A Summary of School Finance Adequacy Studies Conducted Across the United States Over the Past Decade

Prepared By:

Amy Berk Anderson
John Augenblick
John Myers
Augenblick, Palaich, & Associates
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The Tri-County Alliance
Introduction

Providing the resources needed to offer an “adequate” education is a concern states have had since they began giving aid to school districts. In fact, one reason that states decided to allocate aid to school districts was to assure that all schools would operate for a minimum amount of time, have some minimal level of qualified staff, and be able to assure the availability of materials, including textbooks. But until 1990, adequacy was only of passing interest in most states because local control of taxing and spending decisions was of greater importance. After all, other than meeting certain school district accreditation requirements, decisions about what education was supposed to accomplish, in terms of graduation requirements and student performance expectations, were local ones. The resources needed to help districts reach their goals were also determined, to a great extent, locally. Adequacy was therefore primarily of interest to national study commissions that have promoted the expansion of strong education opportunities for decades (promoting universal high school attendance, urging the creation of comprehensive high schools, developing the concept of Carnegie units for high school graduation, supporting lower class sizes, pushing for higher teacher salaries, and so on).

That situation changed in 1990 when Kentucky instituted “standards-based” reform in response to the state supreme court’s 1989 declaration that all aspects of the state’s education system were unconstitutional. The decision was stimulated by school finance litigation that focused on inter-district fiscal equity. Under standards-based reform, Kentucky changed the role of the state from setting minimal “input” standards for school districts, and providing state aid to them based on a political calculation of available state revenues, to specifying student performance objectives, developing procedures to measure how well students were performing, and creating statewide accountability systems. By the mid 1990s, many states had adopted some version of standards-based reform and the federal government was encouraging voluntary pursuit of the concept. In 2001, the passage of the federal No Child Left Behind Act made standards-based reform universal.

Over the past decade, more than 30 states have conducted school finance adequacy studies. Augenblick, Palaich & Associates, Inc. (APA) has prepared this review of adequacy work across the nation in response to a request from the Tri-County Alliance. Specifically, the paper summarizes key information about existing adequacy studies, including commonalities and differences across studies, and provides general information about school funding and adequacy to help the Association as it thinks about the role it may want to play in examining this issue in Michigan.

Section I provides information about the various adequacy studies that have been done to date, including:

- Who commissioned the studies and whether or not they were court-ordered and/or results of threatened or actual litigation.
- The objectives of the studies, methodologies used, and whether or not transportation or capital costs were investigated.
- When studies were undertaken and how long they took to complete.
• The costs of the studies and who paid for them.
• Who was hired to do the work and what processes were used to hire them.
• Which research methodologies were used.
• Key findings from the studies, including potential added costs and recommendations for funding (via existing or new sources).
• Whether the studies resulted in legislative or funding formula changes.

Section II provides additional information about school funding and adequacy, in general, including:

• The typical amount of time that a funding mechanism is in place before it is modified.
• The elements of more successful school funding mechanisms.
• The role of accountability (e.g., standards, NCLB) in funding adequacy and equity.
• Key recommendations for groups interested in conducting adequacy studies.

I. Review of Adequacy Studies Conducted to Date

Groups in more than 30 states have commissioned studies to determine what it costs to provide an adequate education for school-age children. Additionally, most studies have examined whether costs vary based on student characteristics (e.g., special education, English language learners, low income students). Prior to the passage of the No Child Left Behind Act (NCLB), adequacy studies were less likely to focus on specific student achievement goals. However, with the growth of standards-based reform and the push for increased accountability via NCLB, recent studies are designed to examine the costs associated with all children meeting state and federal standards and accountability requirements, including specific achievement levels. Table 1 lists all of the adequacy studies that have been conducted and publicly released (a few additional states have done studies but opted not to release them to the public).
Table 1: Adequacy Studies Overview

<table>
<thead>
<tr>
<th>State</th>
<th>Study Initiator</th>
<th>Year</th>
<th>Study Conducted By</th>
<th>Methodologies Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>AR</td>
<td>(a) Court ordered (b) State</td>
<td>(a) 2003 (b) 2006*</td>
<td>Picus &amp; Assoc. (for both studies, 2nd is updating findings from first)</td>
<td>Evidence-Based</td>
</tr>
<tr>
<td>CA</td>
<td>State</td>
<td>2006*</td>
<td>Multiple contractors, including: Jon Sonstelle, Jennifer Imazeki, Jay Chambers, Tom Parrish</td>
<td>Professional Judgment Cost Function Successful Schools</td>
</tr>
<tr>
<td>CO</td>
<td>CO School Finance Project</td>
<td>(a) 2003 (b) 2006*</td>
<td>Both by APA (2nd study is updating findings from first which was not released)</td>
<td>Evidence-Based Successful Schools Professional Judgment</td>
</tr>
<tr>
<td>CT</td>
<td>Connecticut Coalition for Justice in Education Funding</td>
<td>2004-05</td>
<td>APA</td>
<td>Evidence-Based Successful Schools Professional Judgment</td>
</tr>
<tr>
<td>DE*</td>
<td>DE Public Policy Institute</td>
<td>2006*</td>
<td>APA**</td>
<td>Evidence-Based Successful Schools Professional Judgment</td>
</tr>
<tr>
<td>HI</td>
<td>State</td>
<td>2005</td>
<td>Grant Thornton</td>
<td>Evidence-Based</td>
</tr>
<tr>
<td>IL</td>
<td>Education Funding Advisory Board</td>
<td>2001</td>
<td>A&amp;M**</td>
<td>Successful Schools</td>
</tr>
<tr>
<td>KS</td>
<td>(a) State (b) State Supreme Court</td>
<td>(a) 2001 (b) 2006</td>
<td>(a) A&amp;M (b) legislative auditor</td>
<td>Successful Schools Professional Judgment Cost Function</td>
</tr>
<tr>
<td>KY</td>
<td>(a) State (b) State (c) Council for Better Education</td>
<td>2003 (all)</td>
<td>(a) &amp; (b) Picus &amp; Assoc. (c) Verstegen &amp; Assoc.</td>
<td>Evidence-Based Professional Judgment</td>
</tr>
<tr>
<td>ME</td>
<td>State</td>
<td>1999</td>
<td>ME State Dept. of Education</td>
<td>Evidence-Based</td>
</tr>
<tr>
<td>MD</td>
<td>(a) State Commission (b) New MD Education Coalition</td>
<td>Both in 2001</td>
<td>(a) A&amp;M (b) MAP</td>
<td>Successful Schools Professional Judgment</td>
</tr>
<tr>
<td>MN</td>
<td>(a) School Funding Task Force (b) P.S. Minnesota</td>
<td>(a) 2004 (b) 2006*</td>
<td>(a) MAP (b) APA</td>
<td>Successful Schools Cost Function Evidence Based</td>
</tr>
<tr>
<td>MO</td>
<td>(a) Missouri Education Coalition for Adequacy (b) State</td>
<td>(a) 2003 (b) 2004</td>
<td>(a) APA (b) Woods &amp; Assoc.</td>
<td>Successful Schools Professional Judgment Cost Function</td>
</tr>
<tr>
<td>MT</td>
<td>(a) Coalition of Education Groups (b) State (c) MT Quality Education Coalition</td>
<td>(a) 2002 (b) 2005 (c) 2006*</td>
<td>(a) A&amp;M (b) Woods &amp; Assoc. (c) APA</td>
<td>Successful Schools Cost Function Evidence Based Professional Judgment</td>
</tr>
<tr>
<td>NE</td>
<td>Education Coalition</td>
<td>2003</td>
<td>A&amp;M</td>
<td>Professional Judgment</td>
</tr>
<tr>
<td>NV</td>
<td>State</td>
<td>2006</td>
<td>APA</td>
<td>Successful Schools Cost Function Evidence Based Professional Judgment</td>
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<tr>
<td>NH</td>
<td>State</td>
<td>1998</td>
<td>A&amp;M</td>
<td>Successful Schools Cost Function</td>
</tr>
<tr>
<td>NM</td>
<td>State</td>
<td>2006-07*</td>
<td>Jay Chambers</td>
<td>Successful Schools Evidence Based Professional Judgment</td>
</tr>
<tr>
<td>NY</td>
<td>Court ordered</td>
<td>2004</td>
<td>(a) AIR &amp; MAP (b) S&amp;P (c) NY Dept. of Education</td>
<td>Cost Function Professional Judgment</td>
</tr>
<tr>
<td>ND</td>
<td>State</td>
<td>2003</td>
<td>APA</td>
<td>Professional Judgment</td>
</tr>
<tr>
<td>OH</td>
<td>Court ordered</td>
<td>1997</td>
<td>A&amp;M</td>
<td>Successful Schools</td>
</tr>
<tr>
<td>OR</td>
<td>State</td>
<td></td>
<td>OR Quality Education Commission</td>
<td>Evidence-Based</td>
</tr>
<tr>
<td>RI</td>
<td>State</td>
<td>2006-07*</td>
<td>Woods &amp; Assoc.</td>
<td>Successful Schools Cost Function</td>
</tr>
</tbody>
</table>

1 In addition, other states have conducted (but not released) adequacy studies (e.g., MN, OK, NJ, & AL). Much of the information used in this chart was found on the ACCESS website (www.schoolfunding.info). Copies of several of the studies are available to download on the ACCESS website. APA can supply copies of its studies upon request.
The majority of adequacy studies have been state-commissioned through either the Governor, Legislature or state education agency. Four of the studies in Table 1 were court-mandated (AR, NY, OH, WY). In situations where the state was not the impetus behind the study, the next most likely situation was an education coalition typically comprised of representatives from several school districts (e.g., MO, MT, SC, TN).

While the majority of states have done only one adequacy study, some states have done two or more (e.g., AR, CO, KS, KY, MD, MT, NY, WA, WY).

Most adequacy studies have been conducted within the past five years (2001-2006).

While several organizations have conducted adequacy studies over the years, the firm with the most experience is APA with 16 studies conducted over the past decade. APA was also the first to use the successful schools methodology (1997 in Ohio).

A further review of the studies listed in Table 1 reveal the following findings:

**Study Objectives**

The objective of most adequacy studies is to align school funding with accountability expectations. Specific wording from several studies indicate objectives such as:

- “To produce a base cost figure and appropriate weights for student needs and unique district characteristics that could be used in conjunction with other factors to allocate state aid to school districts, driven by state standards” (CT study, APA).
• "To develop an adequate funding model to be used as a tool for determining funding levels required to support the vision and goals of the state" (HI study, Grant Thornton).

• "Evidence-based study to determine what a comprehensive educational strategy requires" (KY studies, Picus & Assoc. and Verstegan & Assoc.).

• "To provide recommendations on the costs of a basic quality system of free public education and to advise the legislature on the funding of such a system" (MT, Woods & Assoc.).

• "To provide North Dakota policymakers with an estimate of the resources needed to help all students reach state established (and nationally reinforced) academic standards" (ND, APA).

Only a couple of studies looked at transportation or facilities, and of those, only one provided any type of cost estimate.

Study Methodologies

One issue that had not been addressed very well when Kentucky was developing the concept of standards-based reform was the cost of meeting the performance expectations the state had adopted. A procedure was used to specify a cost in Kentucky but it was not driven by performance because, at the time, no procedure had been developed to make such an estimate. More importantly, as other states enacted standards-based reform, few of them addressed the cost issue (APA did work with South Carolina as the state was thinking about setting performance standards and trying to understand the cost impacts of different levels of standards).

By the mid 1990s, school finance litigation in two states, Wyoming and Ohio, had moved from focusing on equity to focusing on adequacy. It became even more necessary to estimate the cost of meeting a state’s performance standards after courts found that resources were insufficient and that the states had to find ways to estimate the cost of meeting their standards. At the time, however, the only information that was available about the link between cost and performance was based on econometric analyses done by academic researchers since the mid 1960s. But these studies were not able to quantify the relationship (or were interpreted as indicating that there was no relationship). Another procedure used in a few states (although its results were never applied) was called a "resource cost model." This model sought to estimate what a good school should look like, but it was developed before standards-based reform emerged and was not appropriately tied to modern state performance standards.

In order to better address the adequacy issue, both Wyoming and Ohio set out to create procedures that could estimate how much it would cost for school districts to meet their standards. In Wyoming, consultants created the "professional judgment" approach (PJ), which was loosely based on the resource cost model but was specifically tied to the state’s standard. In Ohio, APA created the "successful school district" approach (SSD), which examined the spending of districts that actually met the state’s standard.
Since the late 1990s, the PJ and SSD approaches have been used in several states to estimate the cost of adequacy. In fact, several states have used one approach, the other, or both and results have been incorporated into their school finance systems (for example, Maryland). Courts have also supported the use of the approaches (for example, in Kansas). In the 2000s, a third methodology, the “evidence-based” approach, emerged and further work was done on the econometric approach.

Essentially, then, four approaches have been used to estimate the cost of adequacy – that is, the amount districts may have to spend to raise the performance of students with different needs to the level expected by a state’s accountability system. Each approach has strengths and weaknesses and none is either perfect or universally accepted as being best. Today it is possible to either use multiple approaches or to combine aspects of different approaches in order to get a better sense of the cost of adequacy.

- **The Professional Judgment Approach (PJ):** The PJ approach assumes that groups of educators can specify the resources that hypothetical schools need in order for all students to meet state standards. Once the resources are known, a consultant can estimate the total cost by applying specific costs to each resource. The PJ approach is very robust – it allows policy makers to distinguish between the base cost (the cost of serving students with no special needs) and the added costs associated with students or districts with different characteristics. The approach is easy to understand and its results can be applied transparently to the individual characteristics of each school district in a state in order to estimate district by district costs. The chief shortcoming of the PJ approach is the perception that the educators who participate in it are unconstrained and use the opportunity to specify resources that may be unnecessary. Some policy makers worry that the PJ approach will produce an unusually high cost result. One reason that the approach produces results that may exceed current levels of spending is because it looks at performance expectations in the future, (such as NCLB 2013-14 goals which require near 100 percent student proficiency) which are typically much higher than those that exist today and which require a focus on those students with the greatest needs. The PJ approach is best used in combination with one or more other study approaches. For example, the approach can be modified to incorporate the evidence-based approach by having panels start with the resources that research supports, which they can modify in light of a state’s actual standards.

- **The Successful School District Approach (SSD):** The successful school district approach assumes that a base cost figure can be inferred from examining the basic spending of districts that meet current, or past, state standards. The approach is appealing because it examines data for districts that do, in fact, meet a standard. The approach is limited, however, in that it only produces a base cost figure and does not yield any of the adjustments needed in recognition of the different cost pressures different school districts face. Under the approach, it is necessary to develop a basic expenditure figure for every district, which excludes spending for capital and transportation as well as any added spending for students with special needs. In some states with a small number of school districts it is necessary to apply the SSD approach to schools, not districts, which may require that districts
estimate the basic expenditure figure for schools if such information is not routinely available. A weakness of the SSD approach is that academics misunderstand it - they become concerned when the districts, or schools, selected as being successful are not statistically representative of all districts/schools in a state (and typically have lower numbers of students from low income families). Users of the approach should understand that it is only designed to produce a base cost, which does not mean that the costs of serving students with special needs should be ignored - only that another approach must be used to estimate them. The combination of the PJ and SSD approaches is powerful because: (1) it produces two base cost figures that are logically related to one another; (2) it yields many of the adjustments needed to deal with uncontrollable cost pressures; and (3) it addresses far more costs than either approach alone or the evidence-based approach (such as instructional staff other than teachers and administration and plant operation and maintenance costs).

- *The Evidence-Based Approach (EB):* The evidence-based approach emerged in the last few years in an attempt to make estimating the cost of adequacy more "scientific." The approach assumes that education research has reached a broad set of conclusions about how resources should be deployed in schools so that student performance improves. The approach suffers from some significant weaknesses: (1) the research is not very strong about what set of resources improves performance in all situations. Instead research is primarily focused on students from low income families in urban elementary schools; (2) the research speaks to only limited kinds of resources - primarily teachers and staff who support them - but says nothing about many other resources that schools utilize; (3) the approach assumes that implementing the research-based resource recommendations will improve performance but does not specify by how much. Therefore, it cannot be used to target resources to meet any state's specific performance goals or standards; (4) the approach is based on *prototype* schools (that is, schools with particular characteristics) that typically do not exist and are unlikely to be created. To the extent that the research is not state-specific, it is logical to conclude that the evidence-based approach need not be undertaken in each state (in fact, the recommendations yielded by many evidence-based studies are essentially the same, even for different states). Instead, the approach can provide a useful starting point for PJ panel discussions, and panelists can add or subtract resources as necessary to meet their state's specific performance goals.

- *The Econometric (Cost Function) Approach (CF):* The econometric approach assumes that it is possible to infer the cost factors needed to drive a state school finance system by applying statistical procedures to existing spending data. The approach has numerous problems not the least of which is that it requires that policy makers place all of their trust in the researchers since only they can understand what is happening inside the statistical "black box." Other problems with the approach include: (1) it requires an enormous amount of data of the sort not typically collected by schools, districts, or states including data at the individual student level; (2) it is based on current spending patterns, which may reflect constraints on taxing or spending on the part of districts; (3) it says little about administration or plant maintenance and operation; and (4) results are typically combined into "need" indices, making it impossible for policy makers to
understand specifically why particular districts have higher costs than others. It is possible that one day this approach will prove to be very powerful – when the necessary data are routinely available, when it is not politically necessary to examine special education support separately from support for at-risk students, and when policy makers have the tools or training to understand the technical aspects of econometric research.

**Scope of Studies**

Generally, adequacy studies are conducted in three phases:

1. **Phase 1**: The first phase involves estimating the various components of an adequate education and coming up with a base cost applicable to all students plus added cost weights for students with special needs. This phase generally yields specific per pupil figures based on certain assumptions, but does not necessarily reflect other cost pressures, such as those related to differences in district size.

2. **Phase 2**: Most states choose to do a second phase of work which involves taking the base numbers developed in phase 1 and comparing them to actual district demographics and spending. This second phase typically can produce a comparison of projected adequacy costs with current district spending.

3. **Phase 3**: Most states opt to conduct some variation of phases 1 and 2. However, a state can also choose to do a third phase which involves working to revise its school finance formula in order to reflect the changes resulting from the adequacy study. An example of where this has occurred is Missouri.

In most cases, adequacy studies have found that states need to spend more if they want all their students to meet state and federal accountability requirements. Some examples of the recommended level of spending increases include:

- **Arkansas**—$847 million needed to achieve adequacy, representing a 34% increase in state and local funding (study conducted by Picus & Odden; research methodologies used: evidence based).

- **Hawaii**—$278 million needed to achieve adequacy, representing an 18% increase in state funding (study conducted by Grant Thornton, methodologies used: evidence-based).

- **Missouri**—$913 million needed to achieve adequacy, representing a 16% increase in state and local funding (study conducted by APA, methodologies used: PJ and SSD).

- **Wyoming**—$142 million needed to achieve adequacy, representing a 17% increase in state and local funding (study conducted by Picus & Associates, methodologies used: PJ).
Variations in Levels of New Funding Needed

The potential increased cost to the state based on adequacy study results can vary based on what is included in the estimate and what type of methodology was used for the study. For example, in Maryland APA recommended an estimated increase of $377 million using the SSD approach, and $2.6 billion using the PJ approach. In general, the PJ methodology results in higher figures because, of the four methodologies, it is the only one that looks at the significantly rising expectations for students in the future (e.g., NCLB’s 2013-14 goals). The advantage of using more than one methodology is that it allows researchers, and subsequently the state, to examine data from a variety of angles and to make decisions reflective of the lessons learned from these diverse approaches to understanding adequacy.

Another variation in the potential cost to a state depends on what factors the researcher included in the estimates. For example, in Kentucky, Verstegan & Associates estimated an adequacy cost increase of from $892 million up to $1.6 billion. Both estimates excluded facility needs, however, the higher number included estimates for pre-kindergarten while the lower number did not. Similarly in New Hampshire, A&M’s estimate did not include potential added costs associated with facilities, non-typical districts, changes in district composition over time, teacher salaries, or the cost to educate English Language Learners.

Finally, the cost of educating a student to standard can also vary based on such factors as district size, school size, or cost of living.

Selection Process, Study Costs and Timeframe

In most of the states where adequacy studies have been conducted, consultants were hired to conduct the work, with a few exceptions (e.g., Maine, 1999 and Kansas, 2006). While the trend in the earlier years of this work was to hire a consultant on a sole source contract, this seems to be changing in more recent years as states have shifted to more competitive processes for selecting contractors. Of the contractors listed in Table 1, 19 were hired via sole source contracts and 7 were selected via a competitive Request for Proposals process. The study in California was a combination of both types.

The cost and amount of time it takes to complete an adequacy study varies based on the scope of work (e.g., Phases 1-3 discussed above), methodologies used (e.g., the PJ approach is more resource intensive and thus more expensive than the other methodologies), and sometimes the size of the state (larger states require larger amounts of time spent on data collection and analysis, especially if travel is involved for PJ work). Of the states examined for this paper, California is spending the most examining the issue of adequacy and funding in its state—a total of $2.5 million paid out to several contractors examining various aspects of school finance, including adequacy. The total contract for the traditional adequacy study in that state is around $600,000 with the remainder going to support that work and look into other issues. Based on APA’s work in several states across the country, a project that does not include professional judgment panels will cost, on average, between $60,000-$150,000 whereas a study that involves a combination of professional judgment and other methodologies is likely to cost from $200,000 – $600,000 (as in CA).
The length of time that a study takes to complete can vary based on several factors (e.g., availability and timely receipt of needed data, logistics, the time of year the study is being undertaken, etc.). However, in general, an adequacy study that includes a PJ and other methodologies will take approximately 9 or more months to complete and one that does not include a PJ can take between 3-6 months.

**Selected Study Results & Impacts**

In general, most of the adequacy studies reviewed identified new adequacy-driven base costs and adjusted costs based on student characteristics. Those that completed a phase 2 study also developed more specific cost estimates based on actual student characteristics and current spending. And when a phase 3 study was completed, recommendations for a new funding formula reflecting the adequacy data were provided. Some general findings across studies included:

- Most studies, especially those that used the PJ methodology, suggested a need for new programs and resources in order to meet state and federal accountability requirements, especially for at-risk students. Examples of the types of new programs and resources include: public pre-school, full-day kindergarten, before and after school programs, extended-day/year, and additional teachers for special need students.

- Most studies did not address facilities and transportation. Those that did (e.g., Kansas' 2006 study) tended to use the cost function approach. An exception is Arkansas which used the evidence-based approach (see next bullet for more info).

- Adequacy studies in Arkansas, Wyoming, Kansas, Missouri and Maryland all led to changes in legislation, increased funding for schools, and changes to the school funding formulas. The Arkansas study also resulted in increases to teacher base salaries, an additional $40 million for preschool, and $10 million for facilities improvement. In Ohio, the legislature enacted changes to the funding formula but the state was not able to raise the money to pay for the increase.

- Approaches which have been suggested to pay for funding increases in order to achieve adequacy include sales tax increases (e.g., Ohio, Arkansas) and property tax increases (e.g, New Hampshire).
II. Other Relevant Information about Adequacy and School Finance

In addition to information about specific adequacy studies that have been conducted to date, the Tri-County Alliance asked APA to answer general questions related to school finance. Responses to these questions follow.

Typical Length of Time a School Funding Mechanism is in Place

In general, one can expect a school funding mechanism to change every 5-10 years. Some states (such as Wyoming) have a state mandate that requires the mechanism to be periodically reevaluated.

Elements of the More Successful School Funding Mechanisms

In APA’s experience working with states to develop school finance formulas, two critical elements are: (1) the calculation of each district’s need for revenue; and (2) the calculation of each district’s ability to pay a share of that needed revenue.

Needed revenue is easiest to understand when it is driven by:

1. Student counts;
2. A base cost figure;
3. Adjustments to the base driven by student demographics (such as special education, at-risk students (typically using a proxy measure such as those receiving free and reduced price lunch), and English language learners – and others if necessary, such as vocational education, and gifted/talented students; and
4. Adjustments to the base driven by specific district characteristics (such as district size, regional cost of living, enrollment change, etc.).

People sometimes refer to this as the “weighted student” approach but recently those words have taken on a new meaning. We use “weighted student” in referring to a state aid system that allocates funds to school districts; but recently, some people have been using those words to mean a system that allocates state funds directly to schools, if not to children or their families.

The calculation of ability to pay is easiest to accomplish when a “deduction” approach is used (as opposed to a system that uses a formula based on the relative wealth of districts). A deduction approach may be preferable even if tax rates (the “driver” in a deduction system) have to be adjusted by a factor such as income.

There are always other political issues, such as hold harmless. And these days it may be necessary to include a charter school factor and/or a virtual school factor as well.

Recommendations for Those Wanting to Have a Funding Study Conducted

There are only a few groups around the country with significant experience conducting adequacy and equity studies for states. Each would probably have a slightly different recommendation for any party interested in conducting its own adequacy study. APA believes it makes sense to use a group that is comfortable with, and has experience using, several different adequacy study approaches. The approach selected should not simply be
a statistical exercise or analysis, because these are frequently difficult to understand and implement in the policy environment and because they often yield very limited results.

APA also believes that, while some groups market themselves under the idea that they will provide analyses based on “all four adequacy study approaches,” clients need to be wary about the specific outcomes that can be expected, and how those outcomes might be used to shape policy. Prospective clients should therefore ask adequacy consultants to specifically explain why they will use more than one adequacy approach and what the client can expect to learn by doing so. Specifically, clients should ask up front whether the consultant’s work will produce a firm cost recommendation. Such a recommendation may vary by approach (for instance an SSD and PJ base cost might be produced) but should not simply amount to a recommended range of numbers (particularly a range so large as to be meaningless) with no integration across analyses.

In particular, adequacy studies should not be used simply to provide a menu that allows users to set parameters and simulate costs. This is because legislatures will simply choose the parameters that produce the lowest cost without regard to weighing the strengths and weaknesses behind the analyses which produced that cost. Such a result effectively nullifies the purpose of the analysis, which is not simply to identify the highest or lowest cost, but to help the client understand what level of resources are needed for students to meet state and federal performance standards.

To ensure that clients understand what they will be getting from any prospective adequacy consultant, clients should:

- Be sure to look at some examples of a group’s prior work to be sure reports are readable and not overly academic. In particular, look at whether any firm cost recommendations were produced.

- Do their own checking up on a group. Do not simply ask for letters of recommendation. Clients should ask consultants to recommend people with whom they can talk directly. These contacts should represent disparate groups (legislators, legislative staff, agency personnel, etc. – from both parties when possible).

- Consider meeting, or speaking by phone or videoconference with, prospective consultants to communicate the client’s needs clearly and to gauge the consultant’s style and expertise.

- Ensure that the consultant employees who will do the adequacy study work are experienced professionals as opposed to graduate students supporting the work of an academic or university professor.