

# Rethinking How to Fund High School

By: Kelly Caufield, Colorado Succeeds

To keep pace with the demands of an ever-changing workforce, high school must look different than it does today. One way to redesign high school is to restructure how schools are funded. This paper showcases three policies to modernize high school funding.

## 1 Reconsidering Seat-Time as a Requirement for High School Funding

Preparing students for postsecondary education and the workforce means encouraging more learning outside of the traditional classroom. Apprenticeships, capstone projects, and other opportunities designed to support students in building and demonstrating transferrable critical thinking and problem-solving skills are necessary in an evolving world.

### **What is the barrier preventing districts from implementing such innovations?**

A big deterrent cited by districts as preventing them from implementing such large-scale innovations is the Colorado school finance law regulations that require the onerous tracking of student seat-time hours. District representatives are concerned that they will risk losing funding if they fail to account for every hour a student is not in a school building. Representatives of school districts seeking to innovate fear that those students participating in opportunities involving out-of-school learning will be counted as part-time students according to Colorado school finance law.

Per pupil funding should not be based on how many hours a student is in the classroom. Limiting the location where students must learn fails to acknowledge the reality that learning happens everywhere. Allowing students to learn both inside and outside the classroom aligns to the future of work.

### **How could we update the Colorado school finance law to keep with the times?**

Instead of removing seat time requirements in state statute altogether, Colorado Succeeds and key education partners championed a legislative pilot to test a different way of accounting for student learning that incentivizes the development of district innovation in preparing students for the jobs of tomorrow.

The legislation (SB19-216), now signed into law, was championed by Senator Jeff Bridges (D) and Representative Shannon Bird (D). It will ensure that districts selected for a pilot program by the Colorado Department of Education for innovative programming will be able to count all participating students in such programming as full-time time students. As a consequence, districts will not lose any funding and will be freed up from the administrative burden of

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tracking seat-time hours for participating students. The 2019 legislation will start with five districts but is required to include all school districts over five years. Funding will need to be secured to ensure this is a reality for all districts.

## 2 Funding Opportunities for Out-of-School Learning

Another way to update the high school funding model is to fund students, not systems. Currently, most school district funding is based on the number of pupils counted in the school year based on a single count date. For each pupil counted, the school finance formula provides a base per-pupil amount of funding plus additional funding to recognize differences across districts related to cost of living, personnel costs, and district size.

The total program amount also includes additional funding for certain populations, like at-risk pupils. However, if the system focused on more student characteristics rather than district factors, the formula would be more student-centered and reflective of the changing needs and competencies of the student population.

As explained in the state's Education Leadership Council report, "education funding should be flexible, fractionalized, and equitable to allow for greater educational options and personalized student experiences. It should be based on student needs and interest, recognizing that it costs different amounts to educate students differently."<sup>1</sup>

**"Public funds are needed to ensure equitable access to community learning."**

### **What are the current school finance barriers in Colorado to awarding credit for work-based and community learning?**

Colorado school finance law requires licensed teachers to be in contact with students during a minimum number of hours in a student's schedule. If a school were to award credit for community-based learning, it could risk losing funding according to the current Colorado school finance law. School funding could support more personalized experiences for learners if changes were made to the school finance law, allowing districts to have greater flexibility.

To participate in work-based experiences such as apprenticeships, students will need to leave public schools for a portion of their school day. It would be beneficial if public school funding could more easily follow the desired activities of the learner and the learner's family.

Colorado could consider a variety of student-centered funding models:

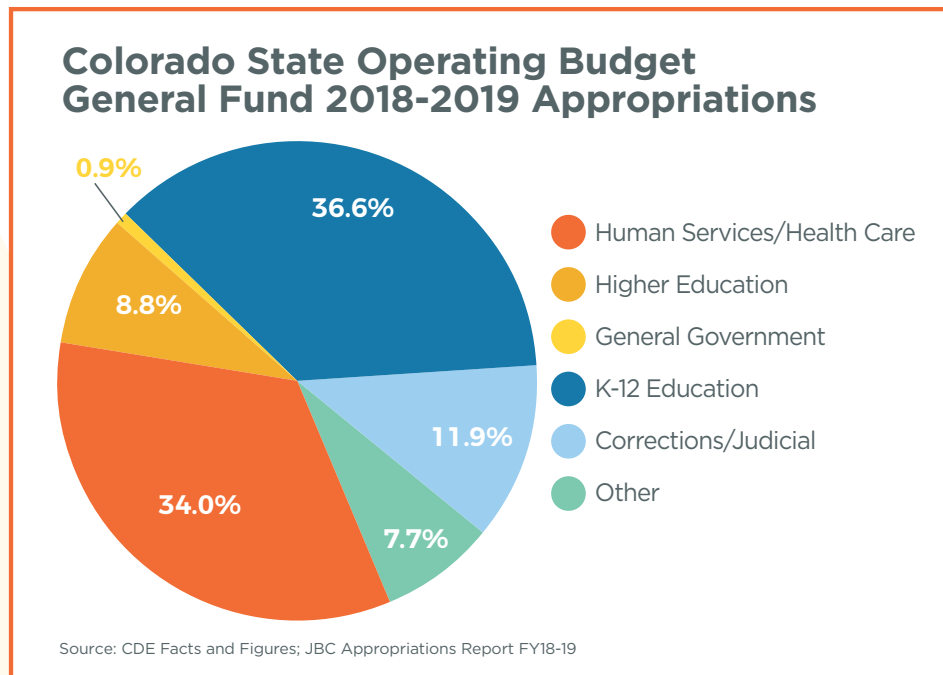
- Like Florida and the other states using savings accounts to fund special education services, Colorado could place a percentage of per pupil funds into a government-authorized savings account for families to pay for state-approved uses. The Center for Reinventing Public Education has argued that a similar policy could be applied to any student for educational opportunities outside a K-12 school which could include career education.
- Second, funds could follow students out of school. A model like this is currently being used by the Mill in Colorado Springs in partnership with multiple districts.<sup>2</sup> Through this program, students are provided career connected learning on a part-time basis. This policy idea could be used for work-based or community learning by combining it with a policy that would allow organizations other than K-12 schools to award credit for career-based learning.

- Universal Pre-K offers a third model of how public funds could be dispersed to private entities. While this is an early childhood education policy example, lessons could still be applied to the high school work-based learning context.

States use a variety of methods<sup>3</sup> to fund universal Pre-K programs, including general education funds or block grants available to localities. Some cities supplement state or federal funding through a local sales tax or locally matched funding. In this model, funds would not follow students, but rather go to organizations that have been approved or accredited by the Colorado State Board of Education.

### Why should public funds be used for work-based and community learning?

Public funds are needed to ensure equitable access to community learning. Otherwise, only the most resourced families have access. Additionally, community-based organizations could also use public resources to fulfill mandates needed to support K-12 student learning, including building staff capacity, licensing teachers, tracking student progress, and mentoring students. Using public funds could also improve quality control. With the award of public dollars can come greater accountability. If organizations do not maintain standards of quality, both funding and accreditation can be taken away, similar to the model of chartering schools.



### What are the costs and risks of making this policy change?

The Colorado State Board of Education would likely need start-up funds to study the idea and establish criteria for awarding credit and/or accrediting organizations. If using a per pupil model, funds that would leave the K-12 system might create issues for districts that cannot reduce overhead spending in response to shrinking funds. This obstacle would be especially challenging for small school districts.

<sup>1</sup> Colorado Education Leadership Council report, <https://drive.google.com/file/d/16tofb4KjSaCYqfPKI6w3PnDKsY83FDyL/view>

<sup>2</sup> Parker, E., Diffey, L. & Atchison, B. (2008). How states fund Pre-K: A primer for policymakers. Education Commission of the States. Retrieved from [https://www.ecs.org/wp-content/uploads/How-States-Fund-Pre-K\\_A-Primer-for-Policymakers.pdf](https://www.ecs.org/wp-content/uploads/How-States-Fund-Pre-K_A-Primer-for-Policymakers.pdf)

### 3 Expanding Innovative High School Models through Funding Changes

#### *Enabling Expansion of Pathways in Technology Early College High Schools (P-TECH)*

P-TECH, a national network currently used in eight states, including Colorado, allows students to complete up to six years of high school to pursue work-based learning and postsecondary coursework. Students leave high school with a diploma, an associate's degree, and gain work experience. In Colorado, districts apply for P-TECH status through the Colorado State Board of Education. Requirements from the district include formal business commitments to hire students, relationships with a community college, and its commitment to fund concurrent enrollment so students can earn an associate's degree, and some form of work-based learning to start in 10th grade.

For example, Power Technical Early College in Colorado Springs is a partnership between James Irwin Charter Schools, Pikes Peak Community College, and a coalition of manufacturing and construction companies including JPM Prototype and Manufacturing Inc., Bal Seal, Allegion, Creative Fabrications, and the Housing and Building Association. While earning their high school diploma, students can also complete an associate's degree in Construction Management, CAD, HVAC, Electronics, or Machining. After 12th grade, students can graduate directly into the workforce, apply and attend a four-year university or college, or attend Pikes Peak Community College and earn a tuition free associate's degree in an approved skilled trade.

#### **What are the funding barriers to P-TECH Expansion?**

Currently, P-TECH students often begin in ninth grade and go through 14th grade (i.e. high school and two equivalent years of college) for a total of six years. Students in their senior year of P-TECH schools often try to accelerate the completion of the P-TECH program by taking summer dual enrollment classes. Students often focus on work-based learning in the last two years of the program. This results in districts sometimes needing to pay for more coursework than they can cover with a student's per pupil funding during the third and fourth years in operation.

Once a school has been operating for some time and students have progressed through the traditional four-year schedule, it will eventually have students who are being funded as year 5 or 6 students but are not taking courses. The school can use the revenue for students in years

5 and 6 to back-fill and pay for additional coursework for other year three and four students.

However, in the first years of operating a P-TECH program, that funding is not available because students have not progressed far enough in the program.

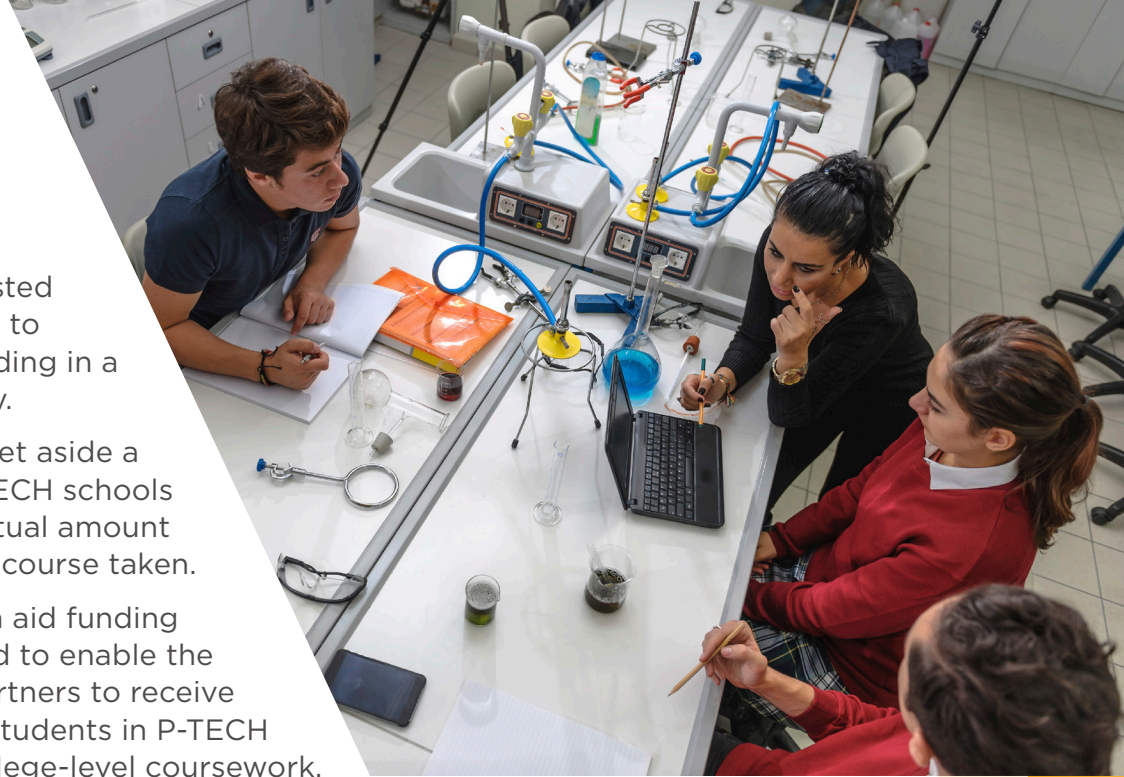
#### **How could the legislature remove barriers to expansion?**

Stakeholders have discussed a variety of ways to address these barriers, including



but not limited to the following ideas:

- The P-TECH funding formula could be adjusted in years three and four to provide additional funding in a fixed, proportional way.
- The legislature could set aside a pool of funds that P-TECH schools apply for, using the actual amount needed per additional course taken.
- State higher education aid funding rules could be adjusted to enable the community college partners to receive state financial aid for students in P-TECH schools enrolled in college-level coursework, using free and reduced lunch qualification to determine eligibility. Funds would be sent directly to the community college rather than the student or district.



### **What are the costs of implementing these changes?**

- Adjusting the funding formula would be the most expensive and also the hardest to predict the cost of over time. As P-TECH schools expand, so would this type of funding.
- For the pool of funding solution, the legislature could decide whether to cover a certain number of courses annually. The legislature could also identify preferences, like poverty, and elect to treat the fund as a scholarship program to be administered by the Colorado Department of Education. As such, the legislature could build out a cost model based on the total award amount and fiscal note provided by the Colorado Department of Education.
- Finally, other than some one-time costs to create the system, the final solution noted above would not cost additional dollars although it would divert dollars if annual state aid is fully utilized.

### *Changes to Early College High Schools*

Another school model that could necessitate updates to high school funding policies is the early college high school. Under the current policy framework, early college high schools enable students to complete an associate's degree or 60 credits towards the completion of a postsecondary credential while still in high school. Legislation advanced in 2018 to tighten the definition of what constitutes an early college high school in Colorado clarified that schools should design the curriculum in a way where students complete all requirements within four years.

### **What are the funding challenges associated with early college policy?**

The Joint Budget Committee of the Colorado General Assembly, an organization charged with studying the management, operations, programs, and fiscal needs of the agencies and institutions of Colorado state government, has previously noted that for students qualifying for

free and reduced lunch, the system relies on state funds in lieu of other resources such as Pell grants that are only currently available to students who complete high school. Substituting state funds in lieu of Pell grants means that the state loses approximately \$3,000 per eligible student per year.

**What updates to school funding would help further the early college model?** Just like the solution proposed above for P-TECH students, state higher education aid funding rules could be adjusted to enable the community college partners to receive state-based financial aid for students in early colleges enrolled in college-level coursework, using free and reduced lunch qualification to determine eligibility.


Funds would be sent directly to the community college rather than the student or district. This funding could be used for required “hidden costs” associated with concurrent enrollment such as books and mandatory fees. For example, culinary classes often require a knife set that can be quite costly to a student. Additionally, Colorado law could be further adjusted to minimize any incentives to districts to not accelerate students and keep students enrolled in years five and six.

## Conclusion

To dramatically improve how to prepare the workers of tomorrow in our schools today, the current antiquated high school funding model needs significant revision. Students who are engaged in learning outside of the traditional classroom setting should not be considered part-time for purposes of the Colorado school finance law. Similarly, funding methodologies for P-TECH and early college will also need to be reconsidered to promote the expansion and growth of those innovative models. Access to these models should not be based on your zip code; all Colorado students should access to these innovative models for accelerated high school success.

## Questions?

Contact Kelly Caufield,  
Vice President of  
Government Affairs at  
[kcaufield@coloradosucceeds.org](mailto:kcaufield@coloradosucceeds.org)

Learn more at  
[coloradosucceeds.org](https://coloradosucceeds.org) 

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1390 Lawrence St. Suite 200  
Denver CO, 80204