

BASIC SKILLS FUNDING REFORM

Commissioner's Working Group on School Funding
May 4, 2011

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Program Finance Division

MDE FUNDING REFORM PROPOSAL

Includes the following:

5. Reforming the calculation of compensatory education revenue to target funding more directly based on need as measured by statewide assessments of student learning.

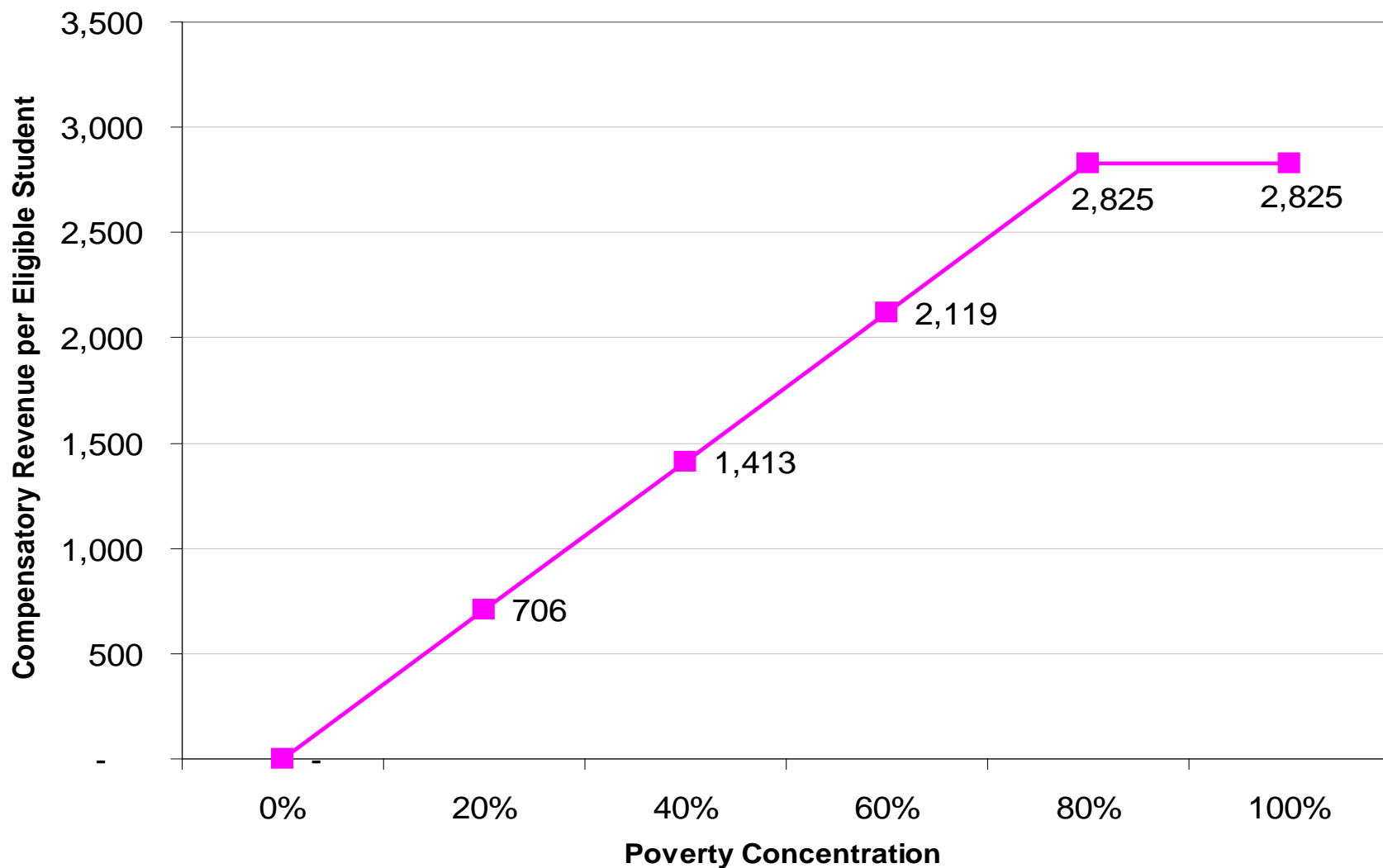
Goal:

Align funding more closely with educational need to better support high academic achievement for all students and closing achievement gaps.

Compensatory Funding, Current Law

- Compensatory Revenue is computed using building-level free and reduced-price lunch data as of October 1 of the previous year.
- At least 95% of the revenue must be allocated directly to the school site where the revenue was generated; up to 5% of the revenue may be allocated according to a plan approved by the school board.
- An exception is provided for 6 districts in the compensatory revenue pilot project. These districts receive additional compensatory revenue (totaling \$2,175,000) and may allocate their compensatory revenue among sites based on student performance.
- Basic Skills Revenue (Compensatory and LEP) must be used to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or achievement standards is below the level that is appropriate for learners of their age.

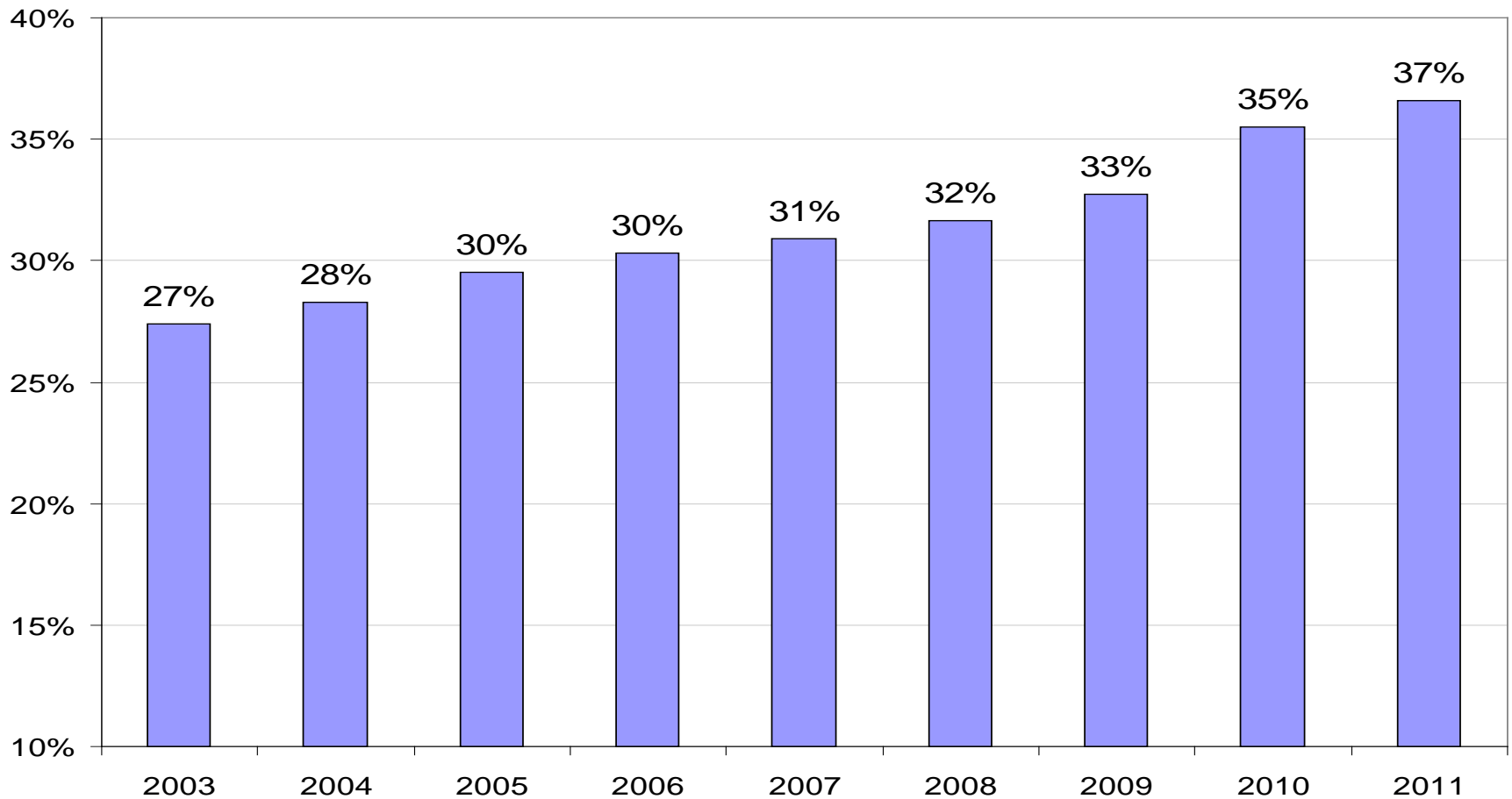
Compensatory Funding Formula, Current Law



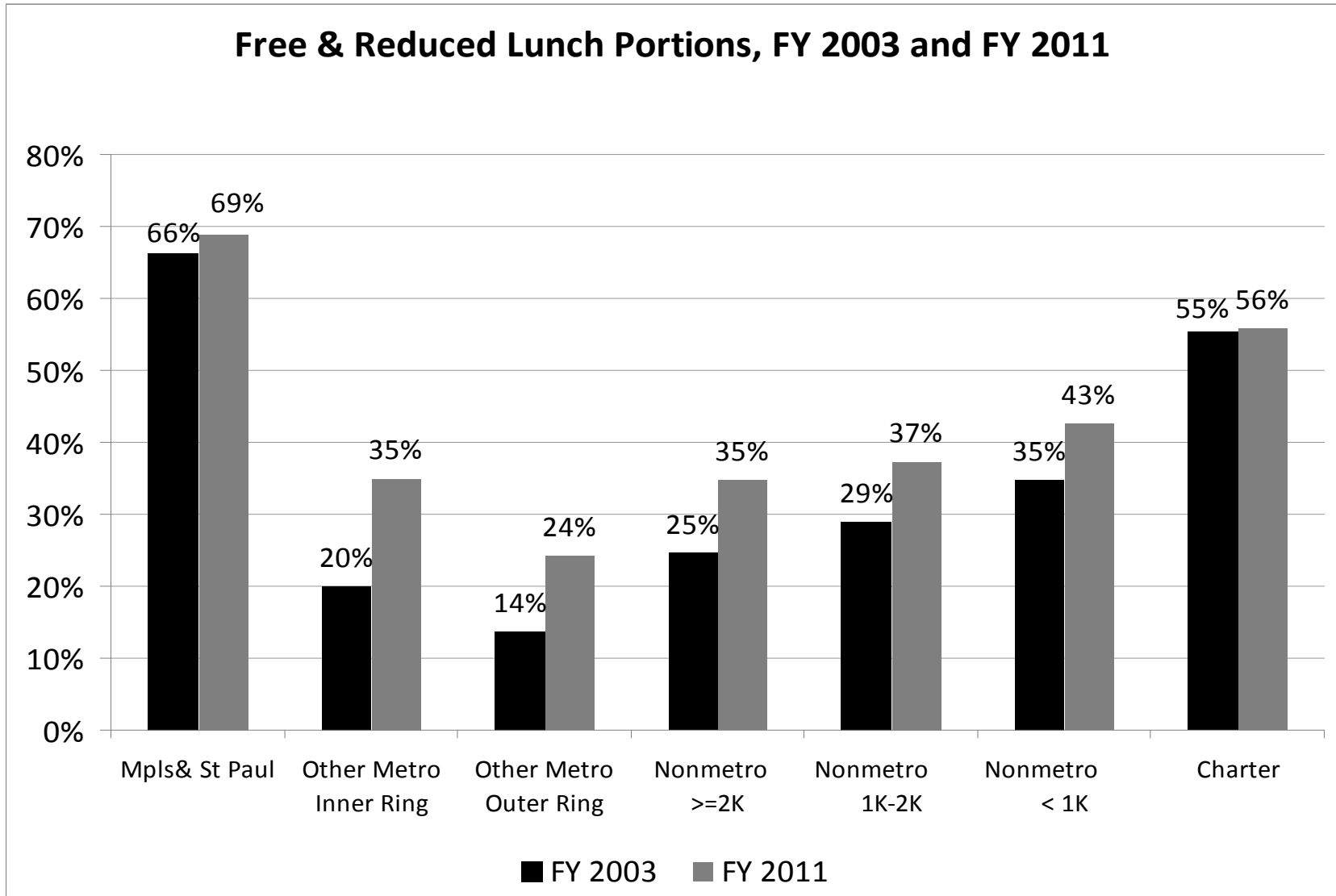
Compensatory Revenue History

- 1969 - Compensatory revenue initiated; -- \$30/pupil for each school with 20% or more of students from families receiving Aid to Families with Dependent Children (AFDC).
- 1971 - Compensatory funding was changed to an additional .5 pupil unit for each AFDC pupil.
- 1973 - “Concentration” units added to supplement the “Basic” AFDC units.
- 1987 - Basic AFDC pupil units eliminated (only “concentration” units remain); requirements for use of compensatory revenue initiated.
- 1997 - Compensatory revenue computed using free and reduced-price lunch counts instead of AFDC data, and allocated directly to school sites, beginning FY 1998.

Students in Poverty (Free and Reduced-Price Lunch) as Percent of Enrollment, FY 2003 – FY 2011



Poverty Concentration by Strata, FY 2003 vs. FY 2011

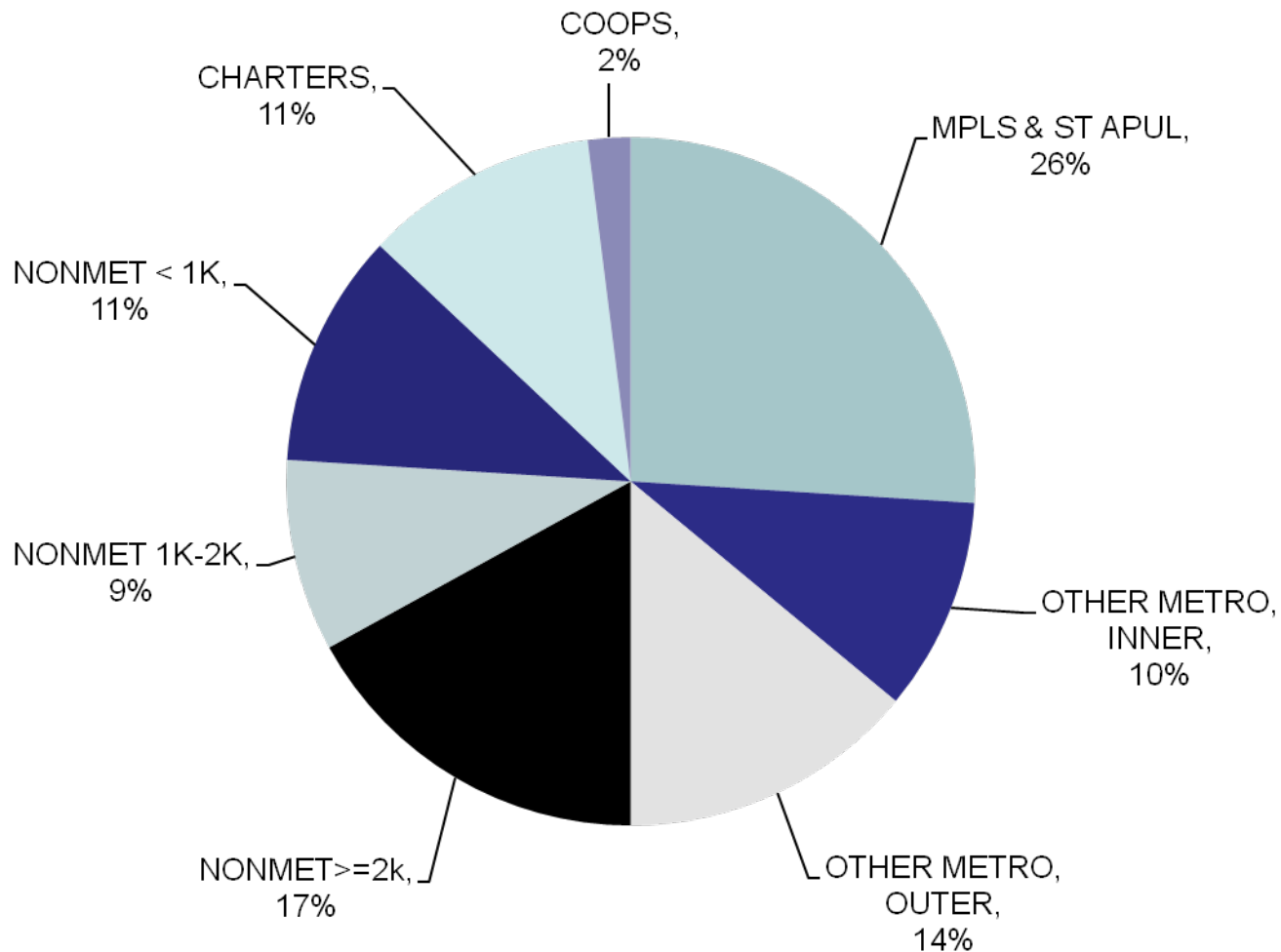


Compensatory Revenue by Strata, Current Law, FY 2012



	Portion Free Lunch	Portion Reduced Lunch	Portion Free or Reduced	Revenue/ Free + 1/2 of Red. Count	Revenue Per Enrollee
TOTAL, STATE	28.5%	8.0%	36.5%	1,582	514
MPLS & ST PAUL	61.8%	7.1%	68.9%	2,469	1,613
OTHER METRO, INNER	27.7%	7.2%	34.9%	1,537	481
OTHER METRO, OUTER	18.1%	6.2%	24.3%	1,050	223
NONMET >=2K	26.5%	8.3%	34.8%	1,321	405
NONMET 1K-2K	27.3%	10.0%	37.2%	1,342	433
NONMET < 1K	29.8%	12.3%	42.1%	1,420	510
CHARTER	48.5%	7.5%	56.0%	2,379	1,243
COOPERATIVES	36.8%	7.2%	44.0%	1,909	772

Distribution of Compensatory Revenue by Strata, Current Law, FY 2012



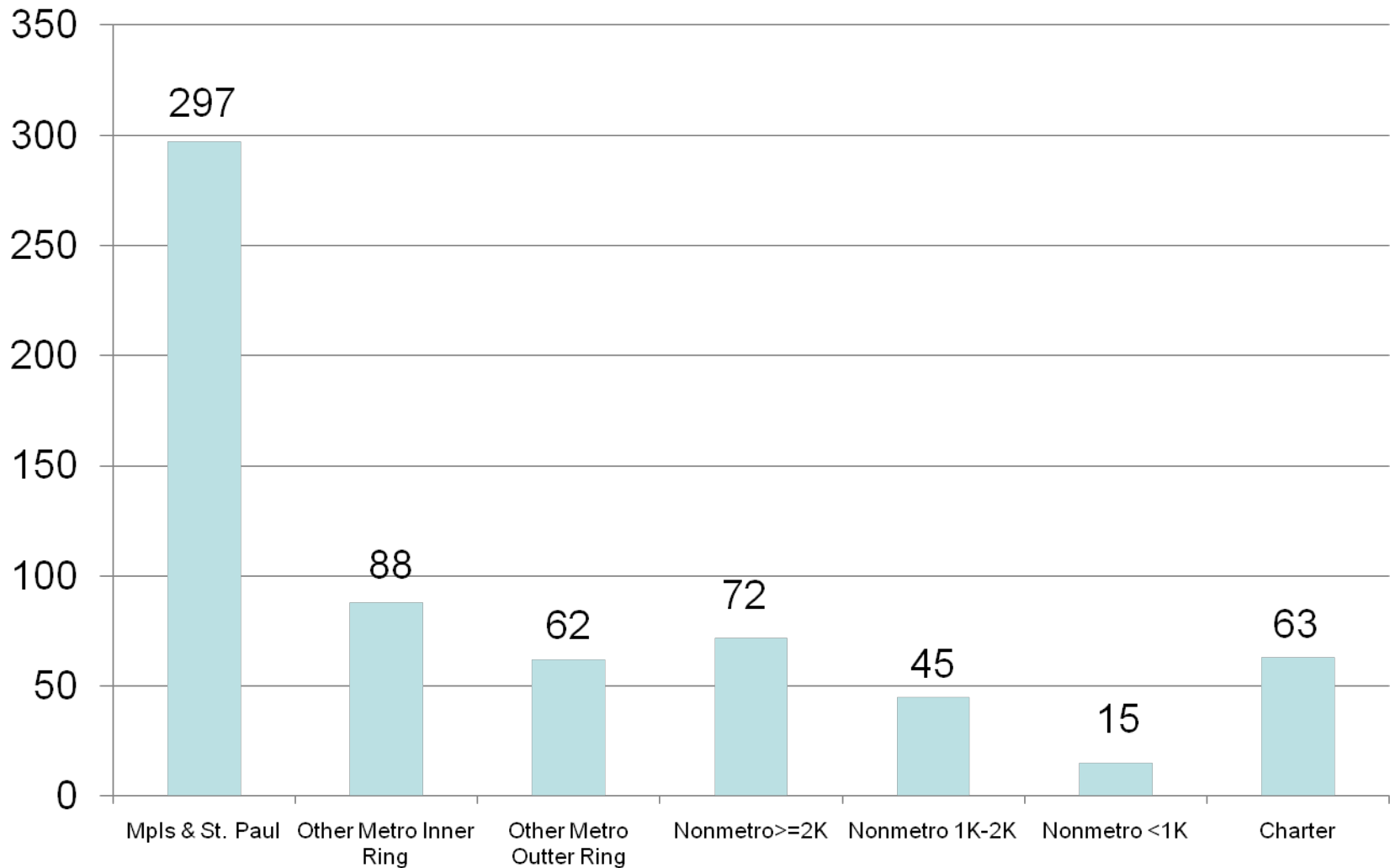
Extended Time Revenue

- Beginning in FY 2004, the average daily membership is limited to 1.0 for each student, except for the computation of extended time revenue.
- Students in learning year programs who are served more than full-time may generate up to an additional 0.2 ADM.
- Extended time revenue may be used for extended day, extended week, summer school, or other programming authorized under the learning year program.
- The extended time revenue equals \$4,601 times the extended time adjusted marginal cost pupil units.

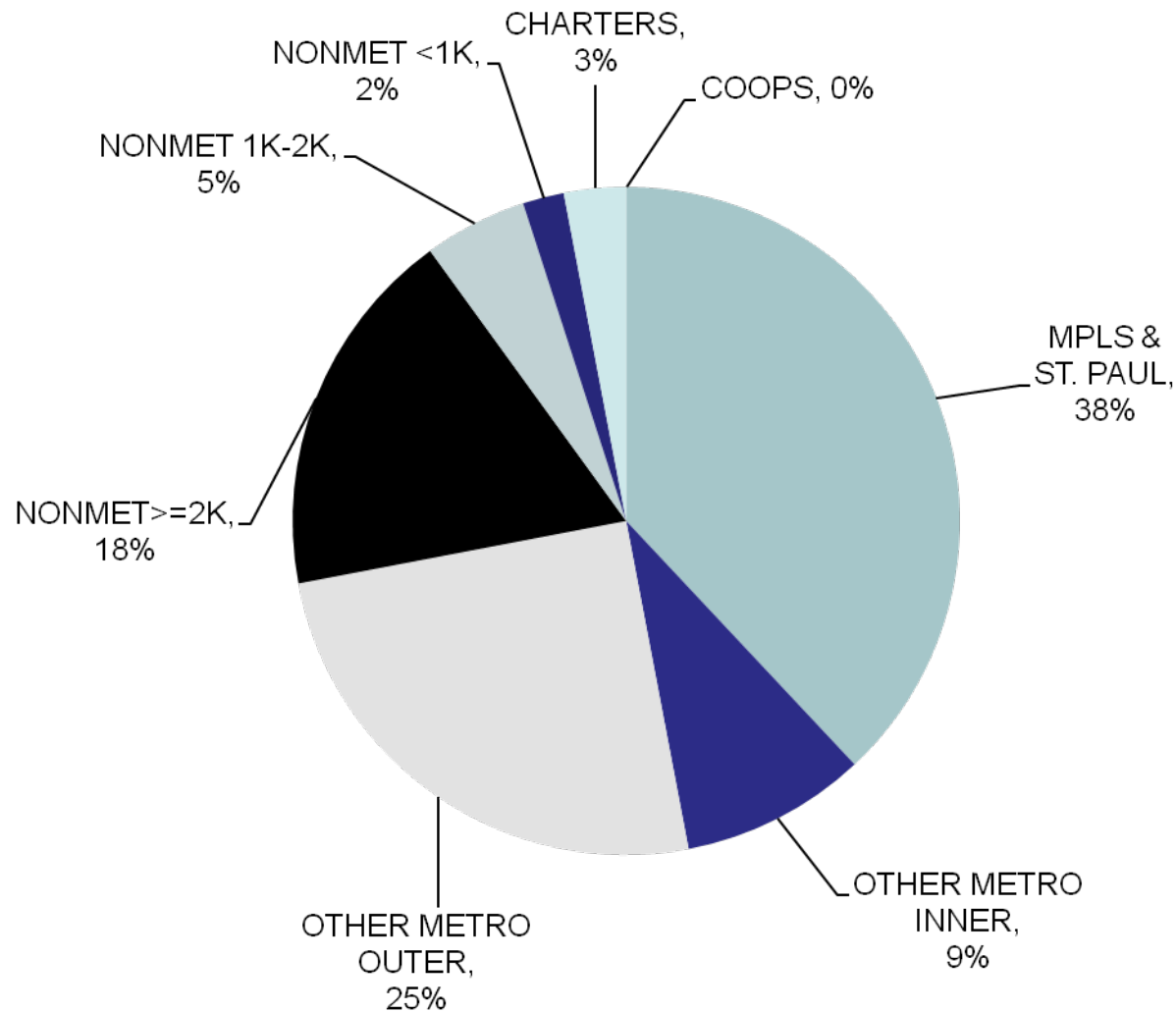
Extended Time ADM in Relation to Regular ADM by Strata, FY 2010

	Mpls & St Paul	Other Metro Inner Ring	Other Metro Outer Ring	Nonmetro ≥2K	Nonmetro 1K-2K	Nonmetro < 1K	Charter
Elementary	6.8%	1.8%	1.4%	1.6%	0.9%	0.2%	0.0%
Secondary	4.5%	1.5%	1.0%	1.1%	0.7%	0.3%	1.0%
Total	5.8%	1.6%	1.2%	1.4%	0.8%	0.3%	1.0%

Extended Time Revenue / ADM by Strata, FY 2010



Distribution of Extended Time Revenue by Strata, FY 2013 Estimate



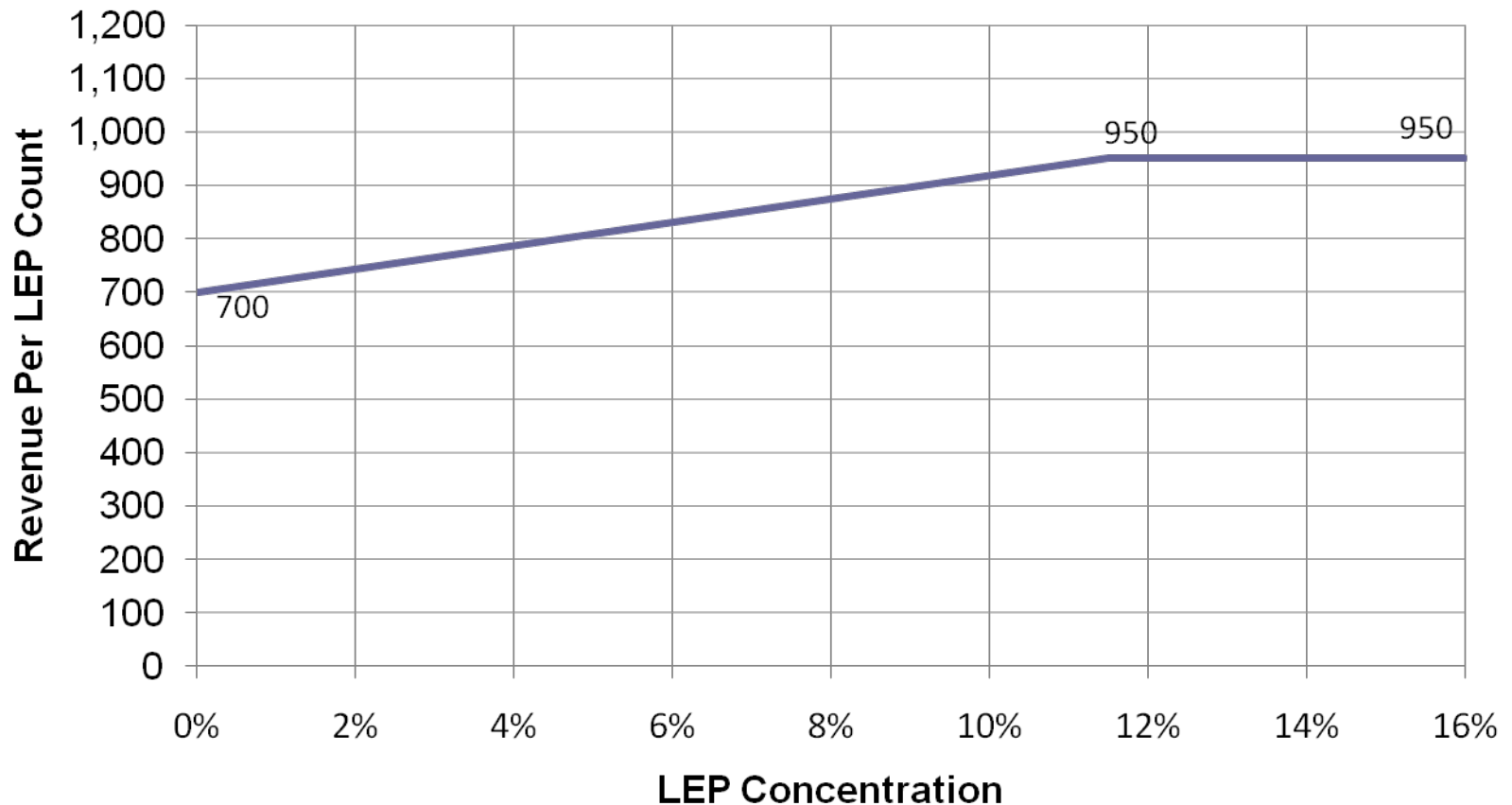
LEP Funding Formula, Current Law

Provides additional Basic Skills Revenue targeted to school districts with high concentrations of LEP students.

- 1) *Basic Revenue* = \$700 X eligible LEP average daily membership served.
 - Students who have generated 5 or more ADM in Minnesota public schools before the start of the current school year are not eligible to be counted for LEP revenue calculations.
 - Students in grades 4 – 12 who were enrolled in a Minnesota public school when the Test of Emerging Academic English (TEAE) was administered during the prior year are not eligible unless they scored below the state cutoff score on the TEAE.
 - Small districts with LEP program are funded for a minimum of 20 students.
 - Uses 77% of current count + 23% of prior year count if number of LEP students has declined.
- 2) *Concentration Revenue* = LEP enrollment X \$250 X the lesser of 1 or the ratio of the district's LEP concentration percent to 11.5%.

LEP Funding Formula, Current Law

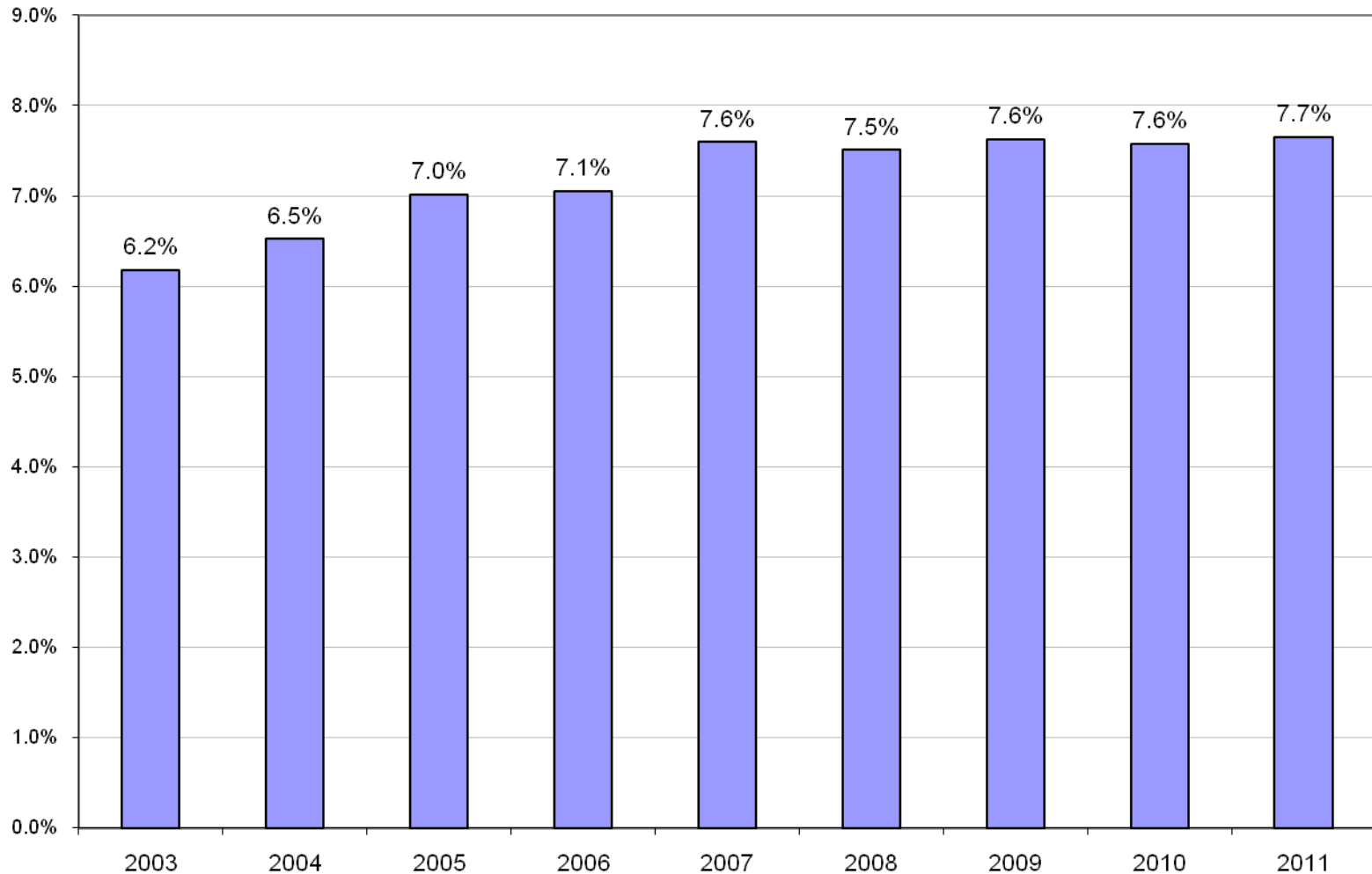
LEP Concentration and Revenue Per LEP Count



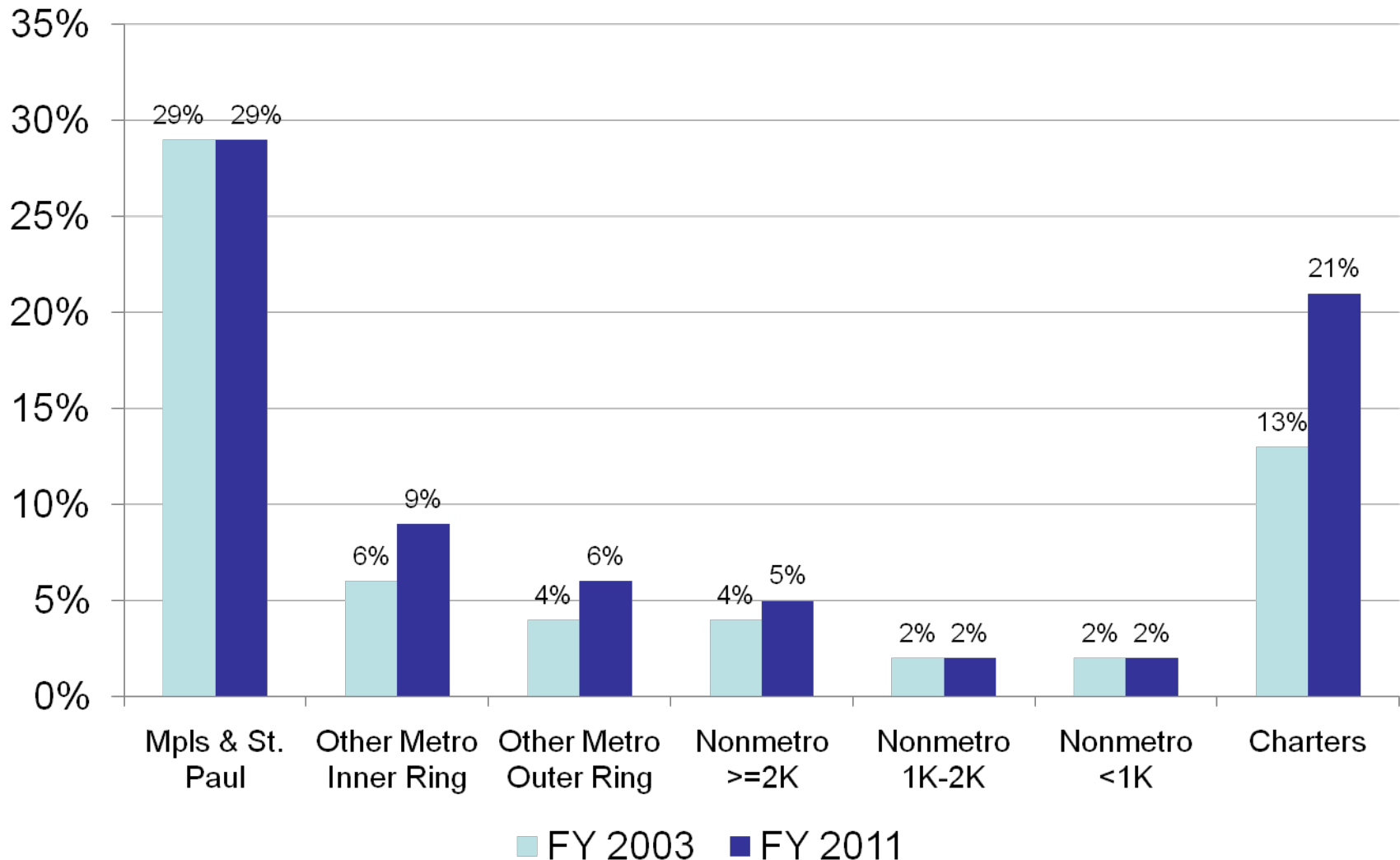
LEP Revenue History

- 1980 - Limited English Proficiency (LEP) aid formula initiated, replacing pilot program.
- 1997 - LEP concentration revenue enacted.
- 2003 - Beginning in FY 2005, eligibility for LEP revenue limited to the first 5 years of ADM in Minnesota; allowance per LEP pupil increased from \$584 to \$700.

LEP Students As Percent of Total Enrollment, FY 2003 – FY 2011



LEP Students as a Percent of Enrollment by Strata, FY 2003 vs. FY 2011



LEP Revenue by Strata, Current Law, FY 2010

	Revenue / LEP Student	Revenue / ADM
STATE TOTAL	927	49
MPLS & ST PAUL	956	174
OTHER METRO, INNER	896	62
OTHER METRO, OUTER	836	34
NONMET >=2K	889	29
NONMET 1K-2K	1,007	15
NONMET < 1K	1,372	17
CHARTER	995	156

Impact of LEP Cap

	LEP Portion Cap = 5 Yrs	LEP Portion Cap = 7 Yrs	LEP Portion No Cap	Percent Increase 7 Yrs	Percent Increase No Cap
STATE TOTAL	5.3%	5.9%	6.6%	11.7%	24.7%
MPLS & ST PAUL	18.2%	21.0%	25.2%	15.8%	38.9%
OTHER METRO, INNER	6.9%	7.7%	8.3%	11.6%	19.9%
OTHER METRO, OUTER	4.0%	4.4%	4.7%	9.6%	16.9%
NONMET ≥ 2K	3.2%	3.5%	3.8%	9.4%	18.7%
NONMET 1K-2K	1.5%	1.7%	1.8%	8.8%	18.8%
NONMET < 1K	1.2%	1.4%	1.5%	9.6%	19.8%
CHARTER	15.7%	17.3%	18.8%	10.2%	19.9%

MDE Draft Basic Skills Funding Reform Proposal

Summary:

- Allocate 10% of compensatory revenue based directly on need as measured by statewide assessments of student learning (e.g., portion of students not proficient).
- Eliminate 80% cap in compensatory concentration formula.
- Roll extended time funding into compensatory formula and allocate based on concentration of poverty and students not proficient.
- Extend eligibility for LEP funding from 5 to 7 years; expand sliding scale for concentration aid providing \$350 for district with concentration exceeding 16%.

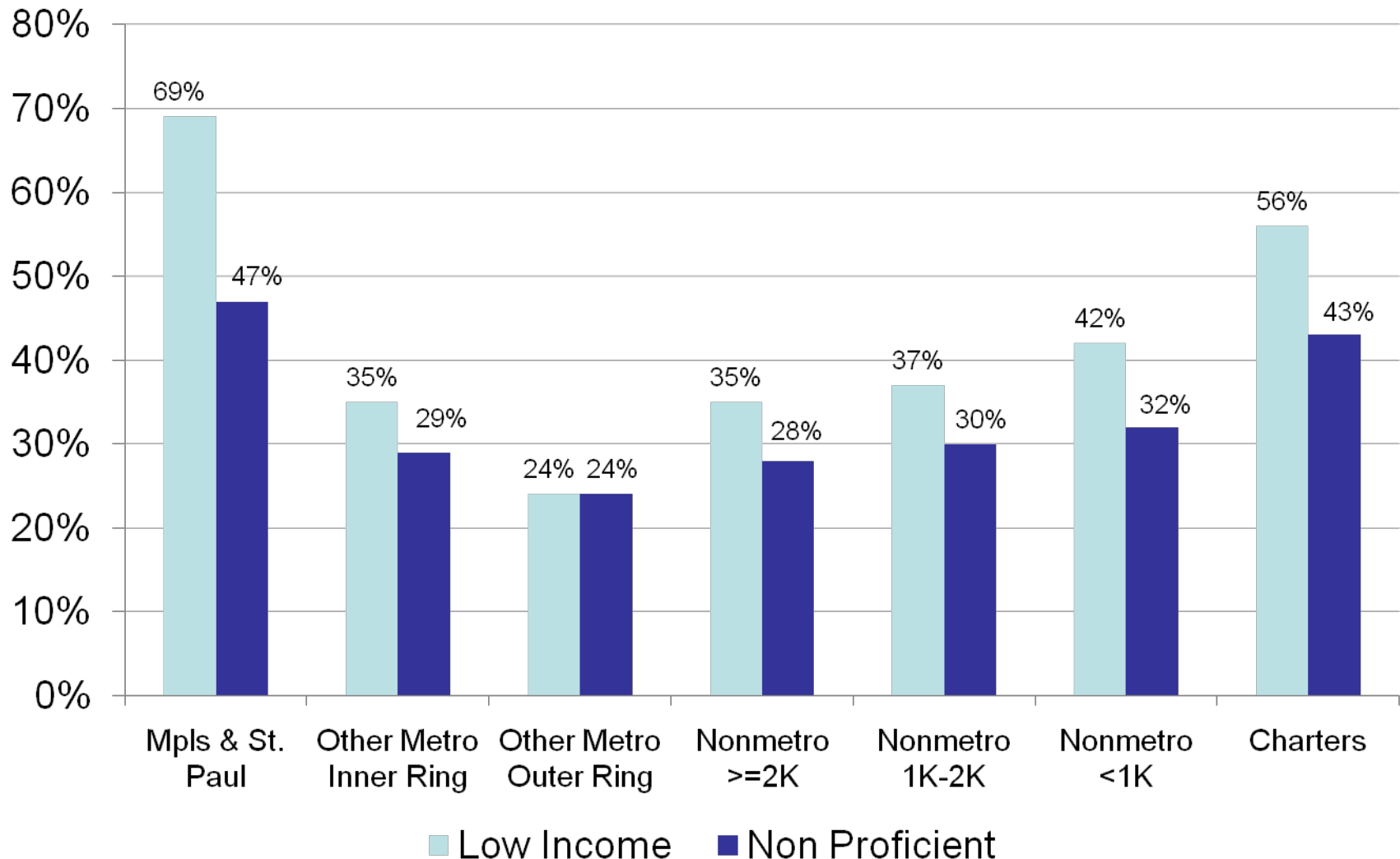
Background:

- Poverty has long been used as an indirect measure of need for basic skills programs; reliable data directly measuring the number of students who are not proficient and in need of basic skills programs has only recently become available.
- Extended time formula rewards districts that choose to serve high-need students through an extension of the school day or year. Districts that choose to provide more intensive services during the regular school calendar do not receive this funding. Rolling this funding into the compensatory education formula would provide more flexibility to local districts to determine most effective strategies to close achievement gaps.

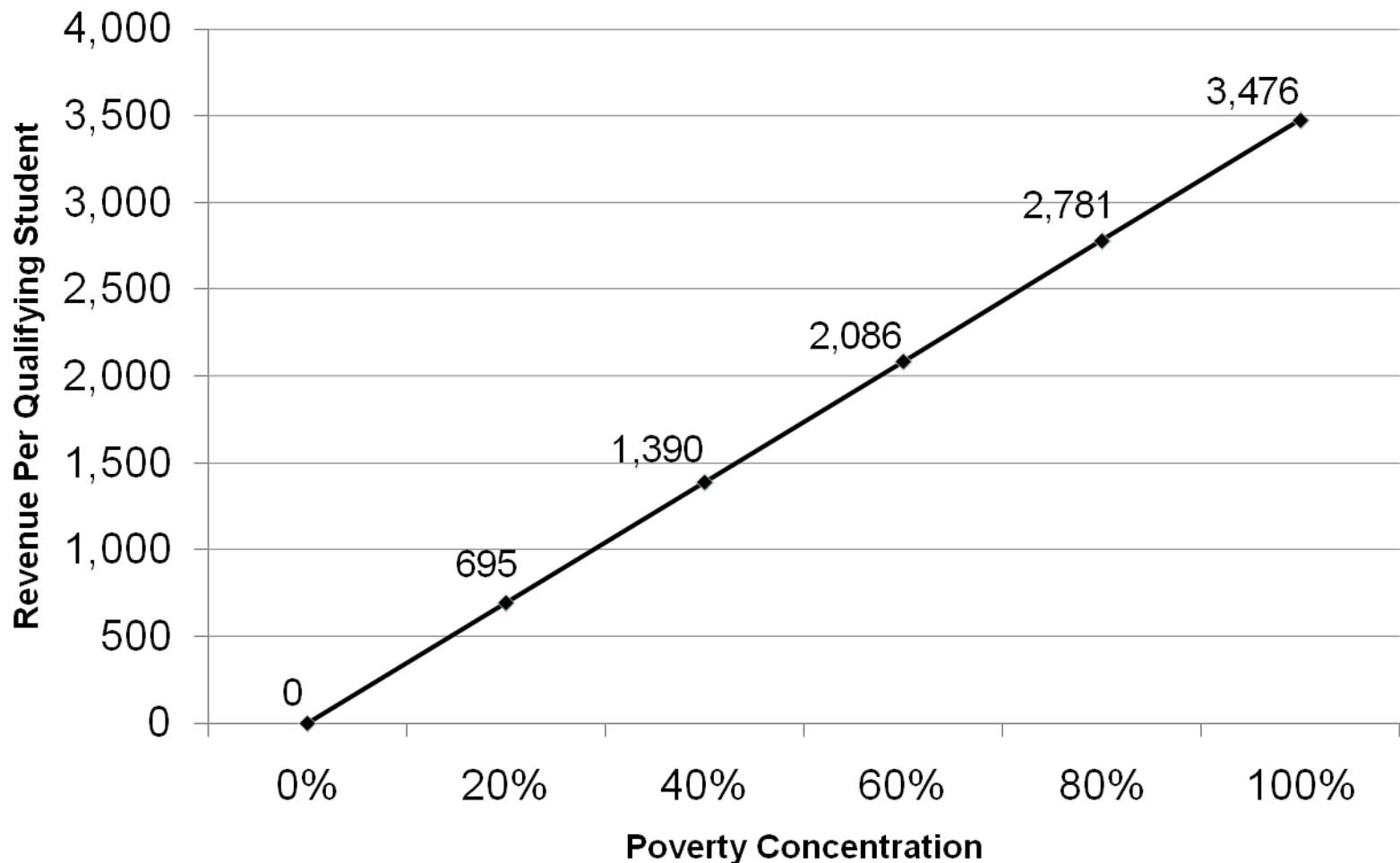
Basic Skills Funding by Component: Current vs. Reform Proposal, FY 2013

\$ in Thousands	Current	Proposed	Change
Compensatory - Poverty	452,560	475,764	23,204
Compensatory - Proficiency	-	52,863	52,863
Extended Time	76,067	-	(76,067)
LEP	40,367	47,882	7,515
Subtotal	568,994	576,509	7,515

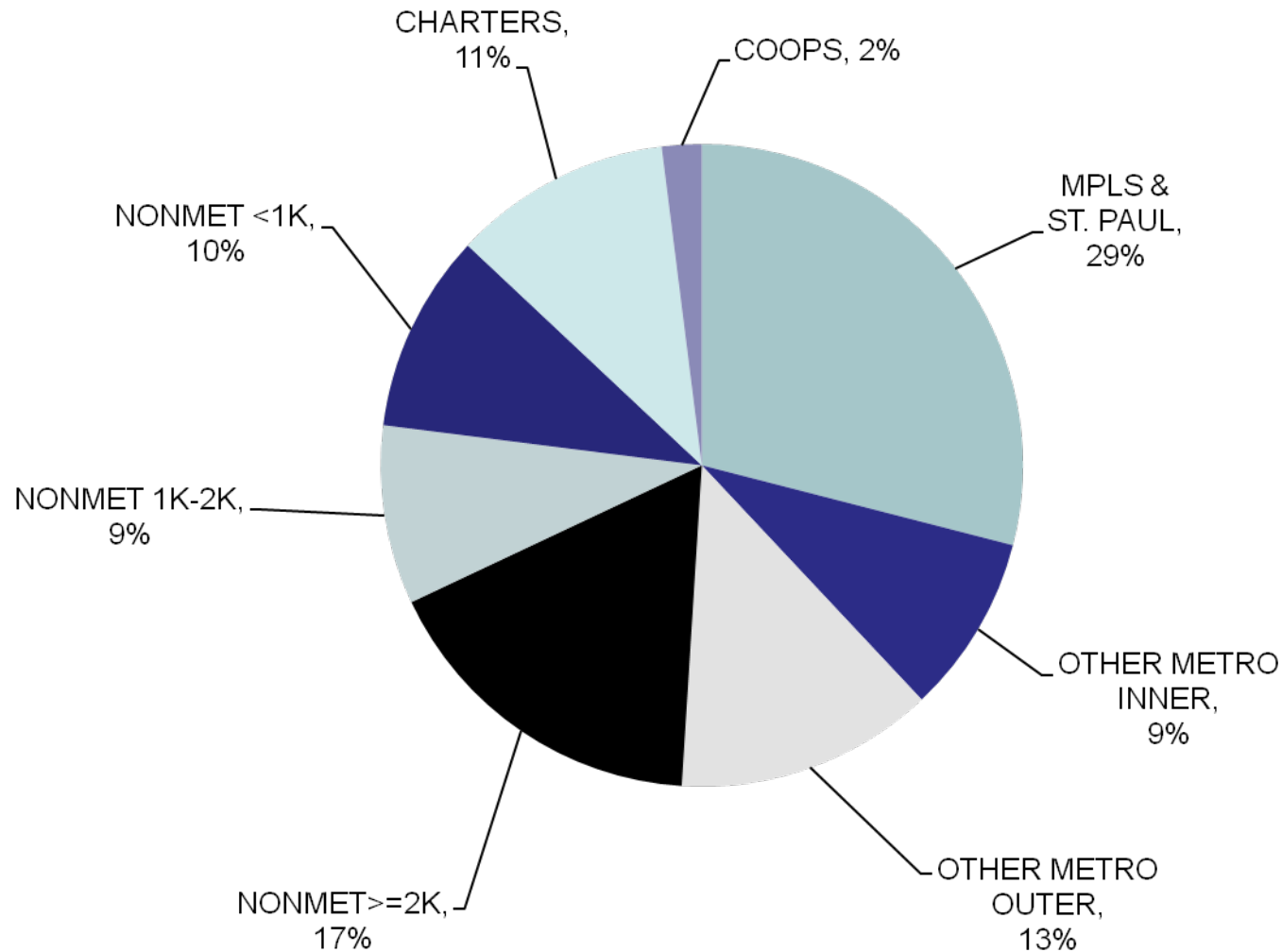
Relationship Between Poverty and Non-Proficiency, By Strata, FY 2010



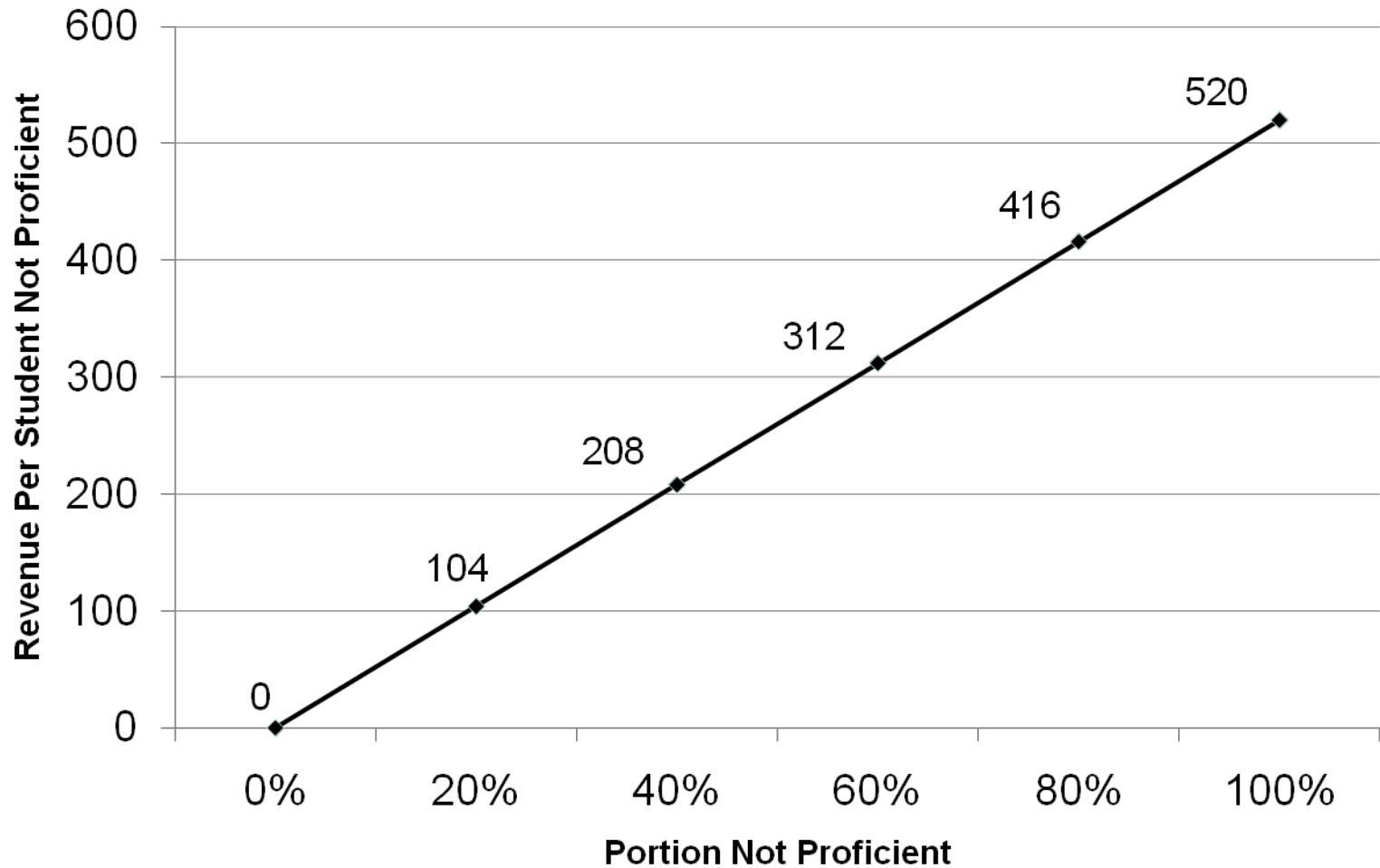
Proposed Compensatory Funding Based on Concentration of Students in Poverty



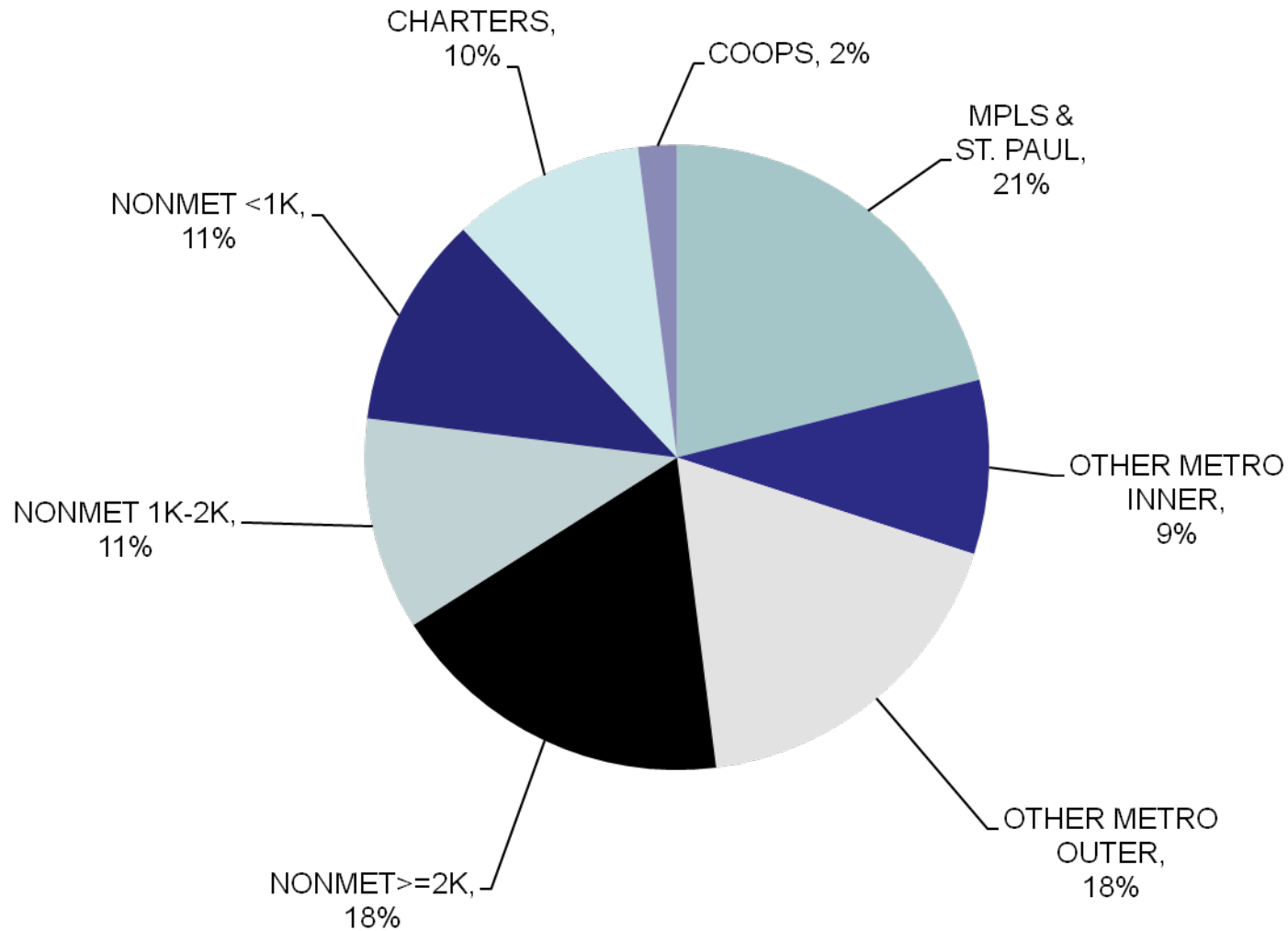
Distribution of Proposed Compensatory Funding Based on Concentration of Students in Poverty by Strata



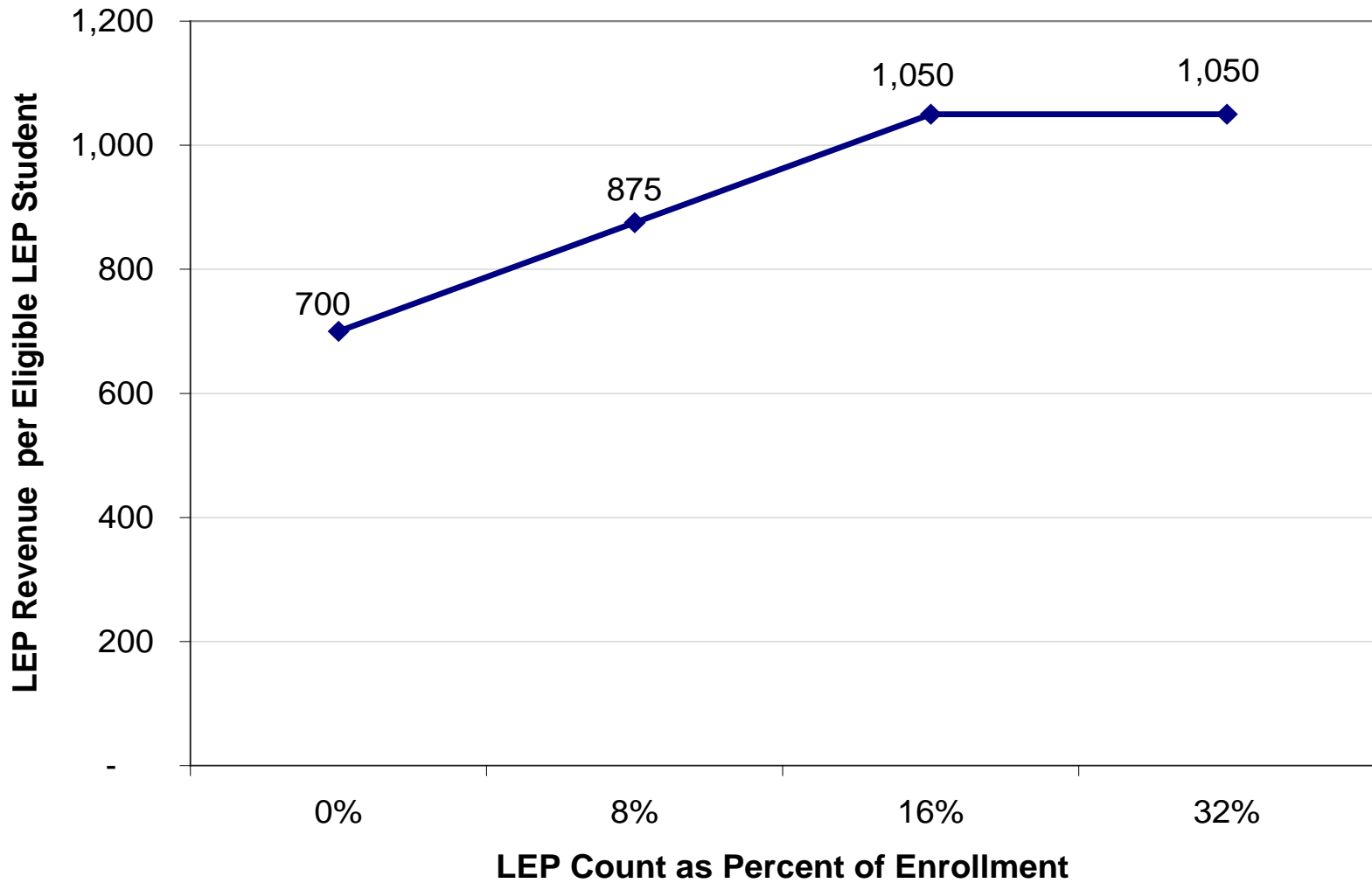
Proposed Compensatory Funding Based on Concentration of Students Not Proficient



Distribution of Proposed Compensatory Funding Based on Concentration of Students Not Proficient by Strata



Proposed LEP Funding Eligibility Based on 7 Year Cap



Basic Skills Funding per ADM by Strata, Current Law, FY 2013

	Compensatory	Extended Time	LEP	Total
MPLS & ST PAUL	1,671	284	177	2,132
OTHER METRO, INNER	490	61	62	612
OTHER METRO, OUTER	227	53	34	314
NONMET \geq 2K	412	55	28	495
NONMET 1K-2K	446	27	15	488
NONMET < 1K	530	14	18	561
CHARTER	1,133	42	130	1,305

Basic Skills Funding per ADM by Strata, MDE Draft Proposal, FY 2013

	Compensatory Poverty-Based	Compensatory Proficiency- Based	LEP	Total
MPLS & ST PAUL	1,750	149	227	2,126
OTHER METRO, INNER	482	52	72	605
OTHER METRO, OUTER	224	33	38	295
NONMET \geq 2K	407	49	32	487
NONMET 1K-2K	443	56	16	515
NONMET < 1K	523	60	19	601
CHARTER	1,218	122	157	1,498

Basic Skills Funding per ADM by Strata, MDE Draft Proposal vs. Current Law, FY 2013

	Compensatory + Extended Time	LEP	Total
MPLS & ST PAUL	-56	49	-6
OTHER METRO, INNER	-17	10	-7
OTHER METRO, OUTER	-23	4	-19
NONMET >=2K	-12	3	-8
NONMET 1K-2K	26	1	27
NONMET < 1K	39	1	40
CHARTER	166	27	192