**	**15**	**1**	**179**

While FRL rates have provided an effective means of calculating At-Risk measures in Colorado until now, some recent changes to the state's school meal programs have caused some concern about the continued accuracy of FRL applications within the FRL eligibility process.

Community Eligibility Provision

The Community Eligibility Provision (CEP) is a federally funded program available to schools and school districts which enables them to provide breakfast and lunch to all enrolled students at no cost, without collecting FRL applications (Food and Nutrition Service, 2023c). The program began in the 2014-2015 school year (UCONN Rudd Center for Food Policy and Health, n.d.). Schools and districts qualify for the program and are reimbursed for school meals using a formula based on the percentage of students that are directly certified and categorically eligible for free meals based on their enrollment in additional federally funded assistance programs (Colorado Department of Education, 2023c). The total number of eligible students is divided by the total student enrollment to calculate a "claiming breakdown". If the claiming breakdown is above a minimum threshold a school or district qualifies for participation in CEP. The claiming breakdown is then multiplied by 1.6 to determine the school or district's federal funding level for meal reimbursement (Colorado Department of Education, 2023d). The remaining program costs are covered locally by the district or the state. The larger the claiming breakdown the higher the federal contribution and the lower the local and/or state contribution.

Historically the minimum claiming breakdown for eligibility in CEP was 40%, however, in September of 2023, the minimum claiming breakdown was lowered to 25% (Food and Nutrition, 2023d). Enrollment in CEP enables all students to receive breakfast and lunch at no cost, however, the USDA prohibits the participating school or district from collecting FRL applications (Colorado Department of Education 2023c). Instead of the FRL application, these schools or districts can use the Family Economic Data Survey (FEDS) form or a combo FRL/FEDS form, which collects similar information and can be used to determine At-Risk counts for funding purposes. With the current drop in claiming breakdown, more Colorado school children could have access to free meal programs and this could impact completion rates of school meal applications.

Universal Lunch Programs

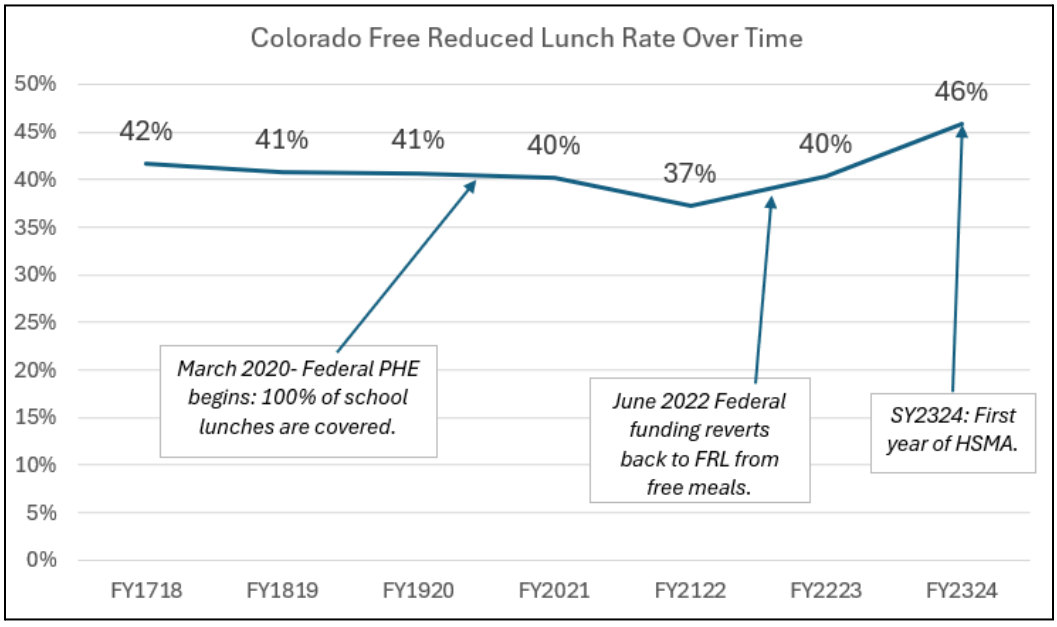
In 2020, at the onset of the COVID-19 pandemic, when schools across the country shut down, the USDA instituted nationwide waivers and flexibilities through the COVID-19 Public Health Emergency (PHE), to help ensure school-based lunch programs were still able to provide meals to students who had previously participated in the NSLP program (The United States Department of Health and Human Services, 2023). When schools began to open again, the USDA expanded access to free meals to all students nationwide through universal free meals. Universal free meal access continued as a result of PHE through June 2022 (The United States Department of Health and Human Services, 2023). Universal access to school meal programs was applauded as a critical component of supporting student academic success. As a result, a nationwide initiative called Healthy School Meals for All (HSMA) was introduced by the Food Research and Action Center (FRAC) in 2021 (Food Research & Action Center, 2024). The goal of HSMA is to work state by state to pass legislation to ensure free meals can be accessed by all students. In 2022, Colorado introduced and passed House Bill 22-1414, resulting in the creation of a Healthy School Meals for All program. Beginning in the 2023-2024 school year, all students in eligible schools in Colorado have access to a free meal program. HB22-1414 stipulated that any Colorado school or district that was participating in the HSMA program and was eligible to be classified as a CEP school would be

required to do so. The intent with this requirement was to maximize federal funding that would be available to help cover the cost of the universal lunch program. The passage of the HSMA bill in conjunction with the legislative CEP requirement means that well over 80% of school districts in Colorado could be prohibited from using FRL applications in the future and would need to rely on FEDS forms instead (Table 3).

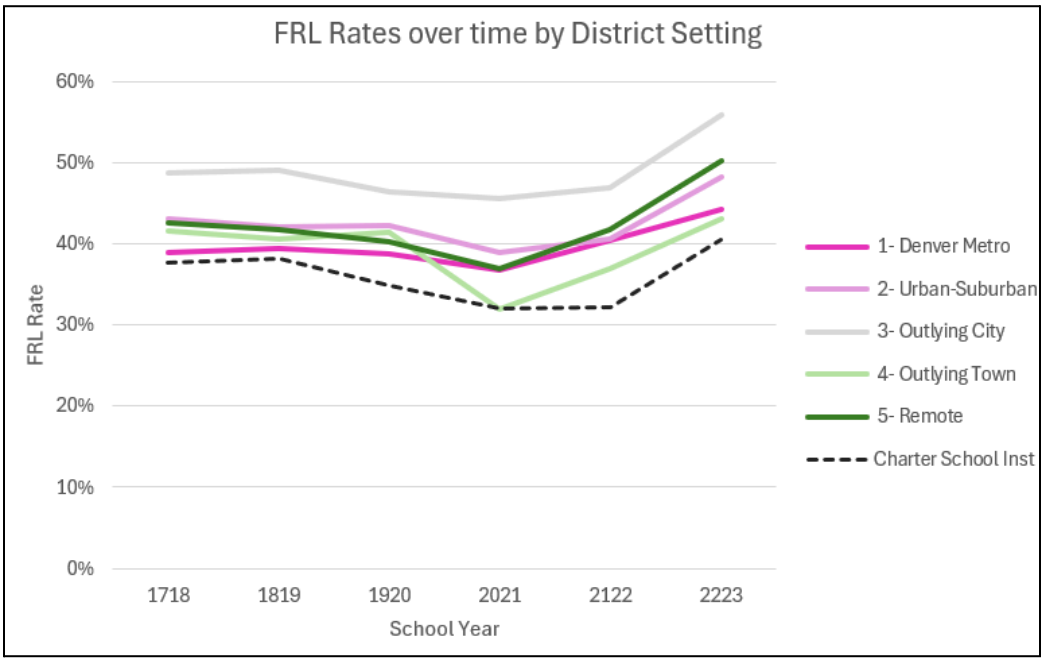
Changes in FRL Rates Over Time

The universal meal programs, while beneficial for ensuring access to food for students across Colorado, could have a significant impact on FRL rates in the future. To investigate this potential concern, the CDE conducted an analysis of FRL rates over time. The analysis did highlight a small 3% drop in the FRL rate in Colorado during the COVID-19 pandemic. However, analysis has shown that FRL rates in Colorado have seen a resurgence since the pandemic and are currently above pre-pandemic rates (Graph 1). School districts from across the state all showed the same general trend with regards to FRL rates (Graph 2). Beginning in the 2023-2024 school year, the state of Colorado began accepting medicaid eligibility as an automatic qualifier for the FRL program and has likely influenced the current increase (Colorado Department of Education, 2023e). Beginning this year, the federal government will restart the yearly renewal process for Medicaid eligibility, following a three year hiatus due to COVID-19. As a result, some students who are currently enrolled in Medicaid may lose eligibility for subsequent years (Medicaid.gov, 2023), however any potential drop would not likely be significant enough to reduce FRL rates to below pre-pandemic numbers.

Graph 1: A small dip in FRL rates occurred during the COVID-19 pandemic, however, FRL rates are now back to pre-pandemic rates



Graph 2: Trends in FRL rates over the last seven years have been consistent across district setting in Colorado



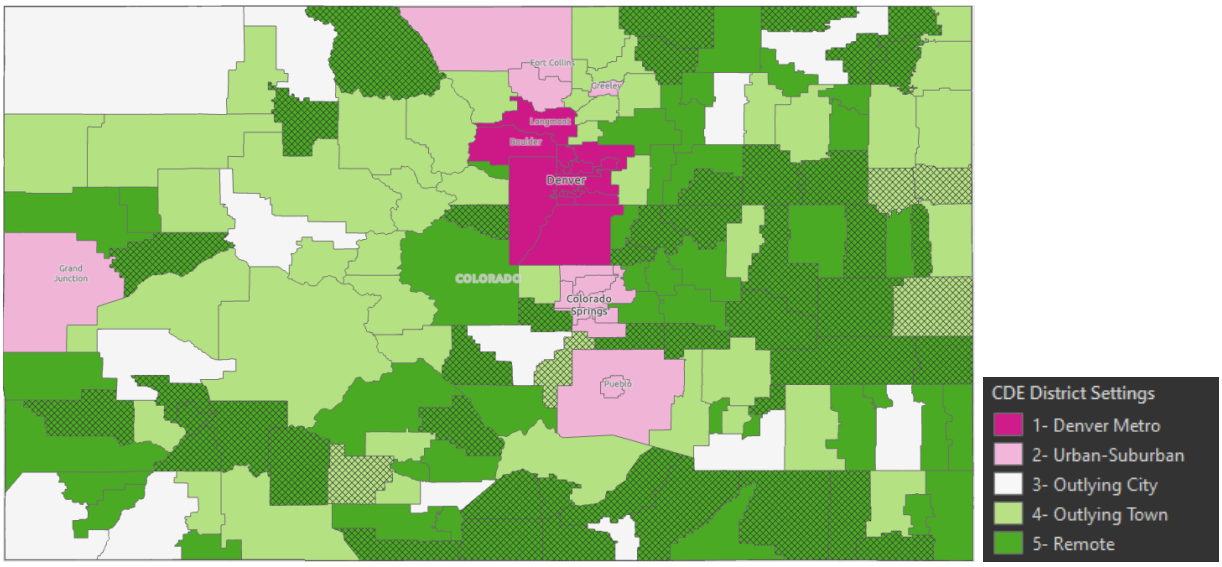
Data Suppression for FRL Analysis

It should be noted that when the above FRL analyses were conducted, data from a number of remote districts and outlying town districts was suppressed due to small numbers of students. The Family Education Rights and Privacy Act (FERPA) works to ensure that student educational records are kept confidential (United States Department of Education, 2021). Aggregate student data may be shared by a school district, however, if the identity of a student can be reasonably determined within the data set due to the small sample size, the data must be suppressed. Table 5 lists the number of districts suppressed from the FRL analysis each year. Map 2 illustrates the distribution of suppressed districts (crosshatching=suppression) and District Setting for the 2023-2024 school year. It can be seen that the majority of suppressed districts are those in a remote setting.

Table 5: The number of suppressed school districts has increased over the last seven year, with most suppressed district being in remote settings

	District Setting					
School Year	1- Denver Metro	2- Urban-Suburban	3- Outlying City	4- Outlying Town	5- Remote	**# Districts Suppressed**
2017-2018	0	0	1	1	28	**30**
2018-2019	0	0	0	2	24	**26**
2019-2020	0	0	0	2	30	**32**
2020-2021	0	0	0	4	30	**34**
2021-2022	0	0	1	5	43	**49**
2022-2023	0	0	0	5	37	**42**
2023-2024	0	0	0	5	45	**50**

Map 2: Suppressed districts are distributed across the state but are primarily made up of districts in remote settings (Cross-Hatching=Suppression)



Percent Change in FRL Rates by District Setting

The CDE conducted a further analysis of percent change in FRL rates over time by district setting to help determine whether districts are undergoing similar changes over time or if a few districts are driving state trends. The analysis demonstrates that if the FRL rates for school years 2017-2018, 2018-2019, and 2019-2020 are averaged and then compared to the FRL rates for school year average for school years 2022-2023 and 2023-2024, the majority of districts in Colorado have gone through an increase in FRL rates. Table 6 lists district setting by row and percent change in FRL rates by column. Red columns indicate a decrease, while green columns indicate an increase in FRL rates between pre- and post-pandemic time periods. Eighty-two districts, out of a total of one hundred forty-four non-suppressed districts show an increase in average FRL rates between the two time periods. Districts

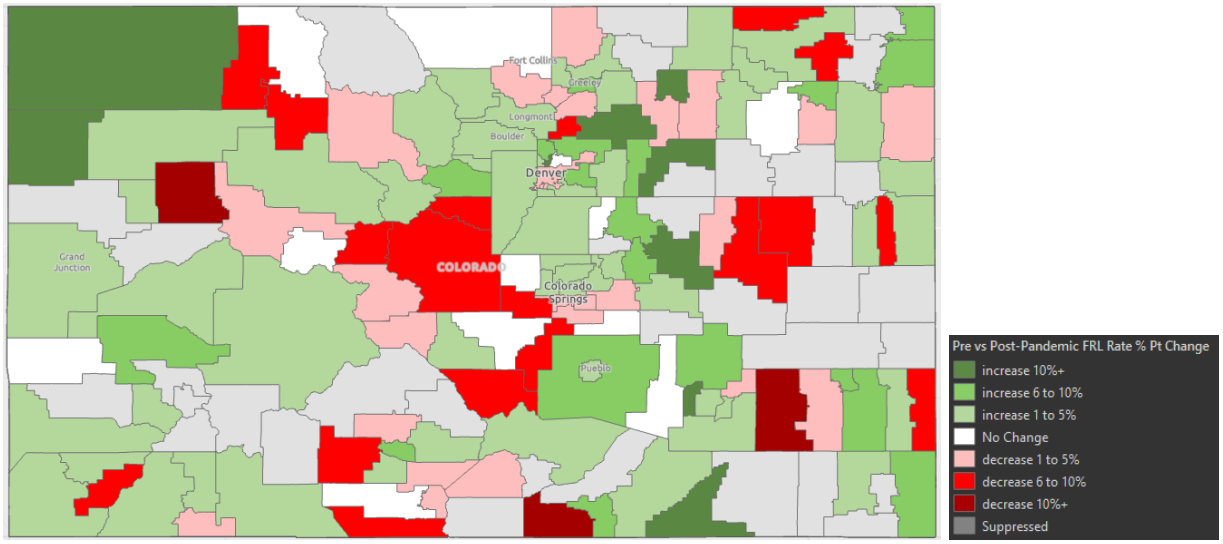
that did show a decrease in FRL rates between the two time periods, typically showed a decrease of 5% or less. In a very small remote district, a change of 5% could represent a shift in only a handful of students. Map 3 illustrates the percent change for each district over the two time periods.

Table 6: A majority of districts across the state have undergone an increase in FRL rate when comparing pre- vs post-pandemic time periods

	# of Districts									
District Setting	FRL Decrease 10%+	FRL Decrease 6 to 10%	FRL Decrease 1 to 5%	FRL No Change	FRL Increase 1 to 5%	FRL Increase 6 to 10%	FRL Increase 10%+	*Suppressed*	Grand Total	Average FRL Percentage Point Change
1- Denver Metro			3	1	7	3	1		**15**	**3% increase**
2- Urban-Suburban			5	1	7	2			**15**	**1% increase**
3- Outlying City			3	2	4	3	1		**13**	**3% increase**
4- Outlying Town	2	5	9	4	22	4	1	*2*	**49**	**1% increase**
5- Remote	1	13	8	4	14	7	6	*33*	**86**	**1% increase**
Charter School Institute			1						**1**	**3% decrease**
Grand Total	**3**	**18**	**29**	**12**	**54**	**19**	**9**	***35***	**179**	**1% increase**

**Time periods compared are the average FRL rates of SY1718-1920 (pre-pandemic) and SY2223-2324 (post-pandemic).*

Map 3: A majority of school districts in Colorado have seen an increase in FRL rates when comparing pre- vs post-pandemic time periods



**Time periods compared are the average FRL rates of SY1718-1920 (pre-pandemic) and SY2223-2324 (post-pandemic).*

Percent Change in At-Risk Rates

The CDE conducted a further analysis to investigate the change in FRL rate over time by district At-Risk rates. This analysis was conducted to help determine if the FRL rate increases are more common in schools of one particular At-Risk percentage. The analysis demonstrates that across the board, school districts in all At-Risk percentage categories are more likely to show an increase in FRL rates when pre- and post-pandemic time periods are compared. Table 7 lists the number of districts by At-Risk percent by row and percent change in FRL rates by column. Red columns indicate a decrease while green columns

indicate an increase in FRL rates. Eighty-two districts, out of a total of 144 non-suppressed districts show an increase in average At-Risk rates between the two time periods and in all percentage groups districts that showed an increase outnumbered those that showed a decrease.

Table 7: School districts across the state, regardless of At-Risk student percentages are more likely to show an increase in FRL rates when pre- and post-pandemic time periods are compared

	# of Districts									
School Year 2023-2024 At-Risk Rate	FRL Decrease 10%+	FRL Decrease 6 to 10%	FRL Decrease 1 to 5%	FRL No Change	FRL Increase 1 to 5%	FRL Increase 6 to 10%	FRL Increase 10%+	*Suppressed*	Grand Total	Average FRL Percentage Point Change
0 to 25%		1	2	3	10			5	**21**	**1% increase**
26 to 50%	2	8	13	3	21	10	5	17	**79**	**2% increase**
51 to 75%	1	8	10	5	18	7	3	11	**63**	**1% increase**
76 to 100%		1	3	1	5	2	1	2	**15**	**2% increase**
Charter School Institute			1					1	**2**	**3% decrease**
Grand Total	**3**	**18**	**29**	**12**	**54**	**19**	**9**	**35**	**179**	**1% increase**

**Time periods compared are the average FRL rates of SY1718-1920 (pre-pandemic) and SY2223-2324 (post-pandemic).*

Pandemic & Summer Electronic Benefits Transfer (EBT)

During the COVID-19 pandemic, in addition to providing access to universal free meal programs while students were in school, the USDA implemented an additional program to help fight child hunger when students were not in school, the Pandemic Electronic Benefit (P-EBT) program, (Food and Nutrition, 2023e). P-EBT provided electronic benefits to families who would be receiving free or reduced-priced meals at school. The benefits were similar to SNAP benefits and were loaded onto a household's existing SNAP card. The P-EBT program started by the USDA during the pandemic, has now been expanded into a permanent Summer EBT program to reach more students and provide more options to access food (Food and Nutrition Service, 2024). Beginning in the summer of 2024, families with school aged children eligible for free or reduced-price school meals could receive $40 per month per child during the summer months ($120 total) to purchase groceries with funds provided. The programs are coordinated by state governments in conjunction with the USDA and require participating families to complete meal program eligibility forms (Food and Nutrition Service, 2023f). This application requirement could result in more families completing the FRL application starting in the spring of 2024, which would increase the number of FRL students in future student count data.

Percent Change in FRL Rates by P-EBT Participation

During the 2022 and 2023 summers, districts across Colorado were given the opportunity to participate in the P-EBT program. Participation was administratively burdensome for districts, especially smaller districts. As a result, not all districts chose to participate both years, or in some cases either year. In order to investigate whether P-EBT participation correlated with an increase in FRL rates the CDE compared FRL rate changes pre- and post-pandemic in districts that have regularly participated in P-EBT and those that did not. Table 8 represents districts that participated in the P-EBT program both years that it was available, while Table 9 represents districts that participated for only one year or neither year. Both

tables list the percent change in FRL rates per- vs. post-pandemic. Districts that participated in the P-EBT program both years were more likely to increase their FRL rates per- vs post-pandemic. Sixty-eight percent of the districts that participated in the P-EBT program both years had FRL rates that were either steady or increased pre- vs post-pandemic. Fifty-eight percent of the districts that did not participate in the P-EBT program or only participated for one year have FRL rates that were either steady or increased pre- vs post-pandemic.

Table 8: Sixty-eight percent of districts that participated in both years of P-EBT showed a steady FRL rate or an increase in FRL rate pre- vs post-pandemic

	# of Districts who Participated in P-EBT Both Summers (2022 and 2023)								
District Setting	FRL Decrease 10%+	FRL Decrease 6 to 10%	FRL Decrease 1 to 5%	FRL No Change	FRL Increase 1 to 5%	FRL Increase 6 to 10%	FRL Increase 10%+	*Suppressed*	Grand Total
1- Denver Metro	0	0	3	1	7	3	1	*0*	**15**
2- Urban-Suburban	0	0	5	1	7	2	0	*0*	**15**
3- Outlying City	0	0	3	1	4	3	1	*0*	**12**
4- Outlying Town	1	3	9	4	20	2	1	*0*	**40**
5- Remote	0	5	6	3	8	3	3	*1*	**29**
Charter School Institute	0	0	1	0	0	0	0	*0*	**1**
Grand Total	**1**	**8**	**27**	**10**	**46**	**13**	**6**	***1***	**112**

**Time periods compared are the average FRL rates of SY1718-1920 (pre-pandemic) and SY2223-2324 (post-pandemic).*

Table 9: Fifty-eight percent of districts that participated in one year or no years of P-EBT showed a steady FRL rate or an increase in FRL rate pre- vs post-pandemic

	# of Districts who Participated in P-EBT Neither or One Summer (2022 and 2023)								
District Setting	FRL Decrease 10%+	FRL Decrease 6 to 10%	FRL Decrease 1 to 5%	FRL No Change	FRL Increase 1 to 5%	FRL Increase 6 to 10%	FRL Increase 10%+	*Suppressed*	Grand Total
1- Denver Metro	0	0	0	0	0	0	0	*0*	**0**
2- Urban-Suburban	0	0	0	0	0	0	0	*0*	**0**
3- Outlying City	0	0	0	1	0	0	0	*0*	**1**
4- Outlying Town	1	2	0	0	2	2	0	*2*	**9**
5- Remote	1	8	2	1	6	4	3	*32*	**57**
Charter School Institute	0	0	0	0	0	0	0	*0*	**0**
Grand Total	**2**	**10**	**2**	**2**	**8**	**6**	**3**	***35***	**67**

**Time periods compared are the average FRL rates of SY1718-1920 (pre-pandemic) and SY2223-2324 (post-pandemic).*

CDE Pilot Project Analysis

Model Analysis of Pilot Districts

The At-Risk working group conducted a model analysis for their final report to help determine how the state's At-Risk population count and funding levels would likely change as a result of the new measure (At-Risk Measure for School Finance Working Group, 2023). Nine models were run to review all possible combinations of the proposed ISP/SES factor weights and SES quintile weights. Following completion of the pilot project, the CDE conducted a similar model analysis to determine how At-Risk student counts

calculated using the new measure would compare to current 2023-2024 At-Risk counts. Table 10 lists the participating districts from the pilot and the percent change between the district's current At-Risk count and the calculated count using the new At-Risk measure for each of the nine working group models. The four districts highlighted in gray all had over 20% of their student population that couldn't be geocoded making change estimates impossible. The remaining five districts had a 95%+ geocoding rate, however, percent changes in At-Risk counts compared to actual 2023-2024 school year counts varied dramatically. The two largest participating districts, Denver and Cherry Creek, were impacted by the models in very different ways. While Denver always experienced a drop in At-Risk counts, anywhere from 16-28%, Cherry Creek always experienced an increase in At-Risk counts, anywhere from 22-73%. The driving force of this difference is unclear at this time.

Table 10: Differences between current At-Risk counts and modeled At-Risk counts varied dramatically across the participating pilot districts

Pilot Category	School Year 2023-24 Funded Student Count	School Year 2023-24 ISP Count	School Year 2023-24 At-Risk Count	% Addresses Unable to Geocode	Model 1 % change in at risk count	Model 2 % change in at risk count	Model 3 % change in at risk count	Model 4 % change in at risk count	Model 5 % change in at risk count	Model 6 % change in at risk count	Model 7 % change in at risk count	Model 8 % change in at risk count	Model 9 % change in at risk count
Non-Rural	83,399	35,883	51,007	4%	-28%	-25%	-23%	-27%	-22%	-19%	-26%	-19%	-16%
Non-Rural	50,426	13,200	15,149	4%	22%	27%	30%	42%	51%	56%	56%	67%	73%
Non-Rural	22,114	9,778	15,217	1%	-37%	-34%	-32%	-38%	-32%	-30%	-38%	-31%	-29%
Non-Rural	13,878	9,105	11,134	3%	-25%	-22%	-21%	-30%	-25%	-22%	-32%	-26%	-23%
Rural	5,706	2,373	3,121	4%	-20%	-16%	-13%	-18%	-11%	-7%	-16%	-7%	-3%
Rural	2,467	10	352	23%	11%	21%	24%	76%	92%	96%	119%	139%	144%
Small Rural	312	60	99	26%	-14%	-9%	-5%	2%	10%	16%	12%	22%	30%
Small Rural	216	115	72	26%	52%	58%	63%	47%	56%	65%	44%	55%	66%
Small Rural	72	35	43	22%	-19%	-16%	-13%	-20%	-15%	-9%	-20%	-14%	-7%

Recommendations

Delay Implementation

The legislature should delay implementation of the new At-Risk measure. Data from the At-Risk working group, the pilot project, as well as the additional CDE analysis demonstrates unequivocally that in its current format the new At-Risk measure, if implemented, could have a devastating impact on the At-Risk funding for the state. Numerous lines of evidence highlight the need for further determinations to be made with regards to how the new measure will be implemented. Additionally, multiple modeling scenarios illustrate the current inconsistent nature of the funding formula (At-Risk Measure for School Finance Working Group, 2023) (Table 10). As a result, it would be premature and arguably reckless for the legislature to implement the new At-Risk measure as planned for the 2024-2025 school year. Implementation should be delayed at least until further research and analysis can be conducted to ensure that the new measure will have the desired effect for the students of Colorado.

Clear Guidance

The legislature should provide clear guidance on the new At-Risk measure to CDE. Multiple components of the new At-Risk measure are still undecided. How SES quintiles should be weighted, how ISP and SES counts should be weighted, and how to handle students that can not be geocoded are arguably the most

critical pieces of the new measure that must be finalized before the new At-Risk measure can be implemented. There are a number of ways that these components could be handled however, it is paramount that the legislature provide clear and research-based guidance to CDE regarding these components before the new At-Risk measure can be utilized. Below are a few lines of evidence that the legislature could consider when developing future guidance.

Modeling from the At-Risk working group demonstrated that with the new At-Risk funding formula, statewide the number of At-Risk students would increase, however overall state funding could decrease. This paradox is likely due in part to the fact that in the new At-Risk measure every student is given some "need weight" as a result of the SES quintiles. While this may be a beneficial direction for Colorado to move in principle, in practice, this approach could have dramatic effects on concentration grant funding across the state. If every student is counted in some capacity, the state At-Risk average will rise. As the state average rises, high-need districts will be eligible for less and less concentration funding. This was clearly seen in the working group modeling estimates. However, it should be noted that those increases in student number are likely driven by low-need districts as opposed to high-need districts (At-Risk Measure for School Finance Working Group, 2023). In the working group model estimate data, Aspen, which had a FRL rate of 4% in 2020, always benefited by a large increase in their At-RisK percentage using the new measure. Increases in At-Risk counts to between 12 to 34% were seen with the new measure. Alternatively, Center School District 26-JT, which had a FRL rate of 90% in 2020, saw an increase in At-Risk numbers for four of the nine At-Risk models but a decrease for the remaining five models. In four of the five models that showed a decrease, At-Risk numbers dropped to between 76 to 79%.

Further research and analysis will be needed to determine how to best address these issues, however, two basic approaches could be piloted as a starting point.

- ***Providing a zero weight for students placed into the lowest-need quintile***. The state of Texas, utilized a SES index to determine weighting for At-Risk student funding. However, only students that first meet NSLP eligibility are geocoded (Texas Department of Education, 2019). This method avoids the likelihood of compression of the quintiles because students who do not qualify for NSLP are not included in the calculation.

- ***Concentration grant thresholds could be adjusted*.** By including all students in some capacity in the At-Risk count, the state average is ultimately inflated. Due to the fact that the current concentration grant threshold is the state average, and given that concentration grants funding calculation is based on the difference between the state and district's At-Risk average, an increase in the state average will ultimately lead to a drop in concentration funding across the state. To address this the formula for calculating the concentration grant could be altered so that for each percentage above the state average a school gets more funding than it previously did. There are a number of ways that Concentration Grants are calculated and the variation can help eliminate funding cliffs which can significantly impact districts (Bellweather, 2023). Second, the

cut off for receiving the concentration grant could be decreased so that districts would receive funding if they were above a specific threshold as opposed to the state average.

These methods are not mutually exclusive, but it will be important to address the paradox that currently exists with regards to At-Risk funding allocations across the state.

Modeling conducted by the CDE, based on the pilot project participants, has demonstrated that districts with a high percentage of uncoded students will be impacted differently depending how they are handled in the new measure. The state of Texas assigns students that have no identified quintile to the lowest need quintile, which almost certainly leads to some At-Risk students being underfunded (Texas Department of Education, 2019). Since HB22-1202 looks to prevent "*undercounting of students in the public schools that need resources to serve these students",* assuming unclassified students are low need seems counter to the intent of the bill. The At-Risk Work Group identified eighteen districts that it felt would be very negatively impacted by the new funding formula (At-Risk Measure for School Finance Working Group, 2023). Eleven of the eighteen districts are located in counties that have median household incomes which would qualify a family of four to participate in the NSLP Free and Reduced School Meals program (National Institute on Minority Health and Health Disparities, 2024). This means that on average, students in one of these districts would be unlikely to be in the lowest need quintile. While a decision on how to handle unclassified students could be driven by a number of considerations, if the state hopes to ensure At-Risk students are funded properly, assuming higher need quintiles as opposed to lower need quintiles will make this more likely.

Develop Support

The legislature should develop support for districts regarding implementation. Multiple lines of evidence from the pilot project demonstrate the need for Colorado to implement additional support for districts if the new At-Risk measure is implemented. All of the small rural districts struggled to complete the work and the rural and non-rural districts relied heavily on specialists on staff to get the job done. There are several approaches that could be taken, either together or separately to address these issues, however, it will be important for the legislature to develop and roll out support structures for districts across the state before the new At-Risk measure can be utilized. Below are a few lines of evidence that the legislature could consider when developing future support.

Educating students in small rural settings has long been known to be fraught with unique challenges. Due to limited resources, these districts often require specialized funding to ensure stability and success. For the last several years, Colorado has provided small rural districts with specialized funding through the "Rural School Fund" as a result of HB20–1427. This precedent highlights the need for special consideration to be given to these districts. In addition, 34 states currently have a "Small Size or Isolated Funding Adjustments" to help meet the needs of rural districts (Education Commission of the States, 2021a).

Many states across the country have statewide longitudinal data systems (SLDS), which connect data sets from two or more core agencies (Education Commission of the States, 2021b). Colorado is just one of a handful of states that does not currently have a SLDS, however, the establishment of an SLDS could provide some of the necessary support to help reduce the burden on school districts. Through the implementation of an SLDS, small districts could easily share student addresses with CDE and the geocoding could be done outside of the district, significantly reducing the burden on particularly small rural districts. Alternatively, the state could provide GIS specialists and data managers to small districts across the state when the work is conducted to help address issues and provide the knowledge and support that is currently only available in some large urban districts.

The National Center for Education Statistics (NCES) has a Spatially Interpolated Demographic Estimates (SIDE) Project which, much like the Geocode Tool, provides geocoding for students utilizing the student's address (Institute of Education Sciences, n.d.). Unlike the Geocode Tool, the SIDE project has a few unique and potentially valuable differences. SIDE Project compares student addresses to the 25 nearest households instead of mapping to a census block. This can help to get a better SES index for a household, especially for households that might be on the edge of a census block. The SIDE Project has a BlindSIDE application which enables sensitive student data to be used but not shared with NCES. Lastly, if a student's address doesn't return an assignment, results are returned utilizing coordinates at the geographic center of the student's zip code. This location is then used to compare the "address" to the 25 nearest households. The South Carolina Department of Education (SCDE) and Virginia Department of Education (VDOE) have tested the system as an alternative poverty measure instead of FRL eligibility (Institute of Education Sciences, 2021). In both states, districts provided the Department of Education (DOE) all relevant addresses and the DOE conducted the searches. This method could be a helpful way to support rural and small rural districts and alleviate potential work burdens.

FRL, FEDS, and FRL/FEDS forms are utilized by the Colorado Department of Education for a variety of things beyond calculating At-Risk funding. As a result, the use of these forms will not end even if the new At-Risk funding formula is implemented across the state. These forms could still be used moving forward to help calculate At-Risk funding and/or ensure that the new formula is having the desired effect for the state. Critics of the form argue that with the advent of the HSMA program, the completion rates of these forms may be reduced, however, several lines of evidence do not support this claim. First, these forms are required at both the state and federal level supporting the idea that districts will continue to distribute and collect them in the future (CRS 22-54-112, 2020). Second, with the start of the Summer EBT program this year, low income families will still have incentive to complete and return these forms to their district (Food and Nutrition Services, 2024). Third, California implemented a universal meal program through passage of an HSMA bill at the beginning of the 2022-2023 school year (California Department of Education, 2023). Like Colorado, California saw a small dip in the completion of FRL forms during the pandemic however, even though all California students still eat at no cost, the rate of FRL form completion has returned to pre-pandemic levels (California Department of Education, n.d.). This data suggests that implementation of universal meal programs will not significantly impact the use of free and reduced meal forms. As such, they will almost certainly continue to be a valuable tool for

districts and the state to evaluate At-Risk counts and the allocation of At-Risk funding. Colorado could utilize FRL applications in conjunction with the new At-Risk measure, as Texas does to help mitigate some of the issues discussed in the previous recommendation.

Hold Harmless

Legislature should implement an At-Risk funding hold harmless as suggested by the At-Risk working group. Even if all of the identified considerations and challenges of the new At-Risk measure are addressed in the future, the implementation of the new measure could have unforeseen consequences for some districts across the state. As a result it would be prudent to include a funding hold harmless for At-Risk funding when the new At-Risk measure is implemented. Following implementation the hold harmless could be reconsidered periodically as suggested by the At-Risk working group. As more statewide data is collected following implementation, more accurate predictions could be made regarding future student counts and funding estimates. More confidence in funding estimates would help to ensure that changes in a district's At-Risk funding were the result of an actual change in need. A hold harmless would provide a safety net for districts until confidence in the accuracy of the new measure could be established.

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