Welcome
Task Force Members & Guests

A few notes prior to the meeting starting:

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

- Welcome to the public who are watching the meeting via Live Streaming. If we have a breakout session in today’s meeting, individual breakout rooms will not be streamed. These discussions will not involve any decision making and a readout from each breakout will be provided when the full meeting resumes.

- If the public has any questions or comments, these can be sent via email to Amy Carman at carman_a@cde.state.co.us
SB 23-287 School Finance Task Force

December 5th, 2023

Virtual Meeting
Overview of Today’s Agenda

1. Welcome & Norms Review (10 mins) (Info & Awareness)
2. Adequacy process update (5 mins) (Info & Awareness)
3. Recommendation Development Review (10 mins) (Info & Awareness)
4. Scenarios Review & Discussion (45 mins) (Discussion)
5. Break (5 mins)
6. Recommendations Review/Refinement/Finalization (160 mins) (Discussion/Decision)
7. Process Plan & Review (20 mins) (Discussion)
Technical Etiquette

Zoom Etiquette:
- Task Force Members, if possible, please have your screen name as *TF_Your_Name*. All other Participants please have your screen name as *Your_Name_Role*.
- Please do not utilize the chat function.
- If you wish you to comment, please use the raise hand function within Zoom and wait to be called on by the facilitator.
- Please do not interrupt someone as they are speaking.
- Breakout Rooms & Straw Polls
Guidelines for Interaction, Deliberation and Collaboration

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

Sep

- **Tuesday, 12th**
  - Vision Setting
  - Project Plan Buildout
  - Adequacy Study Parameters Design

- **Friday, 29th**
  - Adequacy Study Parameters Vote
  - Revisit At-Risk Task Force Decisions & No Decisions
  - Unpack student need & additional costs associated
  - Discuss & Review current and alternative ways to fund based on need (i.e. categorical funding)
  - Develop 2 proposals to model

Oct

- **Tuesday, 17th**
  - Proposal Review/Refinement
  - Review and discuss current history and purpose of Cost of Living
  - Revisit At-Risk Task Force Decisions & No Decisions
  - Develop 2 Proposals to model

- **Tuesday, 31st**
  - Proposal Review/Refinement
  - Review and discuss current indexes utilized in formula understanding history, affect, and intended purpose
  - Discuss and review alternative options to address concerns
  - Develop 2 proposals to model
  - Review basics and funding for Institutional Charter Schools and how they differ from other Charter Schools

Nov

- **Tuesday, 14th**
  - Proposal Review/Refinement
  - Review current challenges & effects of mill levy overrides
  - Develop 2 Proposals to model
  - Review and discuss current size factor
  - Discuss alternative methods to adjust for size & geography
  - Develop 2 Proposals to model

Dec

- **Tuesday, 5th**
  - Review & discuss models and the interplay between proposals
  - Refine & align on proposals (identify additional modeling requirements)
  - Vote on Recommendations for
    - Prioritizing Student Need
    - Cost of Living Factor
    - Multiplicative Indexes

- **Tuesday, 12th**
  - Review & discuss models
  - Vote on Recommendations for
    - ICSs
    - Size Factor
    - Undecided AT RISK proposals

Jan

- **Friday, 12th**
  - Discuss and provide feedback (in person) for the Final Report

**Note:** Task Force Members will be able to provide feedback outside of the optional Jan meeting.
Tentative Plan for Remaining Meetings

December

Goal: To review, discuss and finalize recommendations for all 5 remaining areas

Meetings:
- 5th: Review Initial Scenarios, finalize any recommendations we have broad agreement on, identify and revise remaining proposals (for modeling)
- 12th: Review Final Scenarios, finalize remaining recommendations, review final report outline

Jan

Goal: To review and finalize final report to the legislature

Meetings:
- 12th: Provide explicit feedback around wording, language, and format of final report
Outstanding Questions

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

2. **HB18-1232 Review**
HB 18-1232 Highlights

**Funded Pupil Count.** Under the bill, the number of pupils funded will continue to be based on a single pupil enrollment count date. Districts with declining enrollment will be allowed to use the greater of the district’s pupil count or an average enrollment count over a period of up to five years. Full-day and retained kindergarten students are funded as full time students, while part-time kindergarten students are funded as half-time. All preschool students are funded as half-day students, and the bill anticipates conforming changes to the Colorado Preschool Program (CPP) removing limits on the number of children eligible to attend state-funded preschool.

**Floor Funding.** Districts are guaranteed a minimum funding level, based on 95 percent of the statewide per pupil average.

**Hold Harmless Provision.** The bill also includes a hold harmless provision if a district’s total funding level under the new formula is less than it was for the previous year under the current formula before application of the budget stabilization factor.

**Categorical Programs.** The bill moves funding for most ELL, gifted and special education students inside the formula by creating ELL, gifted child, and special education factors. The bill anticipates using ELL categorical funding only for ELL students with no English proficiency and special education categorical funding only for high-cost disability reimbursement grants.

Source: https://leg.colorado.gov/bills/hb18-1232
**Funding Formula.** The new funding allocation formula calculates a school district's funding formula by starting with the statewide base per pupil amount, which would be determined annually by the General Assembly. It then calculates a preliminary total program amount for each district, which includes additional funding for certain student and district characteristics, including:

- poverty factor funding for each additional student that qualifies for free- and reduced-price lunch;
- English language learner (ELL) funding, adjusted for district size, for each additional ELL student for up to 7 years;
- gifted child factor funding, adjusted for district size, for each additional gifted student; and
- special education factor funding, adjusted for district size and type of disability, for each additional special education student.

The formula then calculates a total program amount, which includes additional funding from:

- online funding at 95 percent of base per pupil;
- extended high school funding at base per pupil; and
- cost-of-living factor funding, which is allocated proportionately and limited to 5 percent of statewide aggregate cost-of-living funding calculated using the cost-of-living and personnel cost factors as specified in current law; and
- size factor funding, based on district enrollment.

Source: [https://leg.colorado.gov/bills/hb18-1232](https://leg.colorado.gov/bills/hb18-1232)
# Table 2
Comparison of School Finance Act Funding Elements, Current Law vs HB 18-1232  
(Assumes $822.4 Million Budget Stabilization Factor)

<table>
<thead>
<tr>
<th>School Finance Elements</th>
<th>Current Law*</th>
<th>HB 18-1232</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Program</td>
<td>$6,929,517,083</td>
<td>$8,278,589,980</td>
<td>$1,349,072,897</td>
</tr>
<tr>
<td>Supplemental Floor Funding</td>
<td>$0</td>
<td>$125,924,868</td>
<td>$125,924,868</td>
</tr>
<tr>
<td>State Share Hold Harmless Funding</td>
<td>$0</td>
<td>$3,553,748</td>
<td>$3,553,748</td>
</tr>
<tr>
<td><strong>Total School Finance Funding</strong></td>
<td>$6,929,517,083</td>
<td>$8,408,068,596</td>
<td>$1,478,551,513</td>
</tr>
</tbody>
</table>

| Funded Pupil Count                                   | 870,641      | 959,312      | 88,671       |
| Per Pupil Funding (with floor and hold-harmless)      | $7,959       | $8,765       | $806         |

| Local Share                                          | $2,542,655,348 | $2,542,655,348 | $0           |
| State Share (with floor and hold harmless)           | $4,386,861,735 | $5,865,413,248 | $1,478,551,513 |

State Share (with floor and hold-harmless) increased by inflation and pupil growth (3.5 percent in FY 2019-20)

* Appendix A contains a table estimating the change in total program and state share resulting from the bill for each school district.

Source: [https://leg.colorado.gov/bills/hb18-1232](https://leg.colorado.gov/bills/hb18-1232)
Overview of Today's Agenda

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2. Adequacy process update (5 mins) (Info & Awareness)
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5. Break (5 mins)
6. Recommendations Review/Refinement/Finalization (160 mins) (Discussion/Decision)
7. Process Plan & Review (20 mins) (Discussion)
Adequacy Study Process Update

What have we done:

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

Current actions & next steps
Overview of Today’s Agenda

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7. Process Plan & Review (20 mins) (Discussion)
Process for Decision Making

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

When a motion has been made, seconded and stated by the chair, the assembly is not at liberty to consider any other business until this motion has been disposed of. All motions should be seconded, which may be done without rising or addressing the Chair. *The mover cannot withdraw his motion or the second after it has been stated by the Chair.*

Procedure:
1. Motion is made
2. Seconded
3. Chair states the motion
4. Members debate the motion (unless no member claims the floor).
5. The Chair *puts the question* (that is, puts it to a vote) to the Assembly.
6. The Chair *announces the results* of the vote.
Subsidiary (Secondary) Motions

**To Amend:** This motion is “to change, add, or omit words” in the original **MAIN MOTION**, must be seconded and is debatable and amendable.

**To Amend the Amendment:** This is a motion to change, add, or omit words in the **FIRST AMENDMENT**, must be seconded and is debatable.

**Procedure:**

1. The first **vote** is to agree “to change, add, or omit words in the **Second Amendment**
2. The second **vote** is “to change, add, or omit words” in the **First Amendment**, as amended, if at all.
3. The third **vote** is on adopting the main motion, as amended, by the first or second amendment.

**Note:** No more than 2 amendments may be considered by the Assembly at any one time. 1st and 2nd amendments are always in order but must be made before voting on Main Motion.
Potential Recommendation Types

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

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

The None:
- **Definition:** For each focus, a recommendation may be made that recommends not changing anything.
- **Example:** The Task Force Recommends to not change how the Cost of Living Factor is utilized within the formula
Overview of Today’s Agenda

1. Welcome & Norms Review (10 mins) (Info & Awareness)
2. Adequacy process update (5 mins) (Info & Awareness)
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Mindset

Photo by Ian Schneider on Unsplash
Calculating District Adjustments

Each of the district adjustments take into account different characteristics. Each of the characteristics are then weighted equally within each adjustment.

The table below provides an example of how district adjustment funding is calculated under Scenario 1, using a hypothetical district.

<table>
<thead>
<tr>
<th>Type of District Adjustment</th>
<th>Detail</th>
<th>Factor Value</th>
<th>Total Funding (Funded Pupil Count = 703, Per Pupil Funding = $8,472.15)</th>
<th>Weighted Funding (One-half for Regional Cost Adjustments, One-third for size/remoteness/sparsity adjustments)</th>
<th>Final Total Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regional Cost Adjustments</strong></td>
<td>COL Factor</td>
<td>0.061</td>
<td>$360,759</td>
<td>$180,379</td>
<td>$427,550</td>
</tr>
<tr>
<td></td>
<td>CWIFT Factor</td>
<td>0.083</td>
<td>$494,341</td>
<td>$247,171</td>
<td></td>
</tr>
<tr>
<td><strong>Size/Remoteness/Sparsity Adjustments</strong></td>
<td>Size</td>
<td>0.383</td>
<td>$2,280,225</td>
<td>$760,075</td>
<td>$2,192,452</td>
</tr>
<tr>
<td></td>
<td>Remoteness</td>
<td>0.221</td>
<td>$1,319,169</td>
<td>$439,723</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sparsity</td>
<td>0.500</td>
<td>$2,977,961</td>
<td>$992,654</td>
<td></td>
</tr>
</tbody>
</table>
Scenario Review Workbook

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

Participation: 12 out of 17 Task Force Members

Takeaways (Workbook Results)

1. Small Rural Districts are losing the most
2. District Adjustments are confusing
3. Scenario 3 represents the best starting point but more work needs to be done around supporting small districts
Potential Revised Formula: Scenario 1

**TOTAL PROGRAM FUNDING**

**STUDENT ALLOCATIONS**
- Base per pupil funding for all students
- Money allocated for specific students’ needs

**DISTRICT ADJUSTMENTS**
- Additional $ allocated based on District Profile

**ADJUSTED PROGRAM FUNDING**

**OTHER FUNDING SOURCES**
- *i.e. Categorical Funding, State Grants, Federal Grants*

**STUDENTS’ NEED-BASED ALLOCATIONS SUCH AS**
- BASE
- AT-RISK
- SPED
- ELL
- ONLINE & EXTENDED H.S. FUNDING

**REGIONAL COST ADJUSTMENT**
- Cost of Living
- CWIFT
- Equally Weighted

**SIZE/REMOTE/SPARSITY ADJUSTMENT**
- Size
- Remoteness
- Sparsity
- Equally Weighted

**BASE WEIGHT**
Change in Funding Formula: Scenario 1

"Note: Numbers may not sum to total program funding due to additional formula components not contemplated in this model, such as minimum formula funding or size factor smoothing."
Change in Funding Formula: Scenario 1

Projected Percentage Change in Total Funding (Scenario 1 no Hold Harmless)

"Note: Numbers may not sum to total program funding due to additional formula components not contemplated in this model, such as minimum formula funding or size factor smoothing."
Potential Revised Formula: Scenario 2

TOTAL PROGRAM FUNDING

STUDENT ALLOCATIONS
- Base per pupil funding for all students
- Money allocated for specific students’ needs

DISTRICT ADJUSTMENTS
- Additional $ allocated based on District Profile

ADJUSTED PROGRAM FUNDING

OTHER FUNDING SOURCES
- i.e. Categorical Funding, State Grants, Federal Grants

STUDENTS’ NEED-BASED ALLOCATIONS SUCH AS
- BASE
- AT-RISK
- SPED
- ELL
- ONLINE & EXTENDED H.S. FUNDING

Regional Cost Adjustment
- Cost of Living
- CWIFT
- Equally Weighted

Size/Remoteness/Sparcity Adjustment
- Size
- Remoteness
- Sparsity
- Equally Weighted

BASE WEIGHT

=
Change in Funding Formula: Scenario 2

"Note: Numbers may not sum to total program funding due to additional formula components not contemplated in this model, such as minimum formula funding or size factor smoothing."
Potential Revised Formula: Scenario 3

TOTAL PROGRAM FUNDING

STUDENT ALLOCATIONS
- Base per pupil funding for all students
- Money allocated for specific students' needs

DISTRICT ADJUSTMENTS
- Additional $ allocated based on District Profile

STUDENTS’ NEED-BASED ALLOCATIONS SUCH AS
- BASE
- AT-RISK
- SPED
- ELL
- ONLINE & EXTENDED H.S. FUNDING

Regional Cost Adjustment
- CWIFT

Size/Remoteness/Sparcity Adjustment
- Size
- Remoteness
- Sparcity

Equally Weighted

BASE WEIGHT

ADJUSTED PROGRAM FUNDING
+ OTHER FUNDING SOURCES
i.e. Categorical Funding, State Grants, Federal Grants
Change in Funding Formula: Scenario 3

"Note: Numbers may not sum to total program funding due to additional formula components not contemplated in this model, such as minimum formula funding or size factor smoothing."
"Note: Numbers may not sum to total program funding due to additional formula components not contemplated in this model, such as minimum formula funding or size factor smoothing."
Change in Funding Formula: Scenario 3

"Note: Numbers may not sum to total program funding due to additional formula components not contemplated in this model, such as minimum formula funding or size factor smoothing."
Change in Funding Formula: Scenario 3

"Note: Numbers may not sum to total program funding due to additional formula components not contemplated in this model, such as minimum formula funding or size factor smoothing."
Change in Funding Formula: Scenario 3

“Note: Numbers may not sum to total program funding due to additional formula components not contemplated in this model, such as minimum formula funding or size factor smoothing.”
"Note: Numbers may not sum to total program funding due to additional formula components not contemplated in this model, such as minimum formula funding or size factor smoothing."
Large Group Discussion

Step 1: Individually take 10 mins to review the Workbook Results

Step 2: As a group discuss the following questions:

- What aspects of each scenario did or did not align with the stated objectives of the task force?
- What aspects of the scenarios are generally supported by the task force?
- What aspects of the scenarios are generally not supported by the task force? What revisions could be made to the recommendation?
Overview of Today’s Agenda

1. Welcome & Norms Review (10 mins) (Info & Awareness)
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5. Break (5 mins)
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7. Process Plan & Review (20 mins) (Discussion)
5 Minute Break

5:00
Overview of Today’s Agenda

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2. Adequacy process update (5 mins) (Info & Awareness)
3. Recommendation Development Review (10 mins) (Info & Awareness)
4. Scenarios Review & Discussion (45 mins) (Discussion)
5. Break (5 mins)
6. Recommendations Review/Refinement/Finalization (160 mins) (Discussion/Decision)
7. Process Plan & Review (20 mins) (Discussion)
Final Recommendations: Progress to Date

What have we done?

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

Task Force Responsibility:

EXAMINE AND MAKE RECOMMENDATIONS CONCERNING MAKING THE SCHOOL FINANCE FORMULA SIMPLER, LESS REGRESSIVE, AND MORE ADEQUATE, UNDERSTANDABLE, TRANSPARENT, EQUITABLE, AND STUDENT-CENTERED.
Process for Decision Making

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

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

**Specifically we will:**

- **Finalize and vote** on any recommendation where there is broad consensus
- **Identify** areas for refinement
- **Develop specific updates** to the proposals for modeling
Order of Operations

1. Securing Equalization in Mill Levy
2. Prioritizing Student Need
3. Eliminating Multiplicative Indexes
4. Revising the Cost of Living Factor
5. Revising the Size Factor
6. ***Additional Recommendations***
   a. E.g. Hold Harmless, Phase in Approach, etc...
Draft Proposals:

Recommend the General Assembly continues to fully fund the existing MILL Levy Equalization Fund (as established in CRS 22-30.5-513.1.)

- Recommend that the legislature continues to address Mill Levy Override Equalization for all students in Colorado.

Task Force Responsibility:

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

Draft Proposals:

### At Risk

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

### ELL

<table>
<thead>
<tr>
<th>Proposal 1</th>
<th>Proposal 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase current ELL weight to 0.5. <strong>No eligibility cap for students.</strong></td>
<td>Increase current ELL weight to 0.5. <strong>5 year eligibility cap for students.</strong></td>
</tr>
</tbody>
</table>

### Students with Disabilities

<table>
<thead>
<tr>
<th>Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPED Categorical dollars remain the same. <strong>Include additional Tier A and B student weights in the formula.</strong> Tier A: 0.5 Tier B: 0.85</td>
</tr>
</tbody>
</table>

Proposals and their numbering are based on the work done during Task Force Meeting #4 - Summary
Eliminating Multiplicative Indexes

Draft Proposals:

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

Task Force Responsibility:

“(A) ELIMINATING THE USE OF MULTIPLICATIVE INDEXES FOR COST OF LIVING, PERSONNEL AND NON-PERSONNEL COSTS, AND DISTRICT SIZE;”
A Revised Cost of Living Factor

Draft Proposals:

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

Task Force Responsibility:

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

Draft Proposals:

1. Move COL & Size Factor to the end of the formula in a “District Adjustment”
2. Equally Weight:
   a. **Size Factor**: Current size factor calculation, but remove the size factor benefit for districts educating 5,000 students or more.
   b. **Sparsity**: Districts receive scaled weights* based on student sparsity:
   c. **Remoteness**: Districts classified as Towns using NCES classification receive a weight of .1. Districts classified as Rural using NCES classification receive a weight of .2

*Sparsity Scaled Weights:
- Fewer than 1 student/sq. mile = 0.5
- Between 1 and 2.5 student/sq. mile = 0.4
- Between 2.5 and 5 student/sq. mile = 0.3
- Between 5 and 7.5 student/sq. mile = 0.2
- Between 7.5 and 10 student/sq. mile = 0.1
- Over 10 student/sq. mile = no weight.

**Task Force Responsibility:**

“Revising the size factor to incorporate considerations other than or in addition to student enrollment, including the remoteness of a school district;”
Options for Small Rural District Funding

Under each of the Scenarios, small rural districts have net losses in Total Program Funding – approximately a third of all CO districts.

The losses are mostly attributed to the multiplicative nature of the Size Factor in the current school funding formula.

Below are some options to combat the losses for these districts:

1. Use Average Per Pupil Funding rather than Base Funding
2. Increase the Size Factor

<table>
<thead>
<tr>
<th>Total Loss in Funding</th>
<th>Scenario 1</th>
<th>Scenario 2</th>
<th>Scenario 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>(17,099,310)</td>
<td>(24,846,870)</td>
<td>(14,150,742)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of Districts Impacted</th>
<th>47</th>
<th>55</th>
<th>42</th>
</tr>
</thead>
</table>

| % of Total Districts | 26% | 31% | 24% |
Option 1: Average Per Pupil Funding

Option 1 is to use the average per pupil funding (total funding including At-Risk, ELL, and SPED divided by total funded pupil).

Districts characteristics would be multiplied by the average per pupil funding, rather than the current base ($8,472).

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Not reliant on an arbitrary base figure</td>
<td>● Adds between $650 and $850 million to Total Program Funding</td>
</tr>
<tr>
<td>● District characteristics would take into account the need of students</td>
<td>● Could still result in losses for some small rural districts</td>
</tr>
<tr>
<td>● Provides additional support to all districts</td>
<td></td>
</tr>
</tbody>
</table>
Option 1: Average Per Pupil Funding

Under Option 1, the loss in Total Program Funding and the number of districts impacted decreases. However, it ultimately is dependent on the student need weights applied.

<table>
<thead>
<tr>
<th>Implementing Option 1</th>
<th>Scenario 1</th>
<th>Scenario 2</th>
<th>Scenario 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Loss in Funding</td>
<td>(6,872,052)</td>
<td>(12,405,383)</td>
<td>(5,757,042)</td>
</tr>
<tr>
<td>Number of Districts Impacted</td>
<td>27</td>
<td>42</td>
<td>16</td>
</tr>
<tr>
<td>% of Total Districts</td>
<td>15%</td>
<td>24%</td>
<td>9%</td>
</tr>
</tbody>
</table>
Option 2 is to increase the Size Factor. Under each of the proposals, only one-third of the Size Factor is applied. The Size Factor could be fully applied, while half of Sparsity and Remoteness is applied.

**Option 2: Increase Size Factor**

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Less costly than Option 1 – adds between $200 and $250 million to Total Program Funding</td>
<td>● Alters the balance of size, sparsity, and remoteness as district characteristics to be included in funding formula.</td>
</tr>
<tr>
<td></td>
<td>● Could still result in losses for some small rural districts depending on implementation</td>
</tr>
<tr>
<td></td>
<td>○ Under Scenario 3, increasing the Size Factor would only result in 2 districts having losses.</td>
</tr>
</tbody>
</table>
Under Option 2, the loss in Total Program Funding and the number of districts impacted decreases. However, it ultimately is dependent on which Size Factor is used.

<table>
<thead>
<tr>
<th>Implementing Option 2</th>
<th>Scenario 1</th>
<th>Scenario 2</th>
<th>Scenario 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Loss in Funding</td>
<td>(2,492,189)</td>
<td>(3,991,793)</td>
<td>(701,184)</td>
</tr>
<tr>
<td>Number of Districts Impacted</td>
<td>17</td>
<td>22</td>
<td>2</td>
</tr>
<tr>
<td>% of Total Districts</td>
<td>10%</td>
<td>12%</td>
<td>1%</td>
</tr>
</tbody>
</table>
Additional Recommendations

Additional Proposals:

1. Utilizing a hold harmless?
2. Phase in approach?
3. Base Funding w/ Adequacy?
4. GT Weight?

Task Force Responsibility:

EXAMINE AND MAKE RECOMMENDATIONS CONCERNING MAKING THE SCHOOL FINANCE FORMULA SIMPLER, LESS REGRESSIVE, AND MORE ADEQUATE, UNDERSTANDABLE, TRANSPARENT, EQUITABLE, AND STUDENT-CENTERED
Phasing-in the formula can spread the additional investment over multiple years.

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

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

**Example Formula Phase-In**

<table>
<thead>
<tr>
<th>Phase-In</th>
<th>District Grant</th>
<th>Phase-In %</th>
<th>Phase-In Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior to Formula Change</td>
<td>$1,000,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Year 1 of Phase-In</td>
<td>$1,125,000</td>
<td>25%</td>
<td>$125,000</td>
</tr>
<tr>
<td>Year 2 of Phase-In</td>
<td>$1,250,000</td>
<td>50%</td>
<td>$250,000</td>
</tr>
<tr>
<td>Year 3 of Phase-In</td>
<td>$1,375,000</td>
<td>75%</td>
<td>$375,000</td>
</tr>
<tr>
<td>Year 4 of Phase-In</td>
<td>$1,500,000</td>
<td>100%</td>
<td>$500,000</td>
</tr>
</tbody>
</table>

**Impact of 4-Year Phase-In on District Grants**
Key questions when considering a funding formula phase-in

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

1. **How much money (additional state cost) should be invested each year?**
   a. Phase-ins are less expensive than fully funding a formula change, but what amounts should be expected each year?

2. **Should the additional state investment be equal in each year of the phase-in, or unequal?**

3. **How long should the phase-in take?**
   a. Longer phase-ins can be less expensive, but result in a longer wait until “full funding”.

4. **Should all districts be phased-in at an equal rate?**
   a. If not, which types of districts should receive a faster or slower phase-in rate?
Overview of Today’s Agenda

1. Welcome & Norms Review (10 mins) (Info & Awareness)
2. Adequacy process update (5 mins) (Info & Awareness)
3. Recommendation Development Review (10 mins) (Info & Awareness)
4. Scenarios Review & Discussion (45 mins) (Discussion)
5. Break (5 mins)
6. Recommendations Review/Refinement/Finalization (160 mins) (Discussion/Decision)
7. Process Plan & Review (20 mins) (Discussion)
Next Steps

Where did we land?

What do we need to do to finalize recommendations?
Closing

Recap of today’s discussions

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