

## Comparison of Education Finance Reform Studies

	<b>Education Finance Task Force Report</b>	<b>“Determining the Cost of an Adequate Education”</b>
Main New Education Finance Concept	Linking education finance to educational outcomes	Linking education finance to educational outcomes.
Reform Goals	Education finance should be <ul style="list-style-type: none"> <li>• Student focused</li> <li>• Equitable</li> <li>• Responsive to the changing world of education</li> <li>• Understandable to the public</li> <li>• Accountable for student learning,</li> <li>• Aligned to student performance</li> </ul>	A state education finance system that is <ul style="list-style-type: none"> <li>• linked to the achievement of state adequacy standards</li> <li>• encourages efficiency</li> <li>• fairly compensates districts for environmental cost factors</li> </ul> Study examined the design and implications of an education finance system that defines “equity” in terms of educational outputs (the ability of all districts to provide a basic education) rather than educational inputs (more or less equal amounts of resources for all districts)
Scope of Education Finance Addressed	All dimensions -- general instructional support, local supported programs, facilities and debt service and capital programs	Focuses on state support for general operations only – no capital or debt service. Does not address voter approved referenda
State Aid Sufficiency	Very rough approximations based on cost of adequacy unadjusted for numerous cost factors	State aggregate and district level information based on general education aids (sufficiency estimates based on inclusion of program aids and referendum aid also available)
State Aid Distribution	No information on fairness of existing aid distribution in light of adequacy estimates	District-specific estimates of over/under compensation based on comparison between what district should have received from the state in 2002 based on cost of adequacy and what they actually received
State Aid Simplification	Unclear how aid will be simplified while preserving aid adjustments for district characteristics and socioeconomic cost factors	Combines district cost factors into a single compensatory aid adjustment

## Comparison of Cost of Estimation Approaches

### Management Analysis & Planning (consultants to Task Force)

### MTA / MCPFR

Methodology Used to Determine Cost of Adequacy	Primarily Qualitative – based on expert opinions from professional judgment panels.	Quantitative – based on mathematical and statistical relationships between 2002 district spending and test scores
Definition of “Adequacy”	New Minnesota learning standards (no measurement yet available)	Seven test score standards derived from existing state standardized achievement tests (representing “basic skills” level of performance) plus district graduation rate
Assumptions Regarding Education Administration and Delivery	Experts given some latitude to change educational delivery and administration in developing cost estimates	Estimates based on how education was actually administered and delivered within Minnesota school districts in 2002
Cost of Adequacy Components	Per pupil operating expenditures. “State average” expenditures used for many operating expenditures not directly related to classroom instruction	Actual district per pupil operating expenditures as included in 2002 Dept of Education district profiles
Per Pupil Cost of Adequacy Estimates	Based on hypothetical / prototypical schools and grade levels. Estimates ranged from \$5,900 for a elementary school student in a very advantaged district to \$10,200 for a high school student in a very disadvantaged district	Based on analysis of actual Minnesota school district spending and test score results. Estimates ranged from \$5,500 in the most advantaged school district to \$14,500 per pupil in the most disadvantaged school district
Cost Factors Incorporated into Cost of Adequacy Estimates	<ul style="list-style-type: none"> <li>• % free and reduced lunch (proxy for poverty)</li> <li>• % Limited English Proficiency</li> </ul> <p>Many other factors and cost adjustments identified but not included pending need for further research</p>	<p>Assembled from academic literature – cost factors that have been shown to “matter”:</p> <ul style="list-style-type: none"> <li>• % free and reduced lunch (proxy for poverty)</li> <li>• median income (proxy for parental education)</li> <li>• % minority</li> <li>• district size (enrollment)</li> <li>• % special education</li> <li>• county unemployment rate</li> <li>• teacher wage index (market prices for primary educational input)</li> </ul> <p>Limited English proficiency not included because statistical analysis showed impact of this factor was captured by these other cost factors</p>
Treatment of Special Education	Not included in cost of adequacy estimates. For purposes of assessing impact on total state spending, current special education spending levels declared “adequate” and added to aggregate adequacy costs	Special education included as a district cost factor for cost of adequacy estimates because it impacts district general fund. However, special education revenue was not included in calculating sufficiency of state funding estimates.
Treatment of District Spending Efficiency in Deriving Cost Estimates	No analysis	Efficiency built into estimates by basing estimates on composites of districts achieving their test scores at lowest levels of spending