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Colorado's Current Use of a Single Count Day and Considerations if Average Daily Membership (ADM) is Used as a Funding Mechanism

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Executive Summary

The Audit Team has compiled this report in order to start a comparison of the different aspects of using a single count day or other processes as a funding mechanism from an auditor perspective. A single count day is currently used by the Colorado Department of Education for pupil membership at a school district. Another funding mechanism to consider is using multiple count days to fund pupil membership at a school district. The information for this report was gathered through research and staff experience in the audit process.

Using a single count day as a funding mechanism is already in place and is based on pupil membership on the pupil enrollment count day and count window, which requires enrollment, attendance, and scheduling criteria be met. The Audit Team's focus during the audit process is to educate and train school districts on preparing for a pupil count audit rather than collecting monies from audit findings.

A more accurate reflection of a district's ongoing membership may be determined by using multiple count days, such as Average Daily Membership (ADM). Some of the discussions and considerations if moving to a multiple count process may be:

- Membership must clearly be defined
- Full time equivalent (FTE) funding levels must be determined
- All programs used as service delivery must be considered, including
  - Online and blended learning
  - Concurrently enrolled students
  - Other various programs
- Current technology and additional technology needs must be considered
- Staffing considerations if multiple count days are used

The information in this report may aid in the determination if a single count day should continue to be used or if multiple count days would be more beneficial for pupil funding in the State of Colorado.

Current Use of a Single Count Day as Part of a Funding Mechanism

Each year all public school districts and facilities across the State of Colorado participate in the Student October Count data submission to the Colorado Department of Education (CDE; Department). The purpose of this data collection is to obtain required student level data as provided for by state statute, including information regarding students' funding eligibility as outlined in the Public School Finance Act of 1994 (22-54-101, C.R.S.). The Colorado Department of Education collects these data through the Automated Data Exchange (ADE) with the Information Management Services (IMS) unit of CDE overseeing the collection. This collection supports the legislatively mandated funding formula that provides funds to districts based on district characteristics and student populations.

The Student October Count is based on a one (1) day membership and attendance count in which districts are asked to report all students who are actively enrolled and attending classes through their district on that date. This is called the pupil enrollment count date and generally falls on October 1. An alternative count date to the pupil enrollment count day is also available for certain programs. These programs include ones that are designed to return dropout students for completion of the 12th grade or programs not in session 30 calendar days prior to the pupil enrollment count day or alternative count day. There is also a count window which includes the pupil enrollment count day, as well as, the five days preceding and following that day. The count window has been put in place to accommodate students that are absent on the pupil enrollment count day.

In addition to meeting the membership and attendance requirements, different student types require additional documentation when preparing for an audit by the Department. The types of students include, but are not limited to, advanced highly gifted students, students enrolled concurrently (which includes the ASCENT Program, concurrent enrollment, Early Colleges, and Dropout Recovery Programs), tuition students, detention center and expelled students, foreign exchange students, GED students, homeschooled students, homebound students, independent study students, online students, preschool students, transition students, and work study students. The Audit Team at CDE has written the Student October Count Resource Guide to assist districts when preparing for an audit. The guide lists documents for different student types, as well as documentation required for enrollment, attendance and schedules. The Student October Count Resource Guide may be found at: http://www.cde.state.co.us/cdefinance/auditunit.htm

- **Pupil Count**
  - Student October Count Resource Guide [PDF]

While the submission may only include those students who meet the membership, attendance, and scheduling requirements as of the pupil enrollment count day, the actual submission process begins in mid-September and closes mid-November.

Currently funding for districts is determined by (1) membership (enrollment, attendance) and (2) number of scheduled hours (full time or part time). Full time membership is defined as 360 pupil-teacher contact hours for the first semester and part time membership is defined as 90 pupil-teacher contact hours for the first semester through rule.

In an effort to ensure accurate reporting of those data fields associated with student funding, the Audit Team of the Public School Finance Unit for the Colorado Department of Education conducts periodic compliance audits of each district's student October count data. These data not only determine per pupil funding, but also at-risk and English Language Proficiency Act (ELPA) funding. The Audit Team audits districts and facilities every one to four years, the frequency of which is determined by a number of factors including, but not limited to, the size and

location of the district, as well as issues or concerns that might have arisen from prior audits. The length of the audit may take anywhere from a few days to several weeks depending on the programs audited and the size of the school district or facility. Under the current process every student for every fiscal year is audited to ensure all enrollments, attendance, and scheduling criteria have been met. However, the Audit Team is moving toward a more risk based audit approach to focus the audit effort and address the limited resources at both the Department and the districts.

The audit of school districts, the Charter School Institute, and facilities are addressed in numerous locations within the Colorado Revised Statutes (C.R.S.). A few of the more relevant ones would be section 22-54-114(4)(a) and 22-54-120(1). In fact, House Bill 12-1345 recently provided for the redirection of $3,839,627, or so much thereof as may be necessary, for allocation to the public school finance unit for the payment of at-risk supplemental aid to school districts, district charter schools, and institute charter schools.

Section 22-54-120(1) provides that the state board shall make reasonable rules and regulations necessary for the administration and enforcement of this article. These rules may be found under 1 CCR 301-39 – Rules for the Administration of the Public School Finance Act of 1994.

During the fiscal year 2011-2012 the following table shows the number of districts audited, the fiscal year audited, the number of collections audited, the number of students reviewed (cumulative total of all students for all years audited), and the total audit recoveries found. Audit recoveries include findings from pupil count, at-risk, pupil transportation, and ELPA audits. As indicated in the table below 182 collections were audited, which is greater than the number of districts, which is 178.

Completed Audits for Fiscal Year 2011-2012				
Number of Districts Audited	**Years Audited**	**Number of Collections Audited**	**Number of Students Audited**	**Total Audit Recoveries**
66	*2006/2007-2010/2011	182	643,048	$5,132,854

*Every district may have not been audited for every year due to each district's audit cycle.

Below is a table showing the number of auditors on the Audit Team and the expenditures used to conduct the audits for fiscal year 2011-2012. Every dollar spent returned $14.50 back to the Department and therefore to the State of Colorado. These audit recoveries are factored into the available resources in the State Public School Fund. However, the primary goal of the Audit Team is to train and support districts on how to prepare for an audit and to correctly report and document students for funding and not to collect monies from audit findings.

Number of Auditors	**Audit Team Expenditures**
** 5	$354,037

**There are currently 5 auditors. For the 2011-2012 fiscal year, the Audit Team auditors consisted of one new staff member who started in December 2011, one staff member who was new to the audit process, and three experienced auditors.

Considerations if Average Daily Membership (ADM) is used as a Funding Mechanism

In order for the State of Colorado to change reporting membership from a single count day to multiple count days using ADM several considerations must be discussed and reviewed.

Single Count Date vs. Multiple Count Dates

As described previously CDE uses a single count date reviewed over a period of time. The advantage of this is reduced costs in not having to compile more than one count a year. A one day count may not be an accurate reflection of a district's ongoing membership. However, multiple count days may be an incentive to retain students enrolled in their district for the entire school year.

Based on findings of the ADM study (Colorado Average Daily Membership Study: A Feasibility Study of Alternatives to the October 1 Student Count Method, dated January 7, 2011 by Justin Silverstein, Augenblick, Palaich and Associates) districts may not have the resources to conduct multiple pupil counts; even with technology advances. A February pupil count, which was in addition to the October pupil count, was discontinued in the 1990s for this reason. In addition, there was no significant difference in the two pupil counts; however, that was prior to the existence of online programs. Due to the mobility and a possible concern over the short retention of online students, factoring in online programs may change the pupil counts significantly.

Under the current single count model, data is collected for the current fiscal year to determine funding. Using a multiple count day model would be enhanced by using prior year counts for funding. According to the ADM study, other states using the multiple count day model use prior year data for funding.

Membership and Student Verification

Under ADM, "Membership" as well as the criteria necessary for verification will need to be clearly defined.

If membership is based on enrollment only (and does not take into consideration the establishment of attendance), time and costs to determine ADM by the district may be reduced. The time of an audit may also be reduced since there are fewer elements to audit. The downside of using enrollment only to define membership is an increased likelihood a district may include a student in membership who is not actively participating in an educational program.

Membership can also be defined with enrollment and attendance. This definition may provide a more accurate number of students in membership at a certain point in time. The downside of this definition of membership is the increased time in conducting an audit due to attendance verification. In addition, a statewide definition is needed to clarify when a student would be considered as un-enrolled or dropped from membership.

One option to ensure that daily attendance is taken is to request districts to use systems that require positive attendance (i.e., the teacher is required to mark a student as present rather than the system defaulting to present). This is used by the Facility Unit at CDE and is also used by various school districts with the program Infinite Campus, which is a third-party software vendor.

The Colorado Department of Education requires each student to be assigned a unique identifier. This is called the State Assigned Student Identifier Number (SASID). The SASID is used for student verification within the statewide system. The district or facility must submit 5 data elements to receive a SASID for a student. The data elements are Last name, First name, Middle name, Birth date, and Gender.

Determining FTE Level: Pupil Seat Time vs. Mastery

Under the current single count day model Full Time Equivalent (FTEs) are based on pupil-teacher contact and schedules. The current funding level is 0.5 for part time students (90 pupil-teacher contact hours) and 1.0 FTE (360 pupil-teacher contact hours) for full time students for the first semester. Mastery or course completion could be used as an incentive to retain students in a district. Mastery or course completion would need to be specifically defined. Using a multiple day count to establish fractional FTEs, such as 0.20 for five count periods or 0.25 FTE for four count periods may more accurately reflect the costs incurred by districts in providing education to students. However, the concept of full time and part time scheduling of such students should also continue to be considered in the funding process. In addition, if mastery is tied to testing (such as the TCAP or other statewide tests) the delay in testing results would need to be considered.

> Other Points to Consider
> - Mastery or course completion should consider the terms a district uses (i.e., semester, quarter, trimester, hexter)
> - How would mastery or course completion be measured?
> - Would mastery or course completion be based on credit or grades?
> - How would the state ensure uniformity in awarding mastery or course completion?
> - Would mastery or course completion apply equally to core classes and electives?
> - Should all courses count towards a high school diploma?
> - What would be the impacts of alternative pathways to graduation (i.e., GED, career and technical programs)?
> - Could districts receive incentives for accelerating a student's move to mastery?
> - Would all students be considered 1.0 FTE or would other criteria be established for a percentage of an FTE (i.e., schedules, level of funding, homeschooled)?
> - The smaller the fractional count and the more count days required adds complexity to the data collection and subsequent distribution and verification of funding.

Programs used as Service Delivery

There are several programs school districts use to educate students in Colorado. All must be considered if an ADM count method were to be used and if additional documents are needed to verify membership, enrollment, participation, and/or attendance.

These programs include, but are not limited to, online and blended learning, concurrent enrollment, and homeschooled.

Online and blended learning students are one of the fastest growing student types in the State of Colorado. These students can attend classes "virtually" for all or a portion of their schedule. Proof of residency documents are collected to ensure out-of-state students are not being claimed by a district. Currently a student must demonstrate active participation in an online program by logging into course content in a class on a student's

schedule during the count window. Students participating in a blended program may also need additional documents for classes or times not spent working in the online curriculum.

A concurrently enrolled student is another common type of student. These are students taking post-secondary classes for both high school and college credit. The collection of transcripts and tuition payment by the district ensures the district is paying for the students' classes and that these classes are counting towards the student's high school diploma.

In addition to pupil count, the Audit Team also audits at-risk, English Language Proficiency Act (ELPA), and pupil transportation. If multiple count days are used, the funding of at-risk and ELPA may be on the same payment cycle as pupil funding. Also the single count day used for a portion of pupil transportation funding may need to be changed to multiple days or eliminated altogether. It may be a burden for a school district to track mileage on multiple count days to receive funding. Instead, for pupil transportation, the actual route miles travelled for the entire fiscal year could be used. Any changes to the current pupil count process would impact the methodologies used for funding and verification processes.

Technology

It is unknown if the current data system used by the Audit Team, or the one being developed to replace it, would be able to accommodate a multiple count day membership. Until further information is available, it is difficult to determine needed system changes.

In addition to the data system which is used for audit tracking by the Audit team and according to the recommendations in the ADM study, a statewide pull system should be put in place. IMS staff at CDE indicates the annual cost of a new centralized statewide student information system would be approximately $6 per student per year, or may cost approximately $5,000,000 annually. It may be possible to look at data collections currently performed throughout the year to determine if any efficiency could be achieved.

The duplicate count process would also need to be revised for each collection period to ensure a student is not funded for more than 1.0 FTE. In addition, consideration should be given to allowing only one district to be funded for a student, with such district being accountable for state mandated testing and other requirements for that student. If multiple delivery methods are appropriate for a given student, the responsible district may contract for additional educational services as is needed for such student.

As noted in the ADM study, "Minnesota's student information system used for student count reporting, MARSS, has been in place since the current process for counting students was initiated. The state's Dept of Ed indicated that due to careful planning at the time the system was developed, the system has successfully accommodated new service models, such as school choice, and additional data reporting requirements." If Colorado were to go to an ADM model it would be critical that any new system also remains flexible to accommodate various service models and collections.

Limited information of other State pupil count collections were also reviewed, with some states being very similar to Colorado, including Kansas. Other states (such as Washington and New Jersey) are considering a move to counting Average Daily Attendance (ADA) to encourage districts to focus on attendance.

The time spent on upgrading to a new system and training personnel could take several weeks to months. A transition period may also be required to allow districts to convert to the new system.

Development of a new system must also consider other CDE departments that use the data collected, such as the English Language Learners Department (ELL) and Special Education (ECEA).

If the state were to go to a real-time student data system, CDE could download the data with minimal additional work needed to be performed by the district.

Staffing

Currently the Audit Team at CDE employs 1 Audit Supervisor and 4 Auditors, with additional supervision oversight performed by a Public School Finance Unit member. All Audit Team employees conduct audits under the single count day model. Because of the limited staff and the number of districts and students to audit, as well as other programs being audited, audits are not done real-time. They are done post collection which can be delayed from 1-5 years.

Going to a multiple count (ADM) model with real-time data may enable the Audit Team to stay current on all pupil count audits of school districts. Additional administrative resources may be needed depending on the number of counts and the data that needs to be collected and audited. Other programs that are currently being audited should be approached accordingly if this model is used.

The state may need to impose periodic audits to ensure that the pupil enrollment count data is updated systematically and in a timely fashion by school districts.

Training may take additional time and costs to implement the appropriate audit approach to the new funding mechanism. Depending on the specifics of the new model, staff may need to have additional training in data analysis.

In addition to reviewing staffing for the Audit Team for ADM and multiple count dates, IMS and other departmental staffing will need to be reviewed in order to accommodate this type of change statewide.