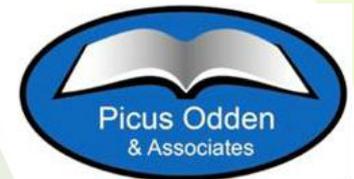




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# Presentation to the Stakeholder Advisory Group

APA Consulting  
Baltimore, MD  
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# Today's Presentation

- Presentation of findings and recommendations from the *Adequacy Study: Draft Final Report*
- Next steps

# Adequacy Study

- Analyzed PK-12 funding adequacy in Maryland using three approaches:
  - Professional Judgment (PJ)
  - Evidence-Based (EB)
  - Successful Districts/Schools (SSD)
- Made recommendations for new, adequate:
  - Per pupil base amount
  - Weights for students with special needs
  - Other aspects of school funding system

# Adequacy Study

- Also required to make recommendations on:
  - Whether changes to the FTE enrollment count should be made to address increasing/declining enrollments in school districts
  - Providing universal, high-quality prekindergarten
  - How low-income students are counted for state aid purposes due to the federal Community Eligibility Provision
  - How local wealth is measured for state aid purposes, including whether to change the date(s) of the NTI data used in the measure
  - Whether to update the current Maryland Geographic Cost of Education Index or adopt a new methodology
  - Whether the Supplemental Grant program should be changed or discontinued

# Evidence-Based Approach

- Uses results of research, best practices, and case studies to identify elements of prototypical schools at each level (Elementary, MS, HS) and district central office functions
- Estimates a per student base funding amount and weights for students with special needs
- Convened 4 evidence-based professional judgment (EBPJ) panels across the state to review model and recommend adjustments for Maryland standards and context
- Base model then modified by input from evidence-based professional judgment panels and school case studies
- Can be used to define the resource needs of a prototypical school or district to ensure that the school or district can meet state standards

# Professional Judgment Approach

- Estimates adequacy resources through the professional knowledge of effective educators
- Used to estimate a per student base funding amount and weights for students with special needs
- Can be used to define the resource needs of a prototypical school or district to ensure that the school or district can meet state standards
- Assembled 5 progressive levels of panels to identify the resources needed in schools and districts in Maryland
  - 4 school level panels (PreK, EL, MS, HS)
  - 2 special needs panels (Focus on LEP and special education)
  - 1 district central office panel
  - 1 district chief financial officer panel
  - 1 statewide panel

# Successful Schools Approach

- Used to identify a per student base funding amount. Does not estimate weights for students with special needs
- Because Maryland has few school districts, study was being conducted at the school level
- Assumes that every school and school district, in order to be successful, needs the same level of base funding that is available to the most successful schools and districts
- Used MSA/HSA data for initial selection, revised selection when 2014-15 PARCC data became available, will revise again using 2015-16 PARCC data
- 72 successful schools, using criteria for high overall achievement and growth, were used in the analysis

# Results of 3 Approaches

	2014-15 Maryland	Successful Schools	Evidence- Based	Professional Judgment
Base Cost	\$6,860	\$8,700	\$10,514	\$11,607
At-Risk Weight	0.97	N/A	0.29	0.36
LEP Weight	0.99	N/A	0.37	0.61
Special Ed Weight	0.74	N/A	0.70	1.18
Preschool Weight	N/A	N/A	0.40	0.26

\* Note, Maryland weights are net of Federal dollars while adequacy weights are not. EB special education weight does not include severely disabled students while PJ weight does. PJ weights for at-risk and LEP are averages across varying concentrations.

# Developing a Final Blended Base

- It was important to utilize all three approaches for the study team to understand the differences in base costs associated with meeting Maryland's benchmarks of success
- The final base cost figure is based on the results of both the PJ and EB approaches
  - The results of these two approaches best represent resources required to meet all state standards
  - The study team does not believe the SSD figure fully represents the current cost of adequacy in Maryland, however, the study team believes that the SSD figure could be used during the phasing-in of a new funding system
  - The final figure relies on the research and feedback from both the EB and PJ approaches and the case studies
  - The main areas of resource differences were identified and the differences were reconciled using all the information available from the two studies and the case studies

# Key Resource Differences: EB & PJ

- The main differences in base cost figures include:
  - Elementary class size ratios
  - Middle school teacher utilization rates
  - School administration
  - School level student support services
  - Career and Technical Education (CTE) included in PJ model but treated as a separate categorical aid in EB

# Key Resource Differences: EB & PJ

	Evidenced-Based	Professional Judgment	Blended Model Recommendation
<b>Elementary School Teacher Ratios (grades four and five)</b>	25:1	20:1	25:1
<b>Middle School Planning and Collaboration Time</b>	25%	30%	25%
<b>School Administrator Positions - Assistant Principals (AP)</b>	E/S- No AP per 450 students M/S- 1 AP per 720 students H/S- 3 AP per 1,200 students	E/S- 2 AP per 450 students M/S- 3 AP per 720 students H/S- 4 AP per 1,200 students	E/S- 1 AP per 450 students M/S- 2 AP per 720 students H/S- 3 AP per 1,200 students
<b>School Level Student Support Positions</b>	2.0	3.8	3.0
<b>CTE</b>	Not included in Base	Included in Base	Included in Base

# Understanding Differences

## Elementary School Student-Teacher Ratios

- Elementary class size differs in grades 4 and 5, 25 to 1 in EB and 20 to 1 in PJ
  - PJ panels felt transition from 15 to 25 was too high, literature review also supported 20 to 1 as smallest grades 4/5 class size
  - deferred to the available best practice research and used the 25:1 ratio in grades 4 and 5 since additional teaching staff are added on top of the base once student need is considered

# Understanding Differences

## Middle School Planning and Collaboration Time

- The EB model has a higher utilization rate requiring fewer teachers
  - The PJ model's lower utilization rate is partially offset by lowering the number of days needed for PD
  - The study team recommends the slightly more conservative estimate from the EB approach with teachers teaching 75 percent of the day and 25 percent of the day set aside for planning and collaboration activities

# Understanding Differences

## School Administrator Positions

- The PJ and EBPJ panels both mentioned the need for administrative time to ensure proper evaluation of teaching staff and to provide instructional leadership
- Panelists from both approaches had strong opinions about the importance of the positions, each model was adjusted to include one assistant principal in the elementary school, two assistant principals in the middle school, and three assistant principals in the high school

# Understanding Differences

## Student Support Services Positions

- Both the EBPJ and PJ panelists identified a significant need for student support resources, even at the base level
- The study team settled on three student support staff positions at the elementary-level as a compromise between PJ and EB recommendations to adequately meet student needs
  - This would allow for one nurse and two counselors, or a different configuration of the positions that would work best for a school site

# Understanding Differences

## CTE Expenditures

- The PJ study included CTE expenditures in the base while the EB study kept CTE as a separate per student amount
- The study team determined that given CTE is not a separate component of the current funding system, these resources should be a part of the base

# Developing Adjustments for Special Needs Students

- Once the blended base cost was determined, the study team:
  - Recalculated weights for special needs students using the blended base
  - Examined differences in the weights between the two models and made adjustments
  - Reviewed special needs weights nationally to ensure recommended weights were comparable

# Compensatory Education

- The EB and PJ approaches to compensatory education have many similarities including additional instructional staff, additional support staff, and additional learning time
- EB weight of 0.29 and an averaged PJ weight across three concentration levels of 0.39
  - The EB weight did not include the resources for an alternative school (instead the resources for an alternative school were kept as a separate categorical) while the PJ weight did
  - If alternative schools were included the EB weight would be 0.31
- The PJ figure provides for necessary additional support services - a recommendation also made by the EB panels - therefore the study team recommends the higher rounded 0.40 weight for compensatory education

# Limited English Proficiency (LEP)

- The LEP service model for the EB and PJ approaches varied significantly
  - The PJ approach is well resourced for both instruction and student support, while the EB approach assumes that support services would be addressed through the compensatory education weight; instructional caseloads were also higher for EB than PJ
  - The EB model identified a weight of 0.37, while the PJ identified an average weight across the disability levels of 0.61
- Therefore, the study team recommends a 0.40 weight to address the language needs of LEP students
- Students who are both LEP and eligible for compensatory education would also receive the compensatory education weight of 0.40, for a combined weight of 0.80

# Special Education

- Difference in the weights for special education between the two models was primarily caused by the exclusion of higher cost students in the PJ model
  - PJ was 1.25 and EB was 0.70
    - Estimating the inclusion of higher cost special education students brought the EB weight up to 0.96
  - Averaging the EB and PJ weight produces a weight of 1.11
  - The study team recommends a rounded weight of 1.10 for special education students, including mild, moderate, and severe categories

# Prekindergarten

- Models for preschool in the EB and PJ approach were similar
  - Both models include a 15:2 classroom ratio (one teacher and one instructional aide)
- Using the blended base cost, the weight for preschool for EB was 0.36 and the weight for PJ was 0.33
- The study team recommends a weight of 0.35 for prekindergarten students

# Adjusting for Federal Funds

- The base figure and weights represent the total costs of providing educational services, so certain federal funds also used to fund these services must be deducted from the totals (also done for the Thornton study)
- Total of \$485.6 million in federal funds from regular ed., compensatory ed., LEP, special ed., and early childhood programs

# Recommendation for Blended Per Pupil Base and Weights

	Before Adjustment for Federal Funds	After Adjustment for Federal Funds
<b>Base Amount</b>	\$10,970	\$10,880
<b>Compensatory Education</b>	0.40	0.35
<b>LEP</b>	.040	0.35
<b>Special Education</b>	1.10	0.91
<b>Prekindergarten</b>	0.35	0.29

# Recommendation

- Address declining enrollment by changing the FTE enrollment count used for calculating total program
  - FTE enrollment count would be the greater of the prior year's September 30<sup>th</sup> count or the rolling average of the three prior years
  - Provides declining enrollment districts time to adjust costs, protects districts with increasing enrollment
  - Recommended in the increasing and declining enrollment study final report

# Recommendation

- Adopt universal full-day prekindergarten for 4-year olds
  - Four-year olds would be included in September FTE enrollment count
  - Programs must be high quality (meet Maryland EXELS level 5, nationally accredited, or public school-based) to be eligible for funding
  - Students would receive a 0.29 weight
  - Recommended in the evaluation of state prekindergarten programs and funding final report

# Recommendation

- Continue counting low-income students using eligibility for the federal free- and reduced-price meals program
  - State would develop an alternative eligibility form to replace current federal form
  - Addresses issue of potential undercounts due to Community Eligibility Program rules
  - Provides greater stability for counts in comparison to using other proxies for low-income
  - Preferred recommendation from the evaluation of FRPM counts final report

# Recommendation

- Replace the current GCEI with a three-year rolling average of the Comparable Wage Index (CWI)
  - Would be used with all total program formulas (foundation and special needs)
  - Would be applied to total program amounts – prior to determination of State and local shares
  - Would adjust for costs both above and below state average (not truncated for values less than 1.0)
  - Would more readily account for changes in regional cost differences since easily updated annually
  - Recommended in the evaluation of the Maryland GCEI reports

# Recommendation

- Change the way in which local wealth is calculated
  - Net taxable income (NTI) would be determined using only the November NTI values
  - The multiplicative approach would be used for combining NTI and assessable property values
  - Improves equity, puts more weight on ability to pay local taxes, simplifies State aid calculations
  - Recommended in the equity and local wealth measures study final report

# Recommendation

- Change the way State and local shares are determined
  - Eliminate the minimum aid guarantees of 15% of the foundation and 40% of special needs total program
  - Require local jurisdictions to contribute a full local share of special needs total program – calculated using same method as foundation program
  - Ensures that an adequate total program amount is provided for all students, improves equity
  - Recommended in adequacy study draft final report

# Recommendation

- The Supplemental Grant Program should be discontinued in its current form
  - Implementing new, adequate levels of funding eliminates the rationale for the Supplemental Grant Program
  - A new hold-harmless program may be necessary during the phase-in period for implementing these recommendations, but any hold-harmless provision should not become a permanent source of funding

# Recommendation

- The study team made no recommendations for the following issues because of insufficient literature from research or on best practices
  - Transportation Aid: However, the final report of the increasing and declining enrollment study recommends a thorough study of the formula
  - Guaranteed Tax Base: Further study is needed to determine if the GTB is still necessary or retained in another form
  - Tax Increment Financing: Study team suggests further study of the issue of whether a portion of TIF increment values should be excluded from the local wealth measure

# Costs

- Total funding for Prek-12 education, excluding transportation, would increase by 25%, from \$10.6 billion to \$13.2 billion
- State share would increase 39%, from \$4.9 billion to \$6.8 billion
- Local appropriations would increase 12%, from \$5.7 billion to \$6.4 billion

# Considerations for Phase-In

- The study team recognizes these recommendations represent a structural shift in Maryland's finance system
- The team also believes this is the right approach for the State to take to meet its educational goals
- Therefore, the study team suggests phasing-in these recommendations

# Considerations for Phase-In

- Phase-in should be guided by these two considerations:
  - New State funding should go toward funding students with special needs first
  - No district should receive less funding than current during phase-in

# Next Steps

- Update successful schools analysis for 2015-16 PARCC results
- Gather and review feedback from Stakeholder Group
- Submit final report in November



**Questions?**