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News Release

Declining Enrollment Study Released

The Colorado Department of Education today released “The Declining Enrollment Study—A Comprehensive Review of Funding for Colorado Public School Education.”

The study, requested by the Colorado State Legislature in 2008 and conducted by the Pacey Economics Group, provides a comprehensive analysis and review of public school funding and its impact on student performance given school district enrollments and geographic settings, as well as education choice opportunities and enrollment trends.

The complete report, a shorter report with findings and highlights and district-by-district detail, is posted on the CDE Web site at the following link:

<http://www.cde.state.co.us/cdefinance/DecliningEnrollmentStudyReport.asp>

Among the key findings from the 209-page report:

Student Performance

Statistically student performance is not significantly different between districts with declining and non-declining enrollments (irrespective of enrollment size or geographic setting) after accounting for other factors expected to impact performance. This result does not reflect whether or not school districts are meeting current or long-term expectations, just that there is no discernible impact from enrollment trends.

As measured by CSAP (the Colorado Student Assessment Program), the percent of students at a proficient or advanced level in reading

generally ranged between 60 to 80 percent while this range was between 40 to 60 percent for students in math performance.

Another important result is that reading and math performances are both positively related to instructional expenditures per pupil, although the relationship is stronger for math than for reading.

School District Funding

When comparing the total enrollment between the 2002-2003 and 2007-2008 school years, 109 of 177 school districts experienced declining enrollments despite an increase in the student population for the state of Colorado during that same six-year period. (The 178th school district, Vilas RE-5, was not included in this analysis due to enrollment fluctuations related to its online program.)

Most of the districts showing a decline have less than 1,000 students per district and/or are in rural or small town environments. However, a number of larger school districts in the urban and Denver Metro area also are experiencing decreases in student enrollment.

The allocation of the expenditures by major categories is extraordinarily similar for all school districts, irrespective of district size and geographic setting or whether the district is in a declining enrollment environment.

The percent change in per pupil expenditures over the six-year period provides a somewhat different perspective—small and/or rural and town school districts with non-declining enrollments are falling behind their declining enrollment counterparts.

Interestingly, the larger districts and Denver Metro districts with non-declining enrollments have been spending greater amounts relative to their similarly-situated declining enrollment school district counterparts. (A caveat: This may be due to voter-approved tax overrides.)

Although the instructional share of expenditures continues to indicate few, if any, budget allocation differences across school districts, the percent change in per-pupil instructional expenditures suggests rural school districts with non-declining enrollments are not keeping up with inflationary increases.

Importantly, the at-risk student population, whether defined by free lunch and/or reduced lunch measures, has increased over the six

years considered in this analysis for school districts of all enrollment sizes and settings, irrespective of enrollment trend. At-risk students account for as much as 30 percent to 50 percent of school districts with declining enrollments while, generally, non-declining enrollment school districts have a lower percentage of at-risk students.

From the data reviewed, districts receiving more limited state and federal support are non-declining districts with mid-sized enrollments (500 to 2,300 students) in mid-sized towns or cities.

School districts are particularly limited in their ability to adjust expenditures year to year for transportation and other support; however, they do have a little more flexibility to adjust expenditures on other categories such as operations and maintenance, instructional salaries and benefits, food service and administration.

The most flexible category of adjustment for school districts has been shown to be other instructional expenditures.

In urban areas with relatively small (square miles) school districts, it is easier for students to take advantage of open enrollment and to attend a school district other than where they reside. It also is easier for teachers to move across school districts to acquire better salaries, placing pressure on school districts in declining enrollments with more limited funding availability.

Not surprisingly, school districts encompassing large geographic areas see less mobility for both students and teachers.

Funding Formula and Declining Enrollments

Enrollment averaging provides important funding stability to districts facing declining enrollments. However, district superintendents express concern that enrollment averaging is not adequate to offset the impacts of such decreases because of the fixed nature of many of the school district costs.

Education Choice

Charter schools can affect funding allocations for the traditional schools within a district and also on total costs to the state primarily because most of the per pupil funding follows the student to whatever type of school (traditional or charter) they attend. Shifting the authorization of a charter school from the district to the Charter School Institute costs the state additional monies to educate the same students with no increase in choice options.

Regardless of how monies are allocated between traditional and charter schools, however, an additional school facility will generally increase expenses including administration, instruction and the like. If a new school facility is necessary due to enrollment increases or changes in demographics, any extra costs associated with the opening of a new school are offset by the per pupil funding.

The study also found the percentage of at-risk students or those with special needs is higher in traditional schools than in charter schools. It is broadly acknowledged additional monies allocated to school districts for at-risk and special-needs students do not fully cover the expenses associated with these students. If this trend continues, the gap between the traditional school and charter school for the delivery of education services will continue to widen.

If per-pupil budgets do not increase at least at the rate of inflation, increases in charter school enrollment would be expected to negatively impact traditional school expenditure categories given the fixed costs identified in the delivery of education services. The budget categories likely to be most affected include other (non-teacher) instruction, but more importantly, although to a lesser degree, administration, salaries and benefits and food service expenditures.

Costs of Providing an “Adequate Education”

The gap between the actual state average per pupil total program funding (\$6,661 for academic year 2004-2005) and the comparable cost estimate using Professional Judgment and Successful School Districts measures indicates the state does not provide the resources believed by professionals in education necessary to meet student performance expectations. Given state budget issues, this gap is likely to continue to increase.

These adequacy cost measures do not yet incorporate the planned implementation of CAP4K (Colorado Achievement Plan for Kids), which created the avenues for new standards, assessments and accountability systems.

The investment to sustain this educational commitment (anticipated to prepare Colorado students to compete globally in the 21st century) is likely to increase adequacy costs.

Consolidation

The literature reviewed and the empirical analysis outlined in the report do not identify obvious cost savings or increased academic opportunities from an across-the-board or formula-driven consolidation of school districts. At best, on a case-by-case district basis, the data reviewed identifies only very limited opportunities for cost savings or increased academic opportunities from school district consolidation.

There are alternatives to consolidation which include collaborations with other school districts. Across Colorado, smaller school districts are afforded some of the benefits larger districts naturally have, such as duplication of programs, risk management and price negotiation, by collaborating through Boards of Cooperative Educational Services (BOCES).

At the district level, benefits from consolidation may exist when school districts are geographically close and there is substantial student movement between the districts (either incoming or outgoing), especially if one of the districts is experiencing declining enrollment. At the school level, it is important to note that the economic and civic impacts to a community of closing a school are often difficult to assess and may outweigh any potential gains from consolidation.

For more information, contact Mark Stevens, 303-866-3898, or Megan McDermott, 303-866-2334, in the CDE Office of Communications. To sign up for the CDE e-mail news service, please visit <http://www.cde.state.co.us/Communications/index.html>.

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