Use of Average Daily Attendance in Public Education Funding

Evaluation Report
February 2007

Office of Performance Evaluations
Idaho Legislature

Report 07-01

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February 20, 2007

Members
Joint Legislative Oversight Committee
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Last August you directed us to review the collection and reporting of average daily attendance in public education. Our review showed that schools generally report average daily attendance correctly, and we found no evidence to suggest that attendance is manipulated to gain increased funding.

We determined two areas needing changes: (1) the design of the funding formula, which may occasionally result in unexpected and inequitable funding for smaller districts and charters; and (2) inaccurate reporting of half-day and part-time attendance, as well as attendance for students enrolled in multiple schools, virtual schools, or distance learning programs. We have provided seven recommendations to address these two areas. The Board of Education and the Department of Education concur with our recommendations.

We appreciate the cooperation and assistance we received from the board, the department, and the districts and charters we visited.

Sincerely,

Rakesh Mohan

Rakesh Mohan

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Executive Summary

Use of Average Daily Attendance in Public Education Funding

About three-fourths of the $1.5 billion spent on K–12 public education in Idaho is distributed using a funding formula, which is based on average daily attendance (ADA).[1] *Accurate collection and reporting of attendance information is essential for ensuring that public funds are distributed equitably among school districts and charter schools, including virtual charter schools. Our review of 33 schools showed that they were generally collecting and reporting most attendance information correctly, and we found no evidence to suggest that anyone was manipulating attendance to gain increased funding.*[2]

Our review, however, did reveal two areas that warrant changes both at the policy and operational levels:

1. *The design of the funding formula may occasionally create unexpected and inequitable results in funding for smaller districts and charters.*

2. *Many schools are either inaccurately reporting or having difficulty with reporting half-day and part-time attendance, as well as attendance for students enrolled in multiple schools, virtual schools, or distance learning programs.*

To address these areas, we provide seven recommendations for the Idaho Legislature, the State Board of Education, and the State Department of Education. If implemented, these recommendations will better ensure that the state's funding formula allows distribution of funds to districts and charters as intended, and that the attendance information used for determining funding is accurate.

Legislative Interest

In August 2006 the Joint Legislative Oversight Committee directed us to review the processes used to collect and report public education attendance information.

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[1] In fiscal year 2007 approximately $1.3 billion came from the State General Fund.

[2] These schools represented 11 districts, 3 brick and mortar charter schools, and 4 virtual charter schools. The students attending these districts and charters represented 35.7 percent of the state's 261,907 students receiving public education.

The Oversight Committee assigned this project because of concerns that inconsistent calculation of average daily attendance could result in public education funds being distributed to school districts and charter schools in an unintended and inequitable manner.

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DISTRICTS refer to traditional school districts

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Design of the Funding Formula

(See chapter 2 and appendix A for details.)

Our analysis of the funding formula showed that the average daily attendance ranges, in conjunction with the protections built into the funding formula, may occasionally create unusual results when smaller districts and charters increase or decrease in attendance. For example, smaller districts and charters whose average daily attendance falls close to the beginning or the end of a range in the formula can experience impacts on their funding far out of proportion to the actual change in average daily attendance.

Given the relatively large role of state government in funding K–12 education, it is important that districts similar in terms of average daily attendance for grade divisions and special programs receive similar funding. If there are differences in funding, the differences should be due to deliberate policy choice and not to happenstance. It has been more than a decade since the funding formula was last revised. None of the legislative, board, or department staff we spoke with were aware of any recent analysis of the tables and components used in the formula for calculating support units.[3]

Recommendation 2.1: The Legislature should consider authorizing a study to review the state's funding formula, including an analysis of funding anomalies and a review of the benefits and drawbacks of other funding methods.

[3] Idaho incorporates average daily attendance (ADA) of public school students into the funding formula through a unit of measure called *support unit*. A support unit is approximately equivalent to the number of students that make up a classroom at a particular grade level.

Collection and Reporting of Attendance

(See chapters 3 and 4 for details.)

Our review of 33 schools showed that they were generally collecting and reporting most attendance information correctly, and we found no evidence to suggest that anyone was manipulating attendance to gain increased funding. However, many of these schools were either inaccurately reporting or having difficulty with reporting half-day and part-time attendance, as well as attendance for students enrolled in multiple schools, virtual schools, or distance learning programs.

We identified several factors that were responsible for this inaccuracy and difficulty:

1. Software programs used by schools to collect and report attendance vary widely in their capabilities.
2. Requirements for virtual schools and distance learning programs are vague.
3. The Board of Education and the Department of Education have provided limited guidance for accurately collecting and reporting attendance.
4. The state has limited oversight of the attendance collection and reporting process.

Recommendations to address these areas are listed below.

Software Limitations

Idaho does not have a statewide student information system; instead each district and charter is responsible for selecting, operating, and maintaining its own system. Districts and charters vary in their resources to update their systems and the ability to customize the systems to meet state requirements. As a result, their data collection and reporting capabilities vary widely.

Department of Education officials told us that they were working with software vendors on some of the features that would improve collecting and reporting of attendance. Also, in fall 2007 the department plans to assign each student a unique statewide identification number. Once implemented, the number will help with tracking student attendance. Because the department is currently addressing the need for a unique student identifier and working with software vendors to address software limitations, we have not made any recommendations specifically addressing these issues.

Vague Requirements for Virtual Schools

Recommendation 4.1: The Board of Education should work with the Legislature to clarify statutes and rules that define attendance for virtual schools, including:

a) Type of coursework activity that can be counted toward attendance

b) Difference between a virtual school and a distance learning program

c) Level of teacher or school review and approval required for attendance data

Recommendation 4.2: Even after definitions and requirements for virtual schools are better defined, virtual school attendance will not be readily compatible with the current funding formula. The Board of Education should work with the Legislature to develop a different method to count students for funding virtual schools.

Limited Guidance

Recommendation 4.3: To mitigate the difficulty of tracking half-day attendance, the Board of Education should review and modify, if necessary, the requirements for tracking half-day attendance.

Recommendation 4.4: To prevent districts and charters from double counting student attendance, the Board of Education should develop rules requiring students who are dually enrolled to complete a dual enrollment form and have it signed by officials from both schools. The form should stipulate the proportion of attendance claimed by each school.

Recommendation 4.5: To ensure districts and charters are accurately collecting and reporting attendance information, the Department of Education should take these steps:

a) Modify the attendance manual to make it consistent with statutes and rules, differentiate between requirements and guidelines, and include guidance for virtual schools

b) Formalize the use of the attendance manual by incorporating it into administrative rule by reference

c) Provide training to district and charter staff responsible for collecting and reporting attendance

Limited State Oversight

Recommendation 4.6: The Board of Education should clarify the requirements for oversight of attendance collection and reporting:

a) Formalize requirements that the independent audits referenced in Idaho Code § 33-701 include a component that tests attendance information and verifies its accuracy

b) Require districts and charters to discuss the attendance testing performed during the audit in the attendance report they submit to the Department of Education

c) Direct the Department of Education to review district audits for attendance testing and develop procedures to address lack of testing and findings of inaccurate data

Agency Responses

Written responses from the Board of Education and the Department of Education are at the end of this report. Both agencies concur with our recommendations and have briefly outlined their plan of implementation.

Acknowledgements

We appreciate the assistance we received from the Board of Education, the Department of Education, and the many districts and charters we visited. We also appreciate the input we received from the Budget and Policy Analysis Division in the Legislative Services Office, and the Division of Financial Management in the Office of the Governor.

AJ Burns of the Office of Performance Evaluations conducted the study. Carrie Parrish and Brekke Wilkinson assisted with research. Ned Parrish performed quality control and Margaret Campbell was the style editor and desktop publisher.

Additional assistance was provided by four consultants:

- Kathleen Sullivan, Ph.D., former Professor and Director of the Center for Educational Research and Evaluation, University of Mississippi, Oxford, Mississippi

- Bob Thomas, Robert C. Thomas & Associates and a Senior Principal Management Auditor at the King County Auditor's Office in Seattle, Washington

- Maria Whitsett, Ph.D., Executive Director of the Office of Accountability, Austin Independent School District, Austin, Texas

- Nancy Zajano, Ph.D., Director of the Evaluation & Policy Research Group, Learning Point Associates, Chicago, Illinois

Chapter 1
Introduction

Funding for public schools represents one of the largest components of the state budget in fiscal year 2007, second only to the amount spent on health and human services. Funding for public education is determined through a funding formula outlined in statute. The state distributes funding to school districts and charter schools, including virtual schools, based on the average daily attendance of students.

Public Education Funding Is a Major Portion of the State Budget

Public education for kindergarten through grade 12 makes up one of the largest shares (28 percent) of the state budget. At just over $1.5 billion in fiscal year 2007, the budget for public education was second only to health and human services, as shown in exhibit 1.1. About three-quarters of that total is distributed to school districts and charters based on attendance, making the collection and reporting of attendance information an important component in education funding. Broken down by funding source, the public school budget for fiscal year 2007 is approximately $1.3 billion from state general funds, $175 million from federal funds, and $51 million from dedicated funds and other sources. These figures reflect the 2006 funding shift from local property tax to state general funds.

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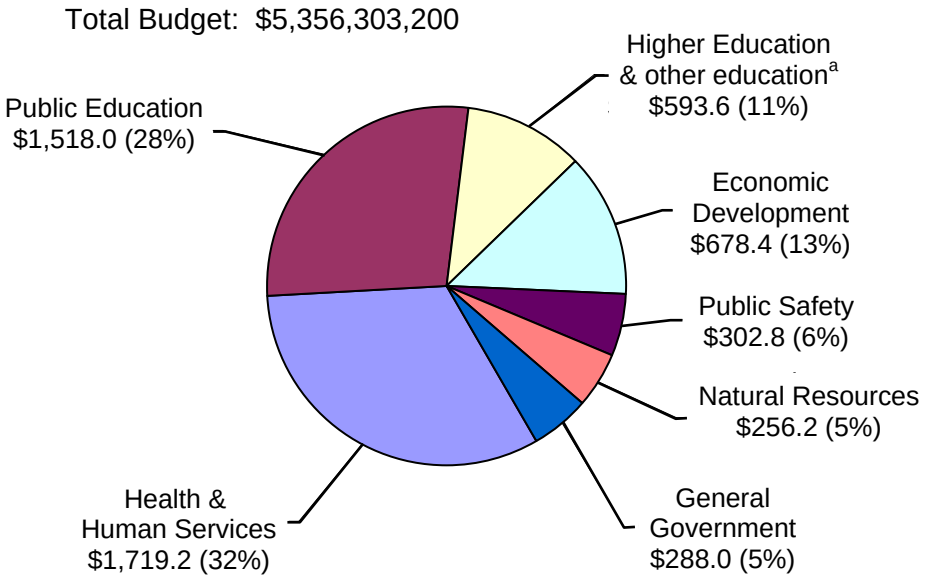
Education Funding Is Based on Student Attendance

Public education in Idaho consists of traditional school districts and charter schools, including virtual schools. Idaho uses a statewide funding formula to distribute funds to districts and charter schools. Statute outlines the method of determining this funding.[1]

[1] IDAHO CODE § 33-1002, §§ 33-1004A–1004E. Some selected public education costs are funded separately and not included as part of the formula, such as pupil transportation and contracts to educate students from areas bordering Idaho.

Exhibit 1.1: State of Idaho Budget, Appropriations for All Funds, Fiscal Year 2007



Dollars in millions (percent of total)

Note: Total may not sum due to rounding.

[a] Includes Board of Education, Department of Education, Superintendent of Public Instruction, School for the Deaf and the Blind, Professional-Technical Education, Agricultural Research, and agencies under the supervision of the Board of Education.

Source: Legislative Services Office, Budget and Policy Analysis Division, *Idaho Fiscal Facts 2006*.

Idaho incorporates average daily attendance (ADA) of public school students into the formula through a unit of measure called *support unit*. A support unit is approximately equivalent to the number of students that make up a classroom at a particular grade level. Chapter 2 and appendix A discuss the formula, the calculation of average daily attendance, and support units in more detail.

Legislative Interest

In August 2006 the Joint Legislative Oversight Committee directed us to review the processes used to collect and report public education attendance information. The Oversight Committee assigned this project because of concerns that inconsistent calculation of average daily attendance could result in public education funds being distributed to school districts and charter schools in an unintended and inequitable manner.

Specifically, legislators asked us to review district and charter attendance collection and reporting methods, and answer the following questions:

- What requirements and guidance exist to dictate how Idaho school districts and charter schools, including virtual charter schools, collect and report attendance information?
- Do districts and charters follow state requirements and guidance?
- What process do districts and charters use to determine attendance information (or the equivalent for virtual schools), and what challenges do they face in collecting and reporting attendance information?
- Are the processes used to determine attendance information consistent among districts and charters? Do any challenges exist in using average daily attendance to distribute funding to virtual charter schools?

Methodology

To clarify questions and potential issues related to the scope of this study, we spoke with legislators from both the Senate and House Education Committees. In addition, we interviewed representatives from the State Board of Education, the State Department of Education, the Division of Financial Management, and the Budget and Policy Analysis Division in the Legislative Services Office.

To help us design our study, we initially visited three districts and one brick and mortar charter to review attendance reporting and collection procedures. After the study was designed, we selected for review an additional 11 districts, 3 brick and mortar charters, and 4 virtual schools based on size, location, and several factors related to attendance reporting.[2] The location of these districts and charters is shown in exhibit 1.2. In total, we evaluated the attendance process at 33 public schools and spoke with superintendents, principals, school attendance staff, and other staff.

We requested attendance data for each of the schools we visited within a district or charter. From their student information software, each school generated attendance for the current school year (2006–2007) and for the 2005–2006 November reporting period. We also requested a copy of the same information submitted to the Department of Education. We compared the school's raw data to the information they reported to the department for funding purposes to identify discrepancies.

[2] Other selection factors included operating an alternative school, experiencing significant changes in attendance, submitting data manually, and submitting school data without district review.

Exhibit 1.2: On-Site Review of District and Charter Attendance Collections and Reporting Process

Charter Schools[a]

Brick and Mortar

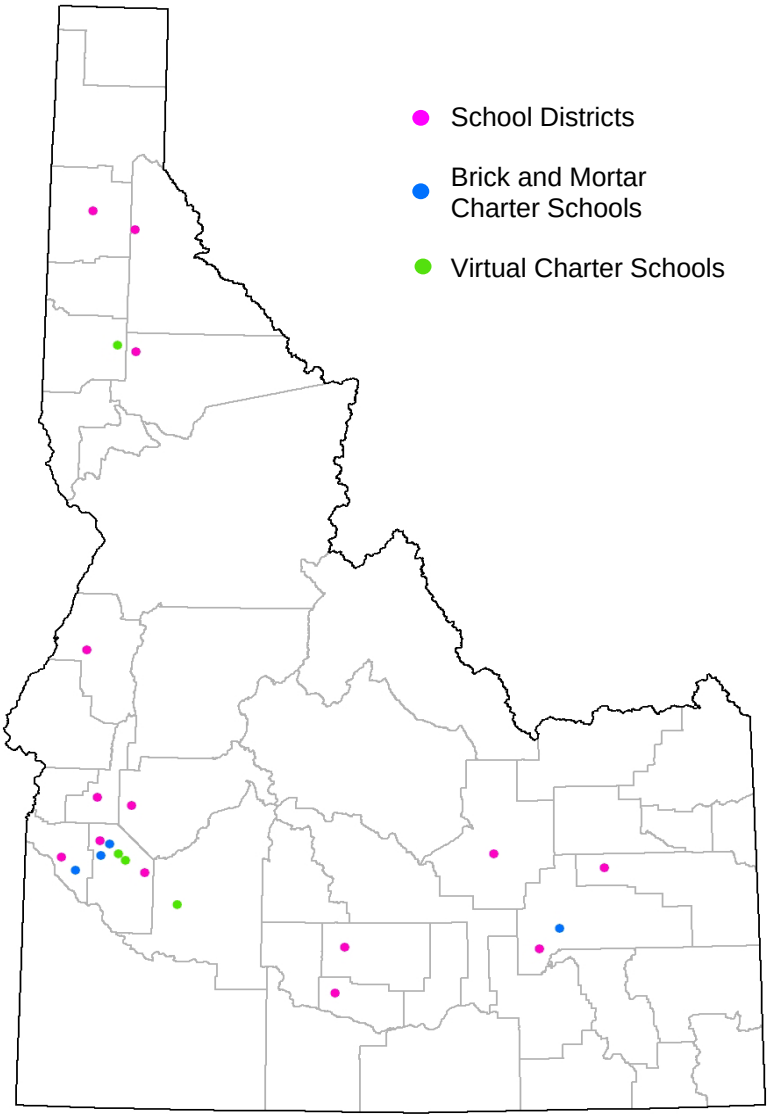
- Idaho Arts
- Idaho Leadership Academy
- Meridian Charter High
- Hidden Springs

Virtual

- Idaho Distance Education Academy (I-DEA)
- Idaho Virtual Academy (IDVA)
- INSPIRE Connections Academy
- Richard McKenna (also serves as a brick and mortar charter)

School Districts[a]

- Aberdeen
- Butte County
- Boise Independent
- Coeur d'Alene
- Council
- Emmett Independent
- Horseshoe Bend
- Idaho Falls
- Jerome Joint
- Kellogg Joint
- Meridian Joint
- Shoshone Joint
- Vallivue
- Whitepine Joint



[a] Includes sites visited during the study design phase.

Source: Department of Administration, Idaho Geospatial Information Service Center; and the Office of Performance Evaluations.

We developed a model that allowed us to test the impact of various changes in attendance on district funding. Using the model, we examined various attendance scenarios and identified trends and anomalies related to the structure of the funding formula.

We reviewed other states' approaches to funding public education. We surveyed department of education officials and contacted legislative staff specializing in public education funding or policy issues from all 50 states to obtain an understanding of their experience with education funding formulas. Thirty-one of these states, including all of our neighboring states, responded to our request.

Report Organization

Chapter 2 discusses the impact of attendance reporting on the state's funding formula and recommends reviewing the funding formula.

Chapter 3 provides an overview of the state requirements for districts and charters to collect and report attendance; and it discusses our observations of their district compliance with the requirements.

Chapter 4 discusses the factors affecting the accuracy of attendance and recommendations to improve the accuracy.

Appendix A discusses the method used to calculate average daily attendance and its use to generate support units through the funding formula.

Appendix B provides information about other states' use of attendance and enrollment information in their funding formulas.

Chapter 2
Attendance Reporting and the Funding Formula

Approximately three-fourths of Idaho's funding for school districts and charter schools, including virtual schools, is determined based on the average daily attendance of students. Inaccuracies in attendance reporting may result in funding inequity among districts and charters. We found that smaller districts are generally less likely to be impacted by reporting errors than larger districts; but when impact occurs, it can be disproportionate for the smaller districts.

In analyzing the potential impact of attendance reporting errors, we identified an additional issue that merits further attention. The design of the funding formula may occasionally create unexpected and inequitable results in funding for smaller districts. To address these issues, we recommend that the Legislature consider authorizing a study to review the state's funding formula, including an analysis of funding anomalies and a review of the benefits and drawbacks of other funding methods.

Inaccurate Attendance Reporting May Result in Funding Inequities

The accuracy of collecting and reporting average daily attendance is important because it is the basis for determining funding for districts and charters. As discussed in chapter 3, many districts and charters had difficulty accurately collecting and reporting student attendance. Inaccurate attendance reporting may impact the funding for a district or charter and result in inequity.[1]

Average daily attendance is used to calculate the number of support units for which a district or charter will receive funding. Under statute, the calculation of support units is different for student grade divisions (kindergarten, elementary, and secondary) and two special programs (alternative and exceptional). Also,

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[1] The Department of Education can adjust an individual district's or charter's payments to reflect an error identified within three years of its occurrence.

a provision in statute limits reductions in support units when there is an overall decline in a district's or charter's average daily attendance.

We developed a model that allows us to test the impact of various changes in attendance on funding for districts and charters. Using this model, exhibit 2.1 illustrates the impact on selected districts' support units and potential funding under a scenario in which there is a three percent ***over-reporting*** error in average daily attendance across all grades. We deliberately selected a small error rate to demonstrate that even minor changes in attendance may have significant impact on funding. Also, the use of attendance ranges and the protections in place may occasionally create unusual results as a district or charter school shifts from one range to another. These protections are in the form of divisors and minimum support units. See appendix A for more detail on protections.

As can be seen in exhibit 2.1, the percent increase in support units is proportionate to the error for four of the five districts. The impact on the very small district, however, is less because the average daily attendance for two grade divisions (kindergarten and secondary) is already in the middle of an attendance range and an over-reporting error of 3 percent would not cause a jump to the next higher range.

Example of a 3% Over-Reporting Error

In the case of the very small district, its average daily attendance for kindergarten is 27, which falls within the range of 26–30.99. This amount generates .85 support units. An over-reporting error of 3% would raise the reported average daily attendance to 28, but the support units would not change. A similar situation occurs when the district's average daily attendance falls within a range for secondary students.

Funding Formula Design May Lead to Unintended Consequences in Some Cases

Of the 31 states we surveyed, half said that they were currently or had recently been involved in legal or legislative action related to equity or adequacy issues. Appendix B further discusses education funding in other states. House Bill 0001 in 2006 significantly changed the way Idaho funds public education, shifting the bulk of the funding from local property tax to state general funds based on sales tax.[2] The shift also eliminated the ability of individual districts to levy for maintenance and operation funds, meaning that the majority of public education funding is now controlled by the Legislature.[3]

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[2] H. 0001, 58th Special Leg. Sess. (Idaho 2006).

[3] School districts may issue bonds to purchase or improve a school site or build school buildings, authorize a supplemental levy by election, and levy for emergency funds to defray unanticipated educational expenses due to increased attendance.

Exhibit 2.1: Estimated Impact on School Funding of a Three Percent Over-Reporting Error in Average Daily Attendance (ADA) on Selected Districts

Sample Districts	ADA	ADA With 3% Error	Increase in Support Units	Percent Increase in Support Units	Estimated Increase in Funding[a]
Largest	29,007	29,877	43.5	3.0%	$3,915,000
Large	9,793	10,087	14.7	3.0	1,323,000
Medium	3,151	3,245	4.7	3.0	423,000
Small	1,300	1,339	2.2	3.0	198,000
Very small	497	512	0.4	1.3	36,000

Note: The information in this table is based on a model in which the three percent increase in average daily attendance is assumed to be distributed proportionally across all grades and funding. Estimates are for only those districts selected for this analysis.

[a] Estimated increase in funding is calculated by multiplying increase in support units by $90,000 per unit. The estimate of cost per support unit was provided by the Legislative Services Office, Budget and Policy Analysis Division.

Source: Office of Performance Evaluations' analysis of Department of Education data.

Given the relatively large role of state government in funding K–12 education, it is important that districts and charters similar in terms of average daily attendance for grade divisions and special programs receive similar funding. If there are differences in funding, the differences should be due to deliberate policy choice and not to happenstance.

Our analysis of the funding formula showed that attendance ranges and protections built into the funding formula occasionally create unusual results when the smaller districts and charters increase or decrease in attendance. For example, a district or charter could decrease in average daily attendance, but be funded slightly higher because of the minimum support units in place for districts and charters with lower attendance. Smaller districts and charters whose average daily attendance falls close to the beginning or the end of a range in the formula can experience increases or decreases in support units for the grades affected far out of proportion to the actual increase or decrease in average daily attendance or reported attendance.

The formula works the same way for the other student grade divisions and special programs. In general, smaller districts are less likely to be impacted by reporting errors or changes in average daily attendance than larger districts, but when impact occurs, it can be disproportionate for the smaller districts.

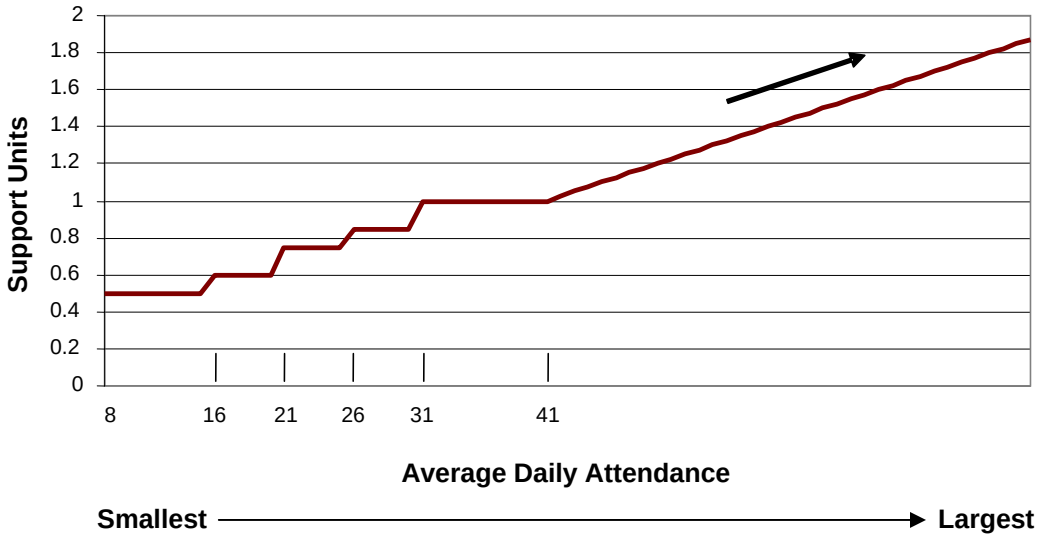
Example of a Change in Attendance

When calculating the support units for kindergarten, a district may have an average daily attendance that falls within the range of 26–30.99. Attendance within that range would give the district .85 support units. If the district's kindergarten attendance fell just below 26, its support units would be .75 (a drop of 12%), and if the attendance rose to 31, its support units would be 1 (an increase of 18%). If the district's average daily attendance were very close to the bottom of the range, a minor decrease in attendance could cause a major decrease in support units. Similarly, if the district's average daily attendance were close to the top of the range, a minor increase in attendance could cause a major increase in support units.

Exhibit 2.2 shows the relationship between average daily attendance and support units for kindergarten within a district or charter. As can be seen, for smaller districts with fewer kindergarten students in attendance, there are several ranges and thresholds for average daily attendance. Beyond an average daily attendance level of 41, however, the number of support units becomes directly proportional to average daily attendance.

The formula works the same way for the other student grade divisions and special programs. Graphs showing the relationship between attendance and support units for the other student grade divisions and special programs are included in appendix A.

Exhibit 2.2: Calculation of Kindergarten Support Units as Related to a District's or Charter's Average Daily Attendance



Source: Office of Performance Evaluations' analysis of Idaho Code § 33-1002(4).

In general, because of the ranges and protections in the formula, smaller districts are less likely to be impacted by reporting errors or changes in average daily attendance than larger districts. However, when impacts occur, they can be disproportionate for the smaller districts.

Although the funding tables were adjusted slightly the last time the formula was revised in the mid 1990s, the majority of the attendance ranges, divisors, and minimum support units have been in place for many years.[4] None of the legislative, board, or department staff we spoke with were aware of any recent analysis of the tables or any of the components used to calculate support units.

Recommendation

The issues raised in this section are important because they are related to the distribution of more than $1.5 billion in public education funds. When selecting this study, lawmakers expressed concerns that inconsistent calculation of average daily attendance could lead to education funds being distributed in unintended or inequitable ways. We found that there are also potential equity issues and unintended consequences related to how the funding formula is designed. We believe that these findings warrant a review of the formula to ensure that assumptions and criteria currently used are still relevant and accurate, and that the formula will continue to adequately fund education into the future.

Recommendation 2:1: The Legislature should consider authorizing a study to review the state's funding formula, including an analysis of funding anomalies and a review of the benefits and drawbacks of other funding methods.

[4] The 1994 Legislature made significant revisions to the funding formula. These revisions to Idaho Code included the addition of a court-ordered pupil equivalency allowance (§ 33-1002B), staff allowance (§ 33-1004), and an experience and education multiplier (§ 33-1004A).

Chapter 3
Collection and Reporting of Attendance

Our review of 33 schools showed that they were generally collecting and reporting most attendance information correctly, and we found no evidence to suggest that anyone was manipulating attendance to gain increased funding. About half of the schools we visited experienced difficulties tracking attendance for half-day and part-time students. Two of the four virtual schools did not track attendance correctly, and the other two reported an estimate of attendance because they must convert attendance to use the same reporting format as districts and charters.

Tracking Attendance Has Changed

Lawmakers began using average daily attendance over 50 years ago as a basis for public school funding.[1] Much has changed since that time. Today, most teachers take attendance on a computer using a student information system. To relieve teachers of additional responsibility, school attendance staff keep logs of students who leave early or arrive late and make adjustments to attendance. Attendance staff routinely review data for accuracy and submit reports to the district or charter office. All but four districts require individual schools to submit attendance information directly to the district for review before submitting it to the State Department of Education.[2]

With the advent of distance learning programs, instruction may now take place outside the classroom setting, which changes the definition of attendance for these programs. Lawmakers recognized this difference and developed separate methods for counting attendance in virtual schools and other distance learning programs.

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[1] IDAHO CODE § 33-1006.

[2] Four districts allow schools to submit attendance reports directly to the department without review: Council, Kellogg, New Plymouth, and Salmon.

Idaho Code, administrative rule, and a Department of Education manual govern the collection and reporting of attendance information for state funding purposes. The department uses attendance information to calculate the funds distributed to individual districts and charters.[3] The department publishes an attendance manual for districts and charters that describes state requirements and provides detailed examples for tracking attendance with different types of programs and situations.[4]

Schools Track Most Attendance Correctly

We visited and observed the process used to track attendance in 33 schools. These schools represented 11 districts and 7 charters (including all 4 virtual schools). The students attending these districts and charters represented 35.7 percent of the state's 261,907 students receiving public education. The districts and charters were generally selected to represent varying sizes, geographical areas of the state, and several factors related to attendance reporting. Overall, we found these schools were collecting attendance in compliance with state requirements for most students.

We asked each of the 33 schools to provide us with attendance information from their student information system and compared these raw data to information the district or charter reported to the department for that school. We found no indication that districts and charters manipulated attendance data to increase funding. While we cannot generalize these findings to all districts and charters in the state, the findings were positive for the schools we reviewed.

During our site visits, we found that some districts and charters are collecting and reporting a small proportion of attendance incorrectly. These incorrect collection and reporting practices impact funding to varying degrees, depending on the size of the district or charter and the type of inaccuracy. We discuss the impact of small changes in attendance information on district or charter funding in chapter 2.

Districts and Charters Have Difficulty Tracking Certain Types of Attendance

Idaho Code and administrative rules govern the number of hours per year a school is required to be in session, the minimum number of hours a student must be present for full-day or half-day attendance, and the requirements for students

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[3] IDAHO CODE § 33-1009.

[4] Idaho Department of Education, "Instruction Manual for Reporting Attendance and Enrollment" (Draft, 9/2/2006).

(dually) enrolled in two schools.[5] About half of the schools we visited had difficulty tracking attendance for students with half-day or part-time attendance. In addition, students dually enrolled in alternative night schools or virtual schools may be counted twice because of insufficient procedures to prevent it.

Counting Full-Day and Half-Day Attendance

By administrative rule, a student must be physically present for 4 or more hours to count for a full-day of attendance.[6] Students present fewer than 2.5 hours a day are not counted for funding purposes. Those students present for at least 2.5 hours, but less than 4 hours, may be counted for a half-day of attendance.[7] A half-day of attendance occurs when a district or charter releases students early, a student is enrolled in a limited number of classes per day (part-time), or a student only attends part of the day. Appendix A details the method of calculating average daily attendance.

Of the 33 schools we visited, 25 are required to track half-day attendance.[8] Eleven of these schools are experiencing difficulty—eight collect half-time attendance incorrectly and three collect it correctly, but track it manually. We identified these examples of incorrect reporting:

- Students attending fewer than four hours a day are counted as absent
- Students attending fewer than 4 hours a day are counted as attending a half-day, even when the student is not present for a minimum of 2.5 hours

Districts and charters benefit from reporting half-day attendance because they receive funding for the student's attendance. However, many districts and charters we visited do not have student information systems that can determine if a student has been in attendance for more than 2.5 hours but fewer than 4. These districts and charters either expend additional resources to collect and maintain the information manually, or they report inaccurate attendance. Incorrectly counting students who are present fewer than 2.5 hours results in an over-reporting of attendance; not counting students who are present for half-day results in an under-reporting of attendance.

Double Counting Dually Enrolled Students

Based on the department's interpretation of the Idaho Constitution and statutes, a student is entitled to funding for one education and may only be counted for one

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[5] IDAHO ADMIN. CODE, 2006, IDAPA 08.02.01.250.

[6] The four-hour requirement applies to grades 1–12. A full-day for kindergarten is a minimum of 2.5 hours.

[7] IDAHO ADMIN. CODE, 2006, IDAPA 08.02.01.250.03b and .05.

[8] Virtual schools and alternative schools are not required to track half-day attendance.

day of attendance, regardless of the number of total hours attended. The department's attendance manual clearly states that no student can generate more than one full day of attendance each day and directs schools to work out an agreement for reporting attendance. However, there are no further oversight procedures provided in administrative rule or the attendance manual to prevent double counting, and no requirement for schools involved in a dual enrollment to notify each other.[9]

Students (dually) enrolled in two schools may only be counted for a full-day of attendance at one of the schools, or both of the schools must agree to collect only a half-day of attendance. This requirement applies in several situations:

- A student normally attends a charter school and is taking selected classes at a district or another charter school
- A student normally attends a district or brick and mortar charter school and is taking distance learning classes at a virtual school
- A student normally attends a district or charter school and is taking classes at an alternative school[10]

Students who are schooled at home or normally attend a private school, and who attend a few classes at public school are also considered *dually enrolled*. However, because only the public school collects state funding for the student, there is no potential for double counting their attendance for funding purposes.

Night Schools

Several districts we visited offer alternative night school programs.[11] Students attending school during the day may also attend night programs in the evening. If a student attends school four or more hours during the day, the department directs the night school not to count the student's attendance at night school. We reviewed three night school programs to see how they make adjustments for dually enrolled students. One night school counts attendance for its students, regardless of whether the students are also enrolled in a day program. For those students, attendance is reported twice. The attendance staff at the other two night schools manually remove dually enrolled students from the attendance count.

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[9] IDAHO CODE § 33-203 allows parents to enroll students simultaneously in two school programs.

[10] Alternative secondary schools, including alternative night schools, provide services to students identified as at-risk in IDAPA 08.02.03.110. These schools may also serve students who are not at risk, but only at-risk students may be counted toward state funding.

[11] Charters currently do not offer night school.

Virtual Schools

Students attending a school during the day and enrolled in a virtual school from home could also be counted twice. The department, through its attendance manual, directs schools to work out an agreement for reporting student attendance, but there is no guidance on which school is responsible for notification or overseeing the process.

Virtual schools have voluntarily instituted policies to ensure that attendance for dually enrolled students is not reported twice. Officials from three of the four virtual schools told us that they do not allow students from other schools to take virtual classes. The fourth virtual school allows students primarily enrolled in another school to take a limited number of virtual classes. The virtual school requires written approval from the other school identifying the amount of attendance each school will report. All four virtual schools require their own students attending classes at a district or brick and mortar charter to obtain written approval stating that the virtual school will collect full attendance for the student.

In contrast, districts and brick and mortar charters vary in their use of written notification of dual enrollment, including some schools that do not provide written notification.

Attendance Requirements for Virtual Schools Are Different

In 2004 the Legislature enacted laws defining public virtual schools as a specific type of charter school, and in 2005 required all new charter schools to be approved and governed by the Idaho Public Charter School Commission.[12] Idaho Code § 33-5208(8b) specifies that attendance for virtual charter schools be "based on either the actual hours of attendance in the public virtual school on a flexible schedule, or the percentage of coursework completed, whichever is more advantageous to the school." Although actual attendance hours are flexible, the statute says that a student may only generate the equivalent of one full day of attendance each day.

The statute provides flexibility for attendance at virtual schools, because often individual students do not attend a pre-scheduled number of hours or days per week. For example, a student may complete all of the weekly assignments in four days one week and six days the next. Virtual schools have the option to collect either hours of attendance or hours assigned to coursework completed. Either option selected to collect attendance results in data that must then be converted to the same reporting format as brick and mortar schools. However, the department does not provide guidance for an appropriate conversion method.

[12] 2004 Idaho Sess. Laws c. 370, 3, 1098–099.

Currently, Idaho's virtual schools are collecting and reporting attendance in one of three ways: coursework completed, time on task, and present or absent. Of the three methods, only the first two, coursework and actual time on task, are in compliance with statute.

Coursework Completed—Virtual schools use coursework specifically developed for the program. The school divides each course into assignments and gives each assignment a predetermined time value for attendance. The total hours for the course are equal to the hours a student would attend a traditional class (90 hours per semester). When the teacher electronically submits a grade for the assignment, a software program designed for the virtual school automatically records the attendance time. This reporting method places responsibility on the teacher for submitting attendance. The virtual school then converts attendance using the same method as alternative schools.

Time on Task—Parents record the actual time students spend on coursework for each subject. Measuring the actual time a student works on a task is more comparable to brick and mortar schools, but can potentially limit the virtual school's funding if students complete coursework in significantly less time than students attending a brick and mortar school. The virtual school using this method converts the hours of attendance by dividing the student's actual hours attended by the hours that would have been attended in a brick and mortar school. This calculation results in an estimated percentage of attendance.

Present or Absent—Students are recorded as either present or absent, which is similar to the method used by district and brick and mortar charter schools. However, present or absent does not meet statutory requirements for virtual schools because it does not track actual time spent on task or coursework completed.

Regardless of the virtual school's method of reporting attendance, staff must convert the school's attendance data into brick and mortar school days and report the converted attendance. Virtual schools may track attendance correctly, but they must estimate it when reporting to the department.

Chapter 4
Factors Affecting the Accuracy of Attendance

Idaho public schools' ability to accurately track and report attendance is impacted by several factors: software limitations, vague state requirements for virtual schools, and limited state guidance and oversight. The State Department of Education relies on software data tests, an attendance manual, and individual financial audits to ensure that districts and charters collect and report attendance accurately. These three methods have varying degrees of success. For instance, the department is not getting the information it needs from the independent financial audits to ensure attendance information is accurate. To address these findings, we provide six recommendations at the end of this chapter for the State Board of Education and the Department of Education.

Attendance Tracking Software Has Limitations

Typically, schools use an electronic student information system to record and store attendance.[1] These systems allow teachers to take attendance on a computer at their desk and school attendance staff to review the information and generate routine reports. Although these systems have helped districts and charters simplify the attendance taking process, the systems may create additional challenges in meeting state requirements.

Most schools use one of three major student information systems to track attendance. Districts and charters individually purchase a basic software program and have the vendors customize it. Because each district and charter customizes and updates their system based on individual need and resources, their data collection and reporting capabilities vary widely.

For purposes of this report:

DISTRICTS refer to traditional school districts

CHARTERS refer to brick and mortar charters and virtual charter schools

BRICK AND MORTAR charters refer to charter schools, excluding virtual schools

VIRTUALS refer to virtual charter schools

[1] Idaho Office of Performance Evaluations, *Idaho Student Information Management System (ISIMS)—Lessons for Future Technology Projects*, 06-02 (2006).

We observed the following functions that some systems were unable to do:

- Track multiple school calendars and schedules within the district or charter. Schools and programs that operate differently from the traditional schedule (e.g., alternative schools) must collect information manually.

- Track half-day attendance. Schools must estimate half-day attendance, collect it manually, or choose not to collect it at all.

- Calculate attendance for students enrolled part-time. Staff must adjust attendance information manually each day or choose not to collect it at all.

Idaho does not have a statewide student information system; instead each district and charter is responsible for selecting, operating, and maintaining its own system. Districts and charters vary in their resources to update their systems and the ability to customize the systems to meet state requirements. The department said it is working with two of the three software vendors on features that would help the product better match state requirements.

Because schools do not operate from one statewide student information system, students enrolled in more than one school cannot be tracked electronically, contributing to the problem of counting students twice.[2] The department plans to address this issue in fall 2007 by assigning each student a unique statewide identification number.[3] Students would use the same number throughout their public education in Idaho, which will help with tracking student attendance.

Statutes and Rules for Virtual Schools Are Vague

Statutes governing attendance for virtual schools were enacted in 2004 and provide limited guidance for collecting and reporting attendance. Idaho Code § 33-5208(8b) specifies that virtual schools collect attendance based on "actual hours of attendance" or the "percentage of course work completed." Neither administrative rule nor the department's attendance manual provides additional

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[2] Department officials told us that testing done during the Idaho Student Information System (ISIMS) project also identified double counting.

[3] ***Unique student identifier*** is a unique number or alphanumeric string that anonymously identifies an individual student. Along with a common course code system and a data dictionary, a unique student identifier allows districts to transfer records from one district to another and allows the state to use aggregate information to monitor the effectiveness of the education system over time. Source: Idaho Office of Performance Evaluations, *Idaho Student Information Management System (ISIMS)—Lessons for Future Technology Projects*, 06-02 (2006), 5, 35.

clarification of these terms. We identified several areas that need more clarification: teacher oversight of attendance information, the difference between distance learning programs and virtual schools, and the type of activities included in attendance.

Teacher Oversight of Attendance

Under administrative rule, a certified teacher must supervise students in order for district and brick and mortar charter to count attendance for funding purposes. However, statutes and rules governing attendance in virtual schools have no requirements for teacher supervision or approval of attendance hours.

In three of the four virtual schools, parents record attendance into an online attendance system. School officials report that teachers have a general idea of attendance accuracy based on students' academic progress, but student attendance is not reviewed for accuracy. Currently, the statutes for districts and brick and mortar charters require a higher level of teacher oversight of attendance than statutes for virtual schools. Our report on virtual charter schools discusses parental involvement in virtual schools.[4]

Virtual Schools Versus Computer-Based Programs

The Idaho Public Charter School Commission must approve all new virtual schools.[5] After approval, virtual schools can collect and submit attendance for funding purposes under Idaho Code § 33-5208(8b). These virtual schools then operate under the oversight of the commission.

Districts and brick and mortar charters may report student attendance for participation in "individualized computer and/or distance learning programs" based on a different statute, Idaho Code § 33-1003C. The purpose of this statute is to allow districts and charters to count attendance for students who are taking classes through computer-based alternative school programs, college correspondence courses, or the department's Idaho Digital Learning Academy (IDLA). However, the statute does not clearly define or limit the types of programs that qualify for funding. Consequently, any distance learning program operated by a district or charter qualifies for funding under the statute, including a virtual school operating without explicit commission approval.

One charter school, for example, operates two entirely separate programs: one traditional on-site school program and one program in which the primary method of instruction is distance learning. The school's distance learning program

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[4] Idaho Office of Performance Evaluations, "Virtual Charter Schools" (release date in March 2007).

[5] IDAHO CODE § 33-5205(1b).

operates like a virtual school, but because it receives funding as a distance learning program, the commission has no oversight of the program.[6] Our report on virtual schools further discusses the differences between a distance learning program and a virtual school.[7]

Coursework Versus Homework

The introduction of computer-based coursework and internet access has allowed instruction to occur outside of the classroom. The ability to do coursework at home introduces some ambiguity in the collection of attendance for virtual and computer-based programs. The lack of clear guidance in statute or rule raises two questions:

- Does the time counted toward attendance include only actual time spent using the computer, or can the program also include coursework completed using books and other materials?

- If time spent completing coursework from books and other materials can be counted toward attendance, does all work count toward attendance or would some types of work be considered homework and thus not counted toward attendance?

The following example further demonstrates the need for clarity in the interpretation of Idaho Code § 33-1003(C). A school district has an alternative school program in which most of the coursework is required to be completed on the computer. To fulfill graduation requirements for elective units, the school gives some students *packets* that are usually completed outside of normal school hours. The school counts one hour per packet in the total hours of attendance reported for the student for the day.

Under a brick and mortar school model, any coursework completed or study time outside of normal school hours would clearly not be counted toward attendance because of requirements that the student be physically present while school is in session.[8] However, if the school district's computer-based program did not count time spent on the elective packets, the program's state funding would be reduced. Statutes and rules governing virtual schools and computer-based instruction do not clearly define the activities or situations that count toward attendance.

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[6] IDAHO CODE § 33-5202A defines a virtual school as a public charter school that may serve students in more than one school district and where the primary mode of instruction is through virtual distance learning or online technologies. The charter school's distance learning program pre-dates the Charter School Commission and the virtual school statutes. The school applied for virtual school status through the commission in 2004 and was denied.

[7] Idaho Office of Performance Evaluations, "Virtual Charter Schools" (release expected in March 2007).

[8] IDAHO ADMIN. CODE 2006, IDAPA 08.02.01.250.05.

State Provides Limited Guidance

The department relies on the expertise of staff in hundreds of schools across Idaho to accurately collect and report attendance. Schools in several districts and charters we visited were incorrectly reporting attendance because staff did not fully understand state requirements. The department provides limited guidance on state requirements to districts and charters through its attendance manual and annual training.

Attendance Manual

The department's attendance manual provides guidance to school staff for collecting and reporting attendance. It posts a draft of the manual on its website. The manual "identifies definitions adopted by the State Board of Education and describes the practices and procedures to be used for reporting the enrollment and attendance of public school students."[9] The manual contains detailed examples of attendance reporting and calculations, and it is the department's major tool for providing guidance to district and charters. Although the manual has been in place for many years, the department continues to publish it in draft form.

We found the manual was well known and used by school districts, but not by charter schools. Because the manual is currently the department's main method to provide guidance to districts and charters, the department needs to find ways to better publicize the manual to charter schools.

The department's guidance through the manual needs clarification, including the department's position on elementary schools taking attendance twice a day, the need to record attendance daily, attendance at Saturday schools, and school policies related to tardiness.

AM and PM Attendance

Although not required by statute or administrative rule, the department's attendance manual states that "each classroom teacher should be recording elementary attendance twice daily (a.m. and p.m.)."[10] Elementary schools vary in their approach to this guidance. Over half of the elementary schools we visited do not require teachers to take attendance in the afternoon. Instead, these schools have the attendance staff update the records to account for afternoon attendance.

The practice of taking afternoon attendance ensures that teachers are aware of students who may leave school early or arrive without checking in at the front

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[9] Idaho Department of Education, "Instruction Manual for Reporting Attendance and Enrollment" (Draft, 9/2/2006), inside of cover page.

[10] Ibid., 5.

office. However, the practice of having attendance staff update afternoon attendance saves teachers classroom time and requires less follow-up by attendance staff to ensure teachers enter afternoon attendance.

Department officials told us the language in the attendance manual was a recommendation rather than a requirement and that using attendance staff to adjust afternoon attendance met the department's guideline. The language in the manual states, however, that *teachers* should take afternoon attendance. It further states that practices and procedures described in the manual "are to be used" for reporting attendance.[11] If taking afternoon attendance is only a recommendation, the schools complying with the manual may be expending resources unnecessarily. The manual needs to clearly delineate between requirements and recommendations so that districts and charters can decide the best method to expend resources on taking attendance.

Saturday School

We visited several districts and charters that operate a Saturday school program. The Saturday program allows students to make-up time missed during regular school hours due to excessive absences or tardies. Two school districts allow students who attend the Saturday program to actually *replace* reported absences with time spent in the program. The districts then report the student as present for state funding. Administrative rule states that a "day of attendance" is one in which a pupil is physically present for the full day while school is in session. Therefore, replacing an absence with time acquired at a later date apparently violates administrative rule. The department's attendance manual provides no guidance for making-up or replacing attendance.

Policies Regarding Tardiness

Individual school policies also impact attendance reporting. For example, the schools we visited vary widely in their definition of a tardy—the time limit for being counted as late to class. Schools typically establish a limit on the length of time a student can arrive late to class before they are recorded as absent. Tardy policies for secondary schools play an important role in the attendance collection process because attendance is taken each period. Secondary schools vary in their definition of a tardy.

One high school and one charter school both have policies stipulating that a specific number of tardies per semester (3 and 6 respectively) are reported as an absence in the attendance count.

[11] Ibid., front cover.

Changes to Attendance Records

Most teachers in the districts and charters we visited record attendance electronically using a computer and student information software. The information software typically has the ability to limit the length of time teachers can make changes to attendance information, after which the system is locked. After the system is locked, only designated school staff can make adjustments to attendance. Limiting the ability to make changes in attendance information reduces the chance for errors and encourages teachers to take attendance daily.

We found that most districts and charters gave teachers' one day to make attendance changes. However, several schools allow attendance to be changed for weeks or months. The department manual does not provide guidance for limiting the length of time teachers can make changes to attendance.

Annual Training

The department provides annual training for business managers and superintendents, and asks participants to pass the information on to their attendance staff. However, only a few of the superintendents and business managers we interviewed reported participating in department-sponsored training. Further, the attendance staff at the individual schools typically report receiving instruction from staff other than the superintendent or business manager. This method of training does not ensure that information is communicated to school staff who actually work with attendance.

In the absence of receiving direct training, district and charter staff said they contact the department directly when they have questions. These individuals told us that department staff are very supportive and responsive. In spite of the department's responsiveness to district and charter staff, our review showed that these staff need more training and guidance on how to accurately collect and report attendance.

State Has Limited Oversight of Attendance Information

Statute charges the department with calculating and directing school funding payments based on attendance information. The department, therefore, has some level of oversight responsibility for the accurate collection and reporting of the data.[12] The department carries out its oversight responsibilities in two ways: it reviews independent financial audits of districts and charters and tests the data submitted by districts and charters.

[12] IDAHO CODE § 33-1009.

The Idaho Public Charter School Commission recently initiated periodic site visits of charter schools, including virtual schools. The commission is responsible for ensuring each authorized chartering entity meets the terms of the charter and complies with the laws of the state related to education. The commission reviews whether attendance records are maintained daily by authorized persons, but does not review attendance data for accuracy or for compliance with state requirements.

Independent Financial Audits of Districts and Charters

Idaho Code § 33-701 requires districts and charters to employ independent accounting firms to perform a full audit of their financial statements. The purpose of the audit is to determine whether information provided to the public and the government is accurate and reliable.[13] The department relies on the audits for information about attendance collection and reporting practices, and it reviews the audits for "reasonableness" of the financial information.

According to the department, auditors frequently check for the correctness of funding received from the department but neglect to check the accuracy of the attendance data submitted to the department. The department sends an annual guidance memorandum to auditors that discusses the need for attendance review:

> The [department] recommends that auditors review how districts submit attendance data, test the attendance data, and confirm schools are reporting in compliance with [department] guidelines and State Board Rules and Regulations.

We reviewed the fiscal year 2005 independent audit reports of the districts and charters we visited. We found that none of these reports discussed testing or reviewing attendance data, nor did they give any assurance that the district or charter was complying with state attendance requirements. Further, the districts and charters we identified as incorrectly reporting attendance were not cited in their audit report as collecting attendance inaccurately. In spite of the department's guidance to independent auditors, our review of audit reports suggests that the accuracy of attendance is not being verified.

We have addressed problems regarding independent financial audits in a previous report.[14] In 2004 we recommended the department, using a small sample of districts, establish an annual review of financial audits to assess the adequacy and accuracy of district data and work performed by audit firms. We also recommended the department provide guidance and training to audit firms that conduct district financial audits to improve the process. At the time of this

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[13] Idaho Department of Education, *Idaho Financial Accounting Reporting Management System: A System for Public School Budgeting, Accounting and Reporting* (2006), 28.

[14] Idaho Office of Performance Evaluations, *School District Administration and Oversight* (2004), 12–14, 17–18.

study, the department reported it had not implemented these recommendations because it did not have enough staff resources.

Tests for Common Data Errors

The department distributes an attendance and enrollment software package for districts to compile and report attendance information to the department. Most of the districts we visited use the software to electronically submit their attendance reports. The software has a function that allows district staff to perform several tests that check for potential data errors. Despite the valuable function, few district staff reported using it.

Once the attendance data is received by the state, department staff perform several tests to assess the general accuracy and reasonableness of the data. These tests are intended to identify some of the more common errors made by districts. However, the tests cannot ensure that districts are collecting attendance correctly and cannot take the place of an on-site audit.

Charters, including virtual schools, typically use paper forms to submit attendance information and do not use the department's attendance and enrollment software. Bypassing the department's software means that charters cannot take advantage of the data tests built into the software, eliminating an opportunity to identify errors.

Virtual schools pose an additional oversight challenge for the department because they report attendance using the same forms as districts and brick and mortar charters. Virtual school staff must convert hourly attendance information from a flexible weekly schedule into full-time or part-time attendance on a five-day-a-week schedule. The virtual school records the adjusted attendance information, which is actually an estimated attendance, on the paper form. The department cannot verify the accuracy of this information because the form does not capture the original hourly data.

Recommendations

To address factors that affect inaccurate attendance reporting, we offer six recommendations.

Recommendation 4.1: The Board of Education should work with the Legislature to clarify statutes and rules that define attendance for virtual schools, including:

a) Type of coursework activity that can be counted toward attendance

b) Difference between a virtual school and a distance learning program

c) Level of teacher or school review and approval required for attendance data

Recommendation 4.2: Even after definitions and requirements for virtual schools are better defined, virtual school attendance will not be readily compatible with the current funding formula. The Board of Education should work with the Legislature to develop a different method to count students for funding virtual schools.

Recommendation 4.3: To mitigate the difficulty of tracking half-day attendance, the Board of Education should review and modify, if necessary, the requirements for tracking half-day attendance.

Recommendation 4.4: To prevent districts and charters from double counting student attendance, the Board of Education should develop rules requiring students who are dually enrolled to complete a dual enrollment form and have it signed by officials from both schools. The form should stipulate the proportion of attendance claimed by each school.

Recommendation 4.5: To ensure districts and charters are accurately collecting and reporting attendance information, the Department of Education should take these steps:

a) Modify the attendance manual to make it consistent with statutes and rules, differentiate between requirements and guidelines, and include guidance for virtual schools

b) Formalize the use of the attendance manual by incorporating it into administrative rule by reference

c) Provide training to district and charter staff responsible for collecting and reporting attendance

Recommendation 4.6: The Board of Education should clarify the requirements for oversight of attendance collection and reporting:

a) Formalize requirements that the independent audits referenced in Idaho Code § 33-701 include a component that tests attendance information and verifies its accuracy

b) Require districts and charters to discuss the attendance testing performed during the audit in the attendance report they submit to the Department of Education

c) Direct the Department of Education to review district audits for attendance testing and develop procedures to address lack of testing and findings of inaccurate data

Appendix A
Idaho's Funding Formula

Education Funding Is Based on a Formula Approach

Idaho's formula for funding public education takes into account many factors including the average number of students in attendance, teacher salaries and benefits, and costs for administrative and support staff. Exhibit A.1 provides a simplified overview of Idaho's education formula.[1] Certain selected public education costs, such as pupil transportation, are separately funded and not included as part of the formula.

Support Units

The formula uses a unit of measure called *support unit* to determine the level of funding distributed to districts and charters, including virtual charters. The number of support units allotted for each district or charter is calculated based on the average number of students who attend school. Under the formula, districts and charters are also awarded additional support units to fund exceptional education, alternative secondary, and alternative summer school programs.[2]

Support units are calculated using the formula and a series of tables set forth in Idaho Code § 33-1002. The tables are constructed to adjust for size—providing increased support units for smaller districts and charters because they do not benefit from economies of scale. The tables compute support units for kindergarten, elementary, secondary, exceptional education, and alternative secondary schools, and ensure additional funding for the lower grades and special programs.

The Department of Education calculates support units using attendance information reported by districts and charters in July, November, and March, as outlined in Idaho Code.[3] The July reporting period (at the end of the school

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[1] IDAHO CODE § 33-1002, §§ 33-1004A–1004E.

[2] Exceptional education programs are for children with identified disabilities and for children identified as gifted and talented as outlined in IDAHO CODE § 33-1007. Alternative secondary school programs, including summer schools, provide services to students identified as at-risk in IDAPA 08.02.03.110 and IDAHO CODE § 33-1002, -1002C, and -1002F.

[3] IDAHO CODE § 33-1009(3). Data is collected the first Friday of November, March, and June.

Exhibit A.1: Formula for Calculating Public Education Funding

Foundation Support for Each District or Charter[a] = **Salary Based Apportionment** + (**Distribution Factor** X **Support Units**)

(See below) | (Rate per unit determined by Legislature) | (Best 28 weeks of average daily attendance)

Salary Based Apportionment[b] = Support Units X Staff Allowance X Base Salary X Index Factor

- Support Units: Average daily attendance reported in November
- Staff Allowance: Factors in statute multiplied by support units
- Base Salary: Set in statute for instructional, administrative, and classified staff; includes increases for master teachers
- Index Factor: Education and experience level of instructional and administrative staff within each school

[a] In Idaho Code § 33-1002, the state provides funding for some costs outside the formula such as pupil transportation and border contracts.

[b] Calculated by using Idaho Code § 33-1002,-1002B–C, -1002G, and 1003A, -1004, -1004A, -1004C, -1004E–F.

Source: Office of Performance Evaluations' analysis of Idaho Code § 33-1002–1004E.

Support Unit

One support unit represents approximately the attendance of a classroom of students at a particular grade level.

year) is used to identify the best 28 weeks of attendance for the year. The department uses the best 28 weeks to estimate funding requirements for each district or charter for the following school year. Districts and charters report attendance through the first Friday in November (mid-term), and these first weeks of attendance are used to calculate salary and benefits for the current school year.

Average Daily Attendance

A common misperception is that districts and charters report average daily attendance to the Department of Education. Districts and charters actually report *aggregate* attendance data and the number of days that school was in session. This information allows the department to review weekly attendance counts and perform tests on the data to identify reporting errors. The department is responsible for calculating average daily attendance for use in the funding formula.

Exhibit A.2 illustrates the method that districts and charters use for collecting and calculating aggregate attendance data. They report class attendance for each week by grade level. In this example there is only one class per grade level at a hypothetical elementary school. The district or charter attendance staff sums daily attendance for the week and records the total and the number of days in session for the week. In the example, the aggregate attendance for grades 1–3 was 155 and the school was in session five days during the week.

Exhibit A.2: Example of the Collection of Weekly Attendance Information by Districts and Charters

Class attendance of a hypothetical elementary school in a district or charter
Week of September 18, 2006
1st grade through 3rd grade

	Sept. 18	Sept. 19	Sept. 20	Sept. 21	Sept. 22	Aggregate Attendance	Days in Session
1st Grade (10 enrolled)	10	8	9	10	10	47	5
2nd Grade (11 enrolled)	11	10	10	9	10	50	5
3rd Grade (12 enrolled)	12	12	11	12	11	58	5
						155	

Districts and charters report the aggregate attendance and days in session to the Department of Education. In this case, the district or charter would report that the aggregate attendance of 1st through 3rd graders at the elementary school was 155, and school was in session 5 days during the week of September 18, 2006.

Source: Office of Performance Evaluations' analysis of Idaho Code § 33-1002.

Department Calculates Average Daily Attendance and Support Units

To calculate average daily attendance, the department divides the aggregate attendance by the number of days school was in session. Depending on the overall size of the district or charter, the average daily attendance may be calculated for the district or charter as a whole or for specific grade groups, as instructed in statute.[4]

Exhibit A.2 provides an example of how a hypothetical small district or charter with one elementary school would calculate attendance. The average daily attendance for the 1st–3rd grade group is shown below.

155 aggregate attendance ÷ 5 days in session
= 31 average daily attendance

If this average of 31 was applied using the funding formula tables, the department would use a divisor of 12 to calculate support units.[5]

Average Daily Attendance Range	Attendance Divisor	Minimum Support Units
1.0 to 16.5	n/a	1.0
16.6 to 33.5	12	1.4
33.6 to 51.6	13	2.8
51.7 to 71.0	15	4.0

Using the table above, support units would be calculated as:

31 average daily attendance ÷ 12 (divisor)
= 2.6 support units

[4] IDAHO CODE § 33-1002(4) provides a series of tables for calculating the number of support units for specific categories of students: kindergarten, elementary school, secondary school, and alternative school. Support units are calculated by dividing the average daily attendance for a specific category of students (such as kindergarten) by a specific divisor. The tables are used to find the appropriate divisor for the support unit calculation. Attendance ranges with smaller divisors result in more support units, and thus more funding.

[5] This simplified example is only for the purpose of demonstrating how support units are calculated. The average daily attendance of all elementary school students in a district or charter are used to determine the portion of the funding tables that apply. Districts and charters with an average daily attendance of elementary students greater than 300 would have their support units calculated based on individual grade groupings—support units for smaller districts are based on the combined average daily attendance for grades 1–6.

Relationship Between Average Daily Attendance and Support Units

In chapter 2 of this report, we described how smaller districts are less likely to be impacted by reporting errors or changes in average daily attendance than larger districts; but when impacts occur, the errors or changes can be disproportionate for the smaller districts. Our analysis of the funding formula tables also showed that the attendance ranges for student grade divisions and special programs, in conjunction with the protections built into the funding formula, may occasionally create unusual results when smaller districts and charters increase or decrease in attendance.

Exhibit A.3 illustrates the way funding formula tables work for each student grade division and special program.[6] The exhibit shows the change in support units as the average daily attendance (size) of a district or charter increases. As indicated in the chart for kindergarten, there are (1) ranges in which attendance increases, but support units do not increase; (2) thresholds at which support units increase by a large jump; and (3) a point at which support units increase at the same rate as attendance.

For example, in the kindergarten chart, the support units remain the same for districts and charters with an average daily attendance between 8 and 16. The support units increase after the average daily attendance reaches 16, and then remain the same until attendance reaches 21. After the district or charter has an average daily attendance of 41, the support units increase at the same rate as attendance. As can be seen, smaller districts can have changes in support units that are disproportionate to changes in attendance.

If a district's total average daily attendance declines by more than one percent from the previous year, a special "stop loss" provision goes into effect.[7] The stop loss provision guarantees that the district or charter is funded based on 99 percent of its average daily attendance from the year prior to the decline. The decrease in average daily attendance is proportionately distributed among the various student grade divisions and special programs.

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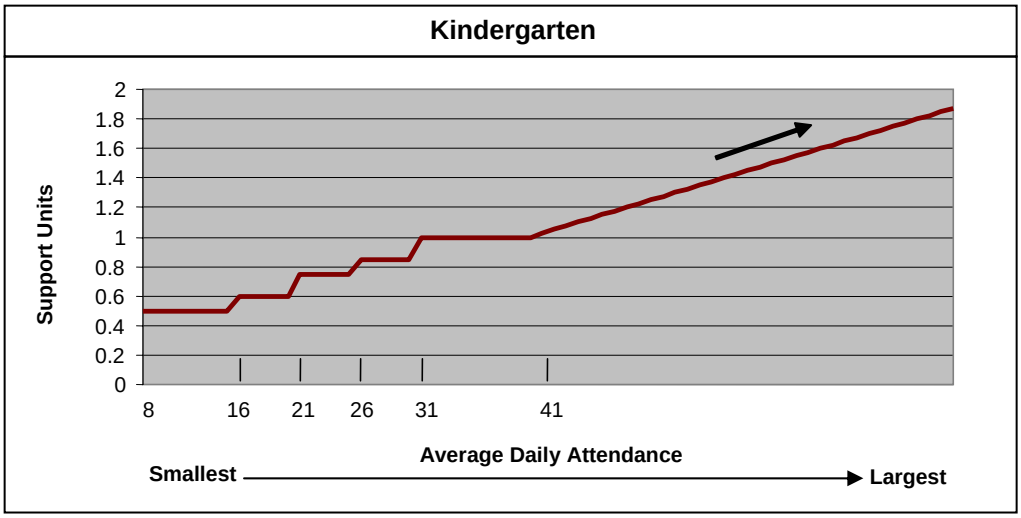
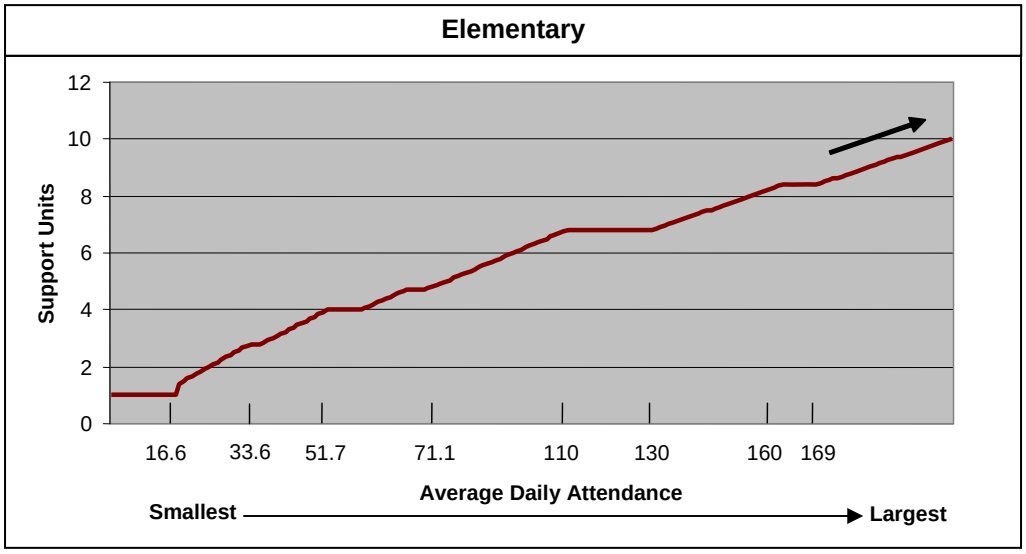
[6] The formula for summer school, not shown here, does not have ranges or thresholds. Support units for summer school are calculated by dividing average daily attendance by 40 (Source: IDAHO CODE § 33-1002C).

[7] IDAHO CODE § 33-1003.

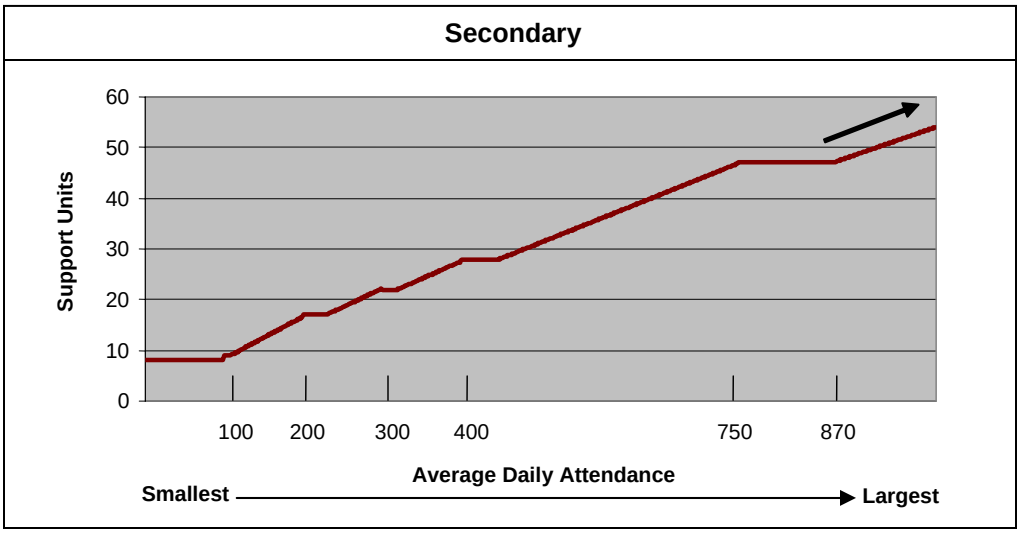
Exhibit A.3: Calculation of Support Units as Related to a District's or Charter's Average Daily Attendance

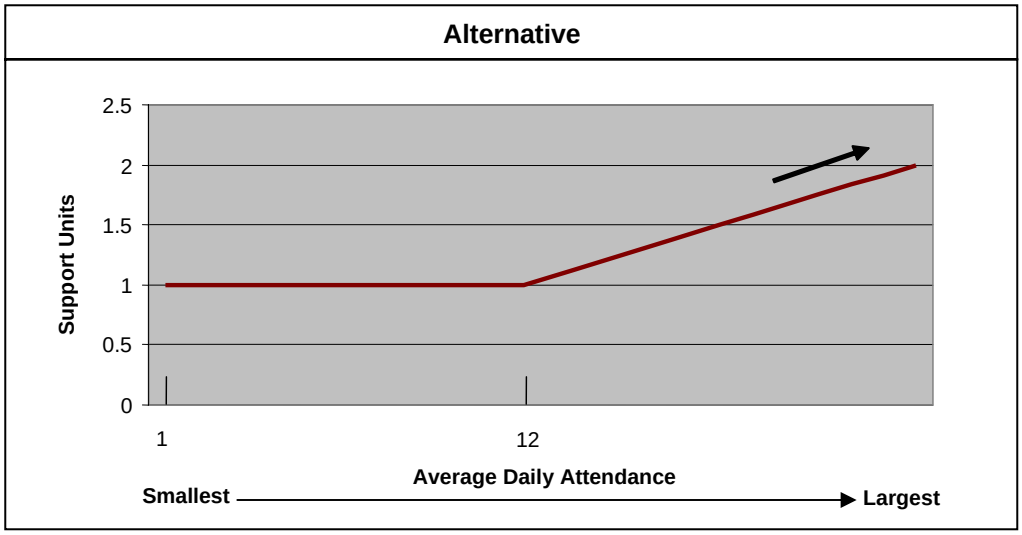


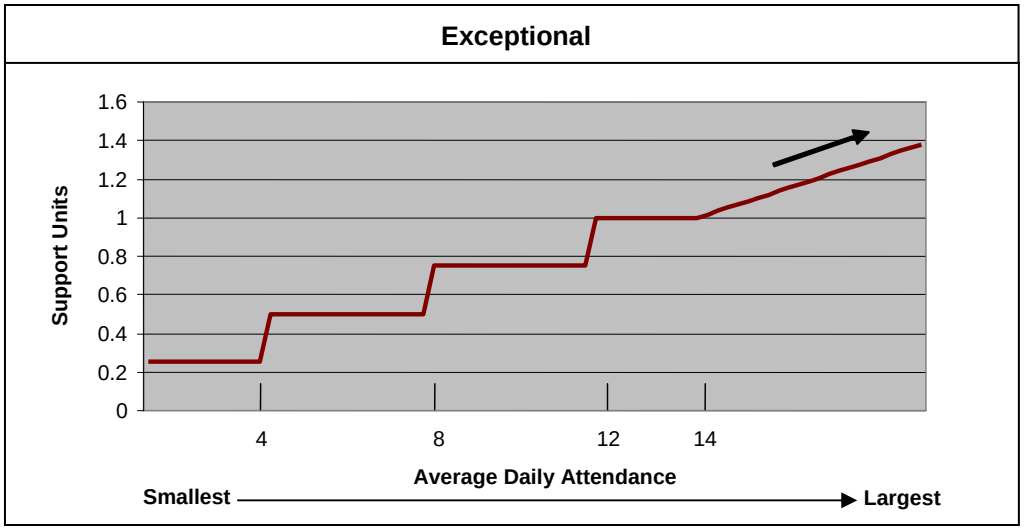


Source: Office of Performance Evaluations' analysis of Idaho Code § 33-1002(4).

Exhibit A.3—continued







Appendix B
Education Funding in Other States

Most States Use Formulas to Fund Public Education

According to a 2005 study, over 90 percent of states use a formula approach to fund public education.[1] Like Idaho, other states adjust education funding for factors such as teacher salaries, student-to-instructor ratios, and special education programs.

Funding formulas rely on student counts to adjust for school and district size. In general, states use student enrollment or attendance for student counts. Average *enrollment* is based on the number of students registered to attend the school. Average *attendance* is based on the number of students actually present during school days. Some states use a measure called membership that is a modification of either enrollment or attendance. For example, Utah uses an average of enrollment taken on two dates, one in the prior year and one in the current year.

We contacted all 50 states to learn about their experiences with collecting student counts for funding purposes. Thirty-one of those states, including all of Idaho's neighbors, responded to our request. These states were divided on whether they based their student counts on enrollment or attendance. Of the 31 states, 12 use attendance, with five of Idaho's six neighboring states using enrollment. Wyoming, like Idaho, uses average attendance for student count. Exhibit B.1 lists the states by the approach they use.

Benefits and Drawbacks of Using Attendance or Enrollment

Both attendance and enrollment have benefits and drawbacks when used for counting students for funding purposes. Nationally, there is no consensus of which method is most appropriate. We asked officials from the other states we contacted to describe the reasons for choosing a particular method and describe their experiences in using that method.

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[1] Michael Griffith, "Policy Brief: Finance/Funding Formulas," Education Commission of the States, www.ecs.org/clearinghouse/59/81/5981.htm.

Exhibit B.1: Basis for Funding Formulas and Adjustments Used by Idaho's Neighbors and Other States

	Basis for Formula	Examples of Formula Adjustments
Alabama	Enrollment	Special education, vocational education
Alaska	Attendance	Geographic, special education
Arizona	Attendance	Excessive absences, special education, district size
Arkansas	Enrollment	Alternative learning environments, ELL, poverty, professional development
California	Attendance	None reported
Colorado	Attendance	Declining enrollment, preschool, special education
Georgia	Enrollment	None reported
Idaho	**Attendance**	**Special education, gifted and talented, at-risk populations**
Illinois	Attendance	None reported
Iowa	Enrollment	Special education, ELL
Kansas	Enrollment	Special education, low/declining enrollment, high enrollment, at-risk populations, poverty, ELL
Kentucky	Attendance	Poverty, gifted and talented, home/hospital bound, ELL, transportation
Louisiana	Enrollment	Special education, gifted and talented
Maine	Enrollment	Special education
Maryland	Enrollment	Special education, ELL, poverty
Michigan	Enrollment	At-risk populations
Mississippi	Attendance	At-risk populations, special education, transportation
Missouri	Attendance	Poverty, increasing/declining enrollment
Montana	Enrollment	At-risk populations, special education
Nevada	Enrollment	None reported
New Jersey	Enrollment	None reported
New York	Attendance	None reported
Ohio	Enrollment	Special education, technical education, poverty, personnel-based funding, transportation
Oklahoma	Attendance	Poverty, gifted and talented, special education
Oregon	Enrollment	Poverty , ELL, foster care, special education, pregnancy
Pennsylvania	Enrollment	None reported
South Dakota	Enrollment	Small school factor, rural schools
Texas	Attendance	Special education, ELL, gifted and talented
Utah	Enrollment	Special education, rural schools, vocational schools
Vermont	Enrollment	ELL, poverty
Washington	Enrollment	Special education, poverty, education and experience of staff
Wyoming	Attendance	ELL, regional differences, at-risk populations

ELL = English Language Learners

Source: Office of Performance Evaluations.

Representatives from Illinois, New York, and Texas told us the method of average daily attendance provides an incentive for schools to track and encourage attendance, promoting better education. Several of the Idaho schools we visited had established policies and initiated programs to specifically improve student attendance.

One of the drawbacks of using average daily attendance is the expense of collecting, reviewing, and reporting the information daily. In addition, New York told us that using attendance unfairly penalizes districts that have higher poverty rates because students from low income families tend to have lower attendance rates.

New Jersey told us it uses the method of enrollment because absent students still generate costs to the district. California reported that it is changing from attendance to enrollment for the same reason. However, Ohio recently threatened to impose penalties because a number of their schools had neglected to remove students from its enrollment who had not attended school for an extended length of time.

Conclusion

Schools use enrollment to hire teachers, and they must report enrollment information for other kinds of funding. Schools also monitor attendance to ensure students get to school safely and are present to participate in educational services. Regardless of the funding method used, schools will likely continue to collect both types of student counts. Because there is no consensus on the best approach for conducting student counts for funding purposes, selecting whether to use attendance or enrollment as the basis for funding is a policy decision.

Responses to the Evaluation

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February 15, 2007

Mr. Rakesh Mohan
Director, Office of Performance Evaluations
PO Box 83720
Boise, ID 83720-0055

Dear Rakesh:

Thank you to and your staff for all the hard work on Average Daily Attendance report. The State Board of Education (SBOE) is in agreement with our findings and recommendations. Below is SBOE's plan of action on your recommendations:

Recommendation 4.1 – The SBOE, in conjunction with the legislature, will bring forth legislation in the 2008 legislative session to clarify the statutes that define attendance for virtual schools. Once the statutes are adopted, if clarification of the rules is also required, the SBOE will bring those rule amendments to the 2009 legislature.

Recommendation 4.2 – The SBOE will work with the legislature and the State Department of Education (SDE) to develop a different method to count students for funding virtual schools. While it would be SBOE's hope to accomplish that in the 2008 legislative session, it may not occur until the 2009 legislative session.

Recommendation 4.3 – The SBOE will review its rule governing half-day attendance and bring forth clarifying language in the 2008 legislative session.

Recommendation 4.4 – The SBOE will develop rules and a dual enrollment form for use by schools that have students that are dually enrolled. This rule and form will prevent double counting of student attendance.

Recommendation 4.6: - The SBOE will work to bring forth amendments to statutes that will formalize the requirement that school district independent audits include a component that tests attendance and verifies its accuracy. The amendments will also require school districts to discuss that information in the report they submit to SDE. Finally, the SBOE will work with the SDE to ensure

they are reviewing attendance testing and developing procedures to address the lack of testing if there are findings of inaccurate data.

We look forward to implementing your recommendations and are hopeful that in doing so, school districts will be able to more accurately report attendance.

Thank you again for your report. If you have any questions or need further assistance, please feel free to contact me.

Sincerely,

Karen Echeverria

Karen L. Echeverria
Deputy Director

Cc: Nick Smith, School District Support, SDE
Luci Willits, Chief of Staff, SDE
Jennifer Swartz, Deputy Attorney General

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STATE OF IDAHO
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION
Mr. Tom Luna

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February 19, 2007

Mr. Rakesh Mohan, Director
Office of Performance Evaluations
Idaho State Legislature

Dear Mr. Mohan,

Thank you for the opportunity to provide a response to the Average Daily Attendance (ADA) report. This report offers valuable insight into the challenges faced by our schools – traditional and charter, classroom and virtual – in tracking ADA so that money is allocated fairly and accurately.

Before we look at the nuts and bolts of your report, I would make two observations:

1) Understanding how and why ADA calculation errors occur is critical if we are to provide taxpayers with the accountability they expect in public school spending.

2) The method for collecting ADA data should be as unobtrusive as possible. Obviously, your report doesn't focus on student achievement. But the subtext to our entire discussion about ADA, funding formulas, accurate measurement and reporting is this: Reporting and data collection should not come at the expense of or impede the advancement of student achievement. The more we can eliminate red tape, needless or repetitive paperwork – yet still collect accurate information – the better our public schools will operate. Indeed accountability and optimization of resources are twin components of the funding discussion.

Now, regarding the report, it is comforting to know that you found no evidence of districts or charters intentionally misreporting attendance data to the state Department of Education. But you do identify areas of confusion or misunderstanding as to how statutes, rules and our policy manual are applied.

My staff and I have reviewed the findings and recommendations, and have the following comments:

The State Department of Education (SDE) will work with the State Board of Education (SBOE) to address recommendations 4.1, 4.2, 4.3, 4.4, and 4.6.

Recommendation 4.5

The SDE is in the process of revising its attendance manual with respect to current statutes and rules, clarify requirements versus rules, and provide guidance for virtual schools prior to the start of the upcoming school year. Our ADA manual can be found on our website, which we are in the process of retooling. Hopefully, once that process is complete, it will be easier for all schools to find and use. Additionally, we are ramping up our communication with each school district in the state. We hope that the increased attention on outreach will help promote some of the tools we have available at the local level.

The SDE will work with SBOE staff to incorporate the attendance manual into administrative rule by reference.

Additionally, your report notes that our annual training on the use of our attendance manual appears underutilized. I want to re-evaluate how the training is taking place, and, if practical, offer "train the trainer" type sessions so that attendance personnel are at least getting the information they need from their district professionals.

Thank you for all of your and your staff's work in preparing this report and for the opportunity to respond. Please don't hesitate to contact me if you or your staff have any additional questions or comments.

Respectfully,

Tom Luna
Superintendent of Public Instruction

cc: Dwight Johnson, Executive Director, State Board of Education
Tim Hill, Deputy Superintendent, Finance & Information Technology

Office of Performance Evaluations Reports Completed 2004–Present

Publication numbers ending with "F" are follow-up reports of previous evaluations. Publication numbers ending with three letters are federal mandate reviews—the letters indicate the legislative committee that requested the report.

Pub. #	Report Title	Date Released
04-01	Higher Education Residency Requirements	January 2004
04-02	Fiscal Accountability of Pupil Transportation	January 2004
04-03	School District Administration and Oversight	January 2004
04-01F	Management of State Agency Passenger Vehicles	January 2004
04-02F	Public Works Contractor Licensing Function	March 2004
04-03F	Timeliness and Funding of Air Quality Permitting Programs	June 2004
04-04F	Idaho Child Care Program	June 2004
04-05F	Idaho's Medicaid Program	June 2004
04-04	Strategic Planning and Performance Measurement	December 2004
05-01	Public Education Technology Initiatives	January 2005
05-02	Child Welfare Caseload Management	February 2005
05-01HTD	Use of Social Security Numbers for Drivers' Licenses, Permits and Identification Cards	February 2005
05-01F	Management of Correctional Data	March 2005
05-03	Idaho School for the Deaf and the Blind	October 2005
05-04	State Substance Abuse Treatment Efforts	December 2005
06-01	Management in the Department of Health and Welfare	February 2006
06-02	Idaho Student Information Management System (ISIMS)—Lessons for Future Technology Projects	August 2006
06-01F	Public Works Contractor Licensing Function	August 2006
06-02F	Idaho Child Care Program	August 2006
06-03F	Timeliness and Funding of Air Quality Permitting Programs	August 2006
06-04F	Fiscal Accountability of Pupil Transportation	August 2006
06-05F	School District Administration and Oversight	August 2006
06-06F	Public Education Technology Initiatives	August 2006
06-07F	Higher Education Residency Requirements	August 2006
07-01	Use of Average Daily Attendance in Public Education Funding	February 2007

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