

**Public Education Institute &
Our Children/Our Schools Campaign**


***Costing Out an Adequate
Education in New Jersey:
Where Do We Go from Here?***

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What is costing out?

- Purpose is to calculate the cost of an adequate education.
- Results can be used in designing school funding formulas (e.g., setting foundation level).

Cost Study Methodologies

- Professional Judgment
 - Successful Schools/Districts
 - Cost Function
 - Evidence Based
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Cost Study Methodologies

- Studies incorporate assumptions about what constitutes an adequate education (inputs, outcomes), the educational needs of students and districts, and the prices of inputs.

Costing Out Studies

Reflections on the State of the Art



Adequacy/ Costing Out Studies

- 53+ state studies since 1999 based on “achieving standards.”
- Greater variation 1999-2004, 0%-83%
- Median increase 27.5%
- Most between 10% and 40%

Studies in 2005 and 2006

- Much tighter range 14% - 37%
- Supplemental/ Categorical weights leaped
- Greater realization of outside the school factors/ poverty that must be alleviated
 - From 0.17 to 0.62-0.72 poverty
 - ELL – 0.76 – 1.18
 - EE, ESY, Xday, social, health
- Hedonic factors – e.g. - the ability to attract teachers
- COLAs

Trends in Adequacy Studies

- Far greater use of multiple methods –
- Overt achievement score/ standards based
- “Almost” 100% as the standard
- Evidence or Research Based – Drifting into wise use of resources.

The Argument About Adequacy

- Rational and transparent - Rebell
- “Alchemy” – no link to test scores
Hanushek and Guthrie. “Money doesn’t matter” revisited
- Hanushek’s blanket dismissal is unwarranted – Duncombe. Analysis of KS data
- Hanushek argues it must be left to the political process.

***Costing Out in New Jersey:
A Brief History***



Comprehensive Educational Improvement and Finance Act (CEIFA)

- Established curriculum standards (CCCS) and State tests to measure standards
- Set per-pupil funding level for foundational or regular education
- Provided extra “categorical” aid for at-risk (poverty), special education, bilingual education, etc.
- Based on rough estimates and hypothetical district models

The New Jersey Supreme Court in Abbott IV

- Accepted CCCS as definition of “T&E”
- Rejected CEIFA formula as applied to poor urban districts
 - Not based on evidence of actual needs/costs
 - No link between funding and cost of providing CCCS
 - No study of student/school need for at risk
- Reaffirmed foundational cost for students in successful suburban districts as adequate for urban students
- Established at-risk (supplemental) programs, including pre-k, for students in poor urban schools/districts

Abbott Adequacy Conditions

- Per-pupil foundational funding:
 - Need “convincing evidence” linking costs to providing CCCS
 - Need evidence to explain any difference with successful suburban district cost
- At-Risk Funding:
 - Need costs of Abbott supplemental programs, including pre-k
 - Need to ensure provision in districts with “unconstitutional education”

New Jersey's Costing Out Study

- Started in 2002 to replace CEIFA
- Conducted by NJDOE with assistance from external consulting firm
- Limited professional judgment approach with successful district analysis
- Not made public – until summary report released in December 2006

Political Situation Analysis

- New funding formula deferred to FY-09
- Governor's FY 08 Budget
- Legislative proposal for comprehensive Statewide Costing -Out Study

New Formula Deferred to FY 09

- Legislative special session on tax relief and reform
- DOE cost study release
- Public hearings
- Expert analysis
- Audits released
- Governor's FY 08 Budget Message

Governor's FY08 Budget

- 3% across the board increase in state aid
- Non-Abbott districts largest single -year increase since FY2000 but short of making up CEIFA gap
- Targeted at risk aid for low income students
- Allocation of increased Education Opportunity Aid to individual Abbott districts will be determined by DOE

Legislative Proposal: Costing-Out Study

- Requires Legislative Services Commission to retain independent consultants to conduct a statewide costing out study to determine the cost of a thorough and efficient education
- A-4060 (Stanley, Stack) - voted out of committee on 3/12
- S2619 (Girgenti)- introduced 3/15, referred to committee

Legislative Proposal: Key Provisions

- Use real not hypothetical numbers
- Include programs for at risk students consistent with Abbott Court decisions
- Consider cost of NCLB requirements
- Extend equity and sustain commitments districts deemed educationally inadequate

Legislative Proposal: Key Provisions

- Examine requirements for successful high quality/best practice education
- Transparent and public process
- Study completed in time to be used to create a new funding formula for FY 09

Important Dates

- 3/20 Abbott District Budget submission due
- 3/26 Joint Committee on Public Schools-impact of current state aid on Abbott districts
- 3/29 Assembly Budget Committee DOE Hearing 10 am Room 11
- 4/16 Senate Budget Committee DOE Hearing

What are the key issues moving forward?

1. What is an adequate education?



What Should the Benchmarks Be?

- “Thorough and Efficient” – No content or level
- Abbott IV – NJ SDE Standards
- NCLB – 100% proficiency on test scores
- Says nothing about how high those standards should be.
- NJ – Lower standards than NAEP
- NAEP levels controversial. Arguably, too high
- NJ – Fifth largest achievement gap
- Virtually assured NCLB failure of all schools and the heterogeneous schools will fail first.

Degeneration of Standards to Test Scores

- What's easily measured?
- Math and reading as core areas with fewer psychometric travesties
- Lower level skills
- How high is high? The skyhook problem.
 - Little external validation of the measures
 - Primarily construct validity
 - Inherent bias of subject matter specialists

What Should Our Benchmarks Be?

- Input Standards
- Process standards (some evidence based help)
- Test Scores
- “Job Skills” – generally, an unsupported claim
- Qualitative Review and Judgments
 - Breadth of curriculum
 - Quality of Instruction
 - Community governance, satisfaction, etc.

What are the key issues moving forward?

1. What is an adequate education?
2. What prices do you apply?
3. Who decides?
4. What adjustments do you make?
 - Student needs
 - District needs
 - Cost-of living differences
5. How often do you update?

How Often Should We Update?

- Comprehensively, every five years
- Cost of living and inflationary adjustments, every two years.
- When circumstances change such as new mandates, laws or significant shifts in the requirements for schools.

Additional Information

- CEIFA: http://www.njleg.state.nj.us/9697/Bills/PL96/138_.PDF
- Costing Out Report: <http://www.state.nj.us/njded/sff/report.pdf>
- Expert critique: <http://www.state.nj.us/njded/sff/reports/summary.pdf>
- Abbott rulings:
<http://www.edlawcenter.org/ELCPublic/AbbottvBurke/AbbottDecisions.htm>
- Additional information:
 - www.edlawcenter.org
 - <http://www.cpre.org/index.js.htm>
 - <http://cpre.wceruw.org/finance/research/adequacy.php>
 - <http://ielp.rutgers.edu/>
 - OC/OS: http://www.edlawcenter.org/Newsletters/nlf_allnewsletters.htm
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