CENTER FOR EVALUATION & EDUCATION POLICY

Education Policy Brief

Student Count Mechanisms for Funding Purposes

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INTRODUCTION

In January of 2012, Dr. Tony Bennett, Indiana State Superintendent of Public Instruction, announced the Indiana Department of Education's legislative priorities, which included establishing additional student enrollment counts during the school year for funding purposes. Dr. Bennett stated that he would urge state lawmakers to approve additional count dates during the 2012 legislative session in an effort to further ensure that funding is tied to students where they attend school.

School funding in Indiana is currently based on a count performed on a single day at the beginning of the school year. During previous sessions, the Indiana General Assembly ended funding provisions that provided all districts with a guarantee of more funding above prior year revenue (known as a minimum guarantee) and an adjusted student count allowing for an average count of students over five years (subsequently three years before elimination in 2011).

Just as every state has a different formula for calculating how much money should go to each school district, every state has a unique way of counting the number of pupils upon which that funding is based. Because of these varied approaches, each student enrollment count mechanism creates a different set of implications for policymakers to consider. As Indiana strives to ensure that 'dollars follow the child' as closely as possible, state education officials anticipate that moving to a Multiple Count Dates mechanism will result in more accurate representation of student enrollment fluctuations that occur throughout the school year.

This Education Policy Brief provides an overview of the student count mechanisms that are currently employed by states. It then reviews Indiana's outgoing count mechanism, the Single Count Date, and compares it with the newly enacted Multiple Count Dates mechanism. To conclude the discussion, the brief examines how other states use the Multiple Count Dates mechanism and highlights their varied experiences, to draw insights into how this new mechanism may impact Indiana school funding in the near future.

STUDENT ENROLLMENT COUNT MECHANISM

Fundamentally, student enrollment count mechanisms determine the number of students that attend or are enrolled in a particular school district. Typically, the total number of pupils is then used as a variable in school funding formulae to determine school districts' General Fund dollars. While Table 1 lists and describes the main types of student enrollment count mechanisms, most states do not use the mechanisms in their simplest form; rather, they blend multiple mechanisms in an effort to meet their individual state's needs.

To illustrate, a state that uses the Multiple Count Period mechanism has a choice between averaging the number of students who were enrolled (Average Daily Membership) or who were in attendance (Average Daily Attendance) during those periods. As an additional complication, many states then 'weight' types of students or portions of their day differently. For instance, states usually fund Kindergarten students at lower levels than all other students; and, some courses, such as those related to career and technical training, can be more costly to provide than others and thus may receive a higher weight in funding calculations.

After contacting multiple national organizations and school finance experts for a comprehensive list of student enrollment count mechanisms by state, no single, standardized, and completely current resource was available. The Center for Evaluation & Education Policy (CEEP) has gathered and compiled this information, with the exception of information pertaining to six states. In order to obtain this information, CEEP staff members sent information requests to state education agencies, legislative fiscal offices, and school administrator and business official associations in all 50 states. We also placed calls and corresponded with contacts at many national organizations, including the Education Commission of the States and National Conference of State Legislatures. Of those requests, CEEP staff received 44 responses. The information request included the following six questions relating to count mechanisms:

1. What type of count mechanism does your state use? (e.g., Single or Multiple Count Date(s), Single or Multiple Count Period(s), ADA/ADM). Describe:

2. Is your count based on enrollment or attendance?

3. Is your school funding distributed on a Calendar Year or Fiscal Year basis? Is it aligned with the State Government's Fiscal Year?

4. When are payments distributed to schools?

5. Is funding adjusted or redistributed during the school year given student attrition? When does this adjustment/redistribution occur?

6. Can you offer any insights to the impact, issues, or challenges relating to this funding adjustment policy based on your count mechanism?

Table 1. Commonly Used Student Count Mechanisms

Mechanism	Description
Single Count Date	A count done on a single day, usually near the beginning of the school year, which can be based on either enrollment or attendance.
Multiple Count Dates	Two or more counts done during the school or calendar year, with one occurring in the fall and the second occurring in the winter or spring. Each count is weighted individually.
Average Daily Attendance (ADA)	An average calculated using daily count numbers from all or most of the school year of all students in attendance. ADA does not include absent students in the count.
Average Daily Membership (ADM)	An average calculated using daily count numbers from all or most of the school year of all students enrolled. ADM includes absent students in the count.
Single Count Period	An average of a daily count during a designated period near the beginning of the school year. This type of count may or may not include absent students.
Multiple Count Period	An average of multiple daily counts conducted during two or more periods during the school year.

Source: Groginski (2010).

Table 2. Student Enrollment Count Mechanisms by State*

Student Count Mechanism	# of States	Description
Single Count Date	10	Colorado, Connecticut, Indiana, Iowa, Kansas, Maryland, Massachusetts, Nevada, New Jersey, South Dakota
Multiple Count Dates	9	Arizona (FY2013), Delaware, Georgia, Hawaii, Louisiana, Maine, Michigan, Montana, Wisconsin
Average Daily Attendance (ADA)	7	California, Illinois, Kentucky, Mississippi, Missouri, New York, Texas
Average Daily Membership (ADM)	14	Arkansas, Minnesota, Nebraska, New Hampshire, North Carolina, North Dakota, Oklahoma, Rhode Island, South Carolina, Tennessee, Utah, Vermont, Washington, Wyoming
Single Count Period	3	Alabama, Alaska, Ohio
Multiple Count Period	1	Florida

* As of January 2012.

THE SINGLE COUNT DATE MECHANISM IN INDIANA

As stated earlier in this brief, Indiana has historically used the Single Count Date mechanism. Indiana Code stipulates that the count is used to calculate Average Daily Membership (ADM) for each school district. To be clear, since the pupil count is based on a single count date, Indiana does not actually use the Average Daily Membership mechanism. Indiana's ADM is merely a one-day snapshot of all students enrolled in each district. Pursuant to Indiana Code 20-43-4-2, the Indiana Department of Education (IDOE) defines Average Daily Membership as "a count of students enrolled for Kindergarten through Grade 12 in Indiana public school corporations and all charter schools on a particular day."

Because Indiana Code 20-43-4-3 stipulates that the initial day of the Average Daily Membership (ADM) count must fall within the first 30 days of the school year, the State Board of Education has established the initial count to be done

Table 3. Commonly Used Student Count Mechanisms

State*	Count Mechanism	Enrollment or Attendance	Calendar or Fiscal Year	Aligned with State	Payment Distribution	Funding Adjusted/ Redistributed
Alabama	Single count period	Enrollment	FY	Yes	Monthly	Yes
Alaska	Single count period	Enrollment	FY	Yes	Monthly	No
Arizona	ADM/ADA	Both	FY	Yes	Monthly	Yes
Arkansas	ADM	Enrollment	FY	Yes	Monthly	Yes
California	ADA	Attendance	FY	Yes	5% in July & August; 9% Monthly	Yes
Colorado	Single count date	Enrollment	FY	Yes	Monthly	Yes
Connecticut	Single count date	Attendance	FY	Yes	25% in October & January; 50% in April	No
Delaware	Multiple count dates	Enrollment	FY	Yes	July & October	No
Florida	Multiple count period	Enrollment	FY	Yes	Biweekly	Yes
Georgia	Multiple count dates	Enrollment	FY	Yes	Monthly	Yes
Hawaii	Multiple count dates	Enrollment	FY	Yes	August, September, January	Yes
Illinois	ADA	Attendance	FY	Yes	Bimonthly	No
Indiana	Multiple count dates**	Enrollment	CY	No	12 payments, at least every 40 days	No
Iowa	Single count date	Enrollment	FY	Yes	Monthly (September-June)	No
Kansas	Single count date	Enrollment	FY	Yes	Monthly	Yes
Kentucky	ADA	Attendance	FY	Yes	Monthly	Yes
Louisiana	Multiple count dates	Enrollment	FY	Yes	Monthly	Yes
Maine	Multiple count dates	Attendance	FY	Yes	Monthly	No
Maryland	Single count date	Enrollment	FY	Yes	Bimonthly	No
Massachusetts	Single count date	Enrollment	FY	Yes	Quarterly	No
Michigan	Multiple count dates	Enrollment	FY	Yes	Oct-Sept	No
Minnesota	ADM	Enrollment	FY	Yes	Metering Schedule/Weighted Biweekly Payments	Yes
Mississippi	ADA	Attendance	FY	Yes	Monthly	No
Missouri	ADA	Attendance	FY	Yes	Monthly	No
Montana	Multiple count dates	Enrollment	FY	Yes	Monthly	Yes
Nebraska	ADM	Enrollment	FY	No	Monthly (September-June)	Yes
Nevada	Single count date	Enrollment	FY	Yes	Quarterly (monthly recently)	Yes
New Hampshire	ADM	Enrollment	FY	Yes	20% Sept, 20% Nov, 30% Jan, 30% April	Yes
New Jersey	Single count date	Enrollment	FY	Yes	Biweekly (September-June)	No
New York	ADA	Attendance	FY	No	Various	No
North Carolina	ADM	Enrollment	FY	Yes	Authority	Yes
North Dakota	ADM	Enrollment	FY	Yes	Monthly (October-June)	No
Ohio	Single count period	Enrollment	FY	Yes	Biweekly	Yes
Oklahoma	ADM	Both	FY	Yes	Monthly	Yes
Oregon	ADM/ADA	Both	FY	Yes	Monthly	Yes
Rhode Island	ADM	Enrollment	FY	Yes	Monthly	No
South Carolina	ADM	Enrollment	FY	Yes	Monthly	Yes
South Dakota	Single count date	Enrollment	FY	Yes	Monthly	No
Tennessee	ADM	Enrollment	FY	Yes	Monthly	Yes
Texas	ADA	Attendance	FY	Yes	September-August (varying payment schedules)	Yes
Utah	ADM	Enrollment	FY	Yes	Monthly	Yes
Vermont	ADM	Enrollment	FY	Yes	September,December,April	No
Washington	ADM	Enrollment	FY	No	Monthly	Yes
Wisconsin	Multiple count dates	Enrollment	FY	Yes	Various	No
Wyoming	ADM	Enrollment	FY	Yes	Monthly (August-May)	No

Source: Groginski (2010).
* States not included in this table did not respond to our information requests.
** With the passing of PL144 (effective March 19, 2012), Indiana will move to the Multiple Count Dates mechanism in FY13.

annually on the second Friday after Labor Day. As of January 1, 2012, adjusted-ADM is defined by statute as "current year ADM" and will be the only figure used for the official ADM count.

In Indiana, students enrolled in programs for children with disabilities are counted differently. These students are counted three separate times during the school year: on October 1, December 1, and April 1. The December 1 count date is used to determine funding for this group, while the other two are used for informational and federal reporting purposes only.

As with any student enrollment count mechanism a state decides to employ, the Single Count Date mechanism comes with its own set of policy implications. For school administrators, it provides financial stability during the school year in terms of minimizing disruption to classroom personnel and programs. For the state education agency, it offers transparency and requires no adjustments of funds during the fiscal cycle. However, the count can also create perverse financial incentives for school corporations to not retain students after the count date. This can also be applied to students who try to enroll after the count date. More importantly, it does not account for fluctuating enrollment during the school year which can lead to school corporations receiving more or less funding than needed. Also, a second count for funding purposes can lessen the need for complicated transfer tuition laws that have become clouded in Indiana by the state now funding 100 percent of the General Fund dollars to school districts.

A NEW MULTIPLE COUNT DATES MECHANISM IN INDIANA

The Multiple Count Dates mechanism is defined as taking multiple counts of either enrolled or attending students on two or more nonconsecutive dates. Most states that use this mechanism count students on two dates; one count will usually take place toward the beginning of the school year, with the second count following in the winter or spring. These separate counts can be weighted differently. Some states have increased the number of the counts they perform during the year because they believe that this policy will yield more accurate and reliable counts which are reflective of student enrollment averages and changes over the course of a school year. Advocates of Multiple Count Dates have cited that it may also have an impact on student attrition since it provides a financial incentive to school corporations to retain students throughout the school year.

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However, there are also a few concerns with the use of multiple counts. Depending on the state, performing multiple counts may require more administrative resources. In addition, multiple counts could produce inaccurate counts due to students being absent on a count date, if based on attendance. Finally, there are concerns related to how multiple counts affect school budgeting. Declines in student enrollment may be dispersed across all grade levels and schools within the district, but may be minimal in particular schools or classrooms, making reductions in spending difficult. More importantly, decreased funding may require budget cuts and staff reductions during the school year which can be disruptive and/or detrimental to student learning. Current teacher contracts and termination statutes may limit the flexibility school districts have in making necessary expenditure reductions during a school year.

MCD LEGISLATION IN INDIANA

Even though performing multiple counts might seem new to the school finance landscape in Indiana, this is not the first time the idea of performing additional count dates has become a legislative issue in Indiana. During the 2006 legislative session, the Indiana General Assembly passed Senate Enrolled Act 173 (Public Law 19-2006) which required school districts to perform an additional student count for informational purposes on May 1, in 2007, 2008, and 2009. The additional count allowed the Indiana Department of Education to assess the extent to which school districts were losing students and the reasons for the attrition. The legislation expired on December 31, 2009, and was not reinstated.

During the 2012 session of the Indiana General Assembly, several legislative proposals were introduced that called for the establishment of Multiple Count Dates. Of those proposals, House Enrolled Act (HEA) 1189 passed both houses of the legislature and was signed into law by Governor Mitch Daniels on March 19, 2012. HEA 1189 requires schools to perform an additional count of all enrolled students every school year beginning in February 2013, on a date to be established by the State Board of Education. The bill also terminates the current school funding formula on July 1, 2013. While the bill originally included provisions calling for the school funding formula to move from a calendar year to a state fiscal year formula, the addition of a Fiscal Year Transition Grant, and the establishment of current year funding adjustments, the bill was modified in the final stages of review because the state legislature will implement a new school funding formula that will take effect on July 1, 2013. It is anticipated that the legislature will include a provision in the state budget bill to transition school districts to fiscal year funding to commence July 1, 2013.

The February 2013 count will likely be the first count used in the new formula for distribution of funds based on the state fiscal year. In its earlier stages, HEA 1189 had called for a new distribution schedule based on the two counts: February would determine funding from July 1 through December 31, and September would determine funding from January 1 through June 30. In order to project the level of impact the February count will have on district funding, the legislature will first look at the count information and compare it with the September 2012 count. Before making a final decision, they will also consider how and when to adjust funding for districts with growing or declining enrollments after the start of the school year.

CHARACTERISTICS OF THE MULTIPLE COUNT DATES MECHANISM IN OTHER STATES

Table 3 provides a list of states using the Multiple Count Dates mechanism. This is not an exhaustive list of states using the Multiple Count Dates mechanism since CEEP did not receive responses to all of our requests for information, but rather those states that could be identified and verified.

In general, states that reported using the Multiple Count Dates mechanism make no distinction between how such counts apply to districts and charter schools. However, some exceptions exist. In Arizona, districts that experience net membership declines during the year will receive funding based on prior year counts, effectively delaying any funding changes by one fiscal year. For charter schools, the financial impact of student attrition will occur during the current fiscal year rather than the following year. Hawaii allocates charter school funding separately from other school funding. Maine only enacted its charter law in 2011, and applicable rules are still pending. Montana has not yet enacted a charter school law.

The following section highlights Arizona and Michigan and the characteristics of their multiple count mechanisms.

Case Studies

Arizona

While Arizona will not officially be categorized as a Multiple Count Date state until the 2013 fiscal year, the state's multiple count mechanism will be one of the most aggressive. Currently, funding is based on an ADM count done during the first 100 days of school. The state funds all districts and charters on a monthly basis allowing for funding adjustments to occur. Even though funding is based on the previous year's count (charter school funding is based on current year count information), in-year adjustments are made for districts with growing enrollments. In May 2011, the state of Arizona switched to a Multiple Count Dates mechanism and required school districts to submit count data on four different dates throughout the school year: September 15, November 15, January 15, and March 15.

The legislation was set to take effect on July 1, 2011, at the beginning of FY12. However, the Student Accountability Information System (SAIS), the student information database used to collect count information in Arizona, could not be modified or reprogrammed to analyze data from four different counts in time for FY12. Thus, the legislature was forced to delay implementation of the four count days until FY13. For FY12, the state of Arizona will fund schools according to the ADM for the first 100 days of the current school year. The FY12 ADM will be the funding basis for districts in FY13 and the funding basis for charters this year, but again will be subject to in-year adjustments.

According to an early 2011 report prepared for the Colorado Department of Education by Augenblick, Palaich and Associates, Arizona's count mechanism was outdated and needed to be updated for various reasons. School districts felt that the system was unfair since it did not track students throughout the year and gave districts little control over the one variable that had the greatest impact on their funding. Additionally, daily data collection from all school districts burdened SAIS; it was felt that going to just four count dates would make data collection much easier for both the state and school districts.

Michigan

Michigan has been performing multiple counts since 1994. While all other states base their funding on counts performed during the school year, Michigan's school funding is based on both winter and fall student counts' data during the same calendar year. The winter count occurs in February, with 10 percent of the funding allocation being based on this count. The fall count occurs in October, with 90 percent of the funding allocation is based on this count. In the past, the weights of the winter and fall counts have been 40 percent and 60 percent and 20 percent and 80 percent, respectively. Originally, the mechanism was designed to ease the transition of school districts with declining enrollments to lower funding levels, especially since school districts have no option to raise additional funding through their localities.

Donald Wotroba, Deputy Director of the Michigan Association of School Boards, commented, "Moving to 90/10 is reflecting a legislative mindset of paying for the kids that you have today regardless of what you had last year. We still have some separate categoricals to help our smallest districts deal with declining enrollment by allowing a slightly different formula" (D. Wotroba, personal communication, January 6, 2012). State payments begin in October and are made through August, which leaves a 60-day gap during which school districts receive no funding from the state. By weighting the count for the current school year more heavily, Michigan hopes to encourage school districts to retain students from one school year to the next, and, ultimately, make a positive impact on the dropout rate.

CONCLUSIONS AND RECOMMENDATIONS

Other states have used a Multiple Count Dates mechanism successfully to adjust funding to school districts during the school or calendar year and in some cases as the basis for funding for the subsequent school year. Indiana, with its funding philosophy and the evolving sophistication of the longitudinal data systems being created by the Indiana Department of Education and school districts, is well positioned to implement this process.

Conclusion

As state funding deficits linger and school budgets become even tighter, many states are reviewing their current count mechanism and looking for ways to improve upon their existing mechanisms and policies. Some states, like Arizona with its data system, experienced unanticipated challenges in implementing Multiple Count Dates. Other states, like Michigan, have used the mechanism partially to incentivize particular educational outcomes. For all states considering moving to the Multiple Count Dates mechanism, suitable planning will be necessary for successful implementation to mitigate negative impact on budgets, personnel, and students.

Recommendation

Payment schedules that do not align with most recent count data can create financial hardships for schools. States need to consider the implementation timeline and ensure that school districts are fully aware of the financial impacts of establishing additional count dates. As discussed in an earlier section of this brief, Indiana has decided to establish a second count date, but to delay its inclusion as a variable in the school finance formula for an additional year in order to better estimate its impact on funding.

Conclusion

A MCD mechanism could create unintended incentives for schools to find ways to inflate their actual count when enrollment declines. For example, schools could be incentivized to delay inputting out-of-state student transfers or dropouts.

Recommendation

States may need to impose periodic audits to ensure that their pupil enrollment count is updated systematically and in a timely fashion by individual schools through the use of an automated student records system or longitudinal data system.

Conclusion

Depending on when the additional count dates are established, the Multiple Count Dates mechanism could have additional implications for high schools with students who graduate early or mid-year.

Recommendation

States should consider how to properly analyze their count data to ensure that they are not penalized for natural student attrition patterns.

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IND CODE § 20-43-4-3 (2006)

Indiana Senate Enrolled Act 173 (2006)

Indiana House Enrolled Act 1189 (2012)

Silverstein, J., Fermanich, M., & Rainey, T. (2011). *Colorado average daily membership study: A feasibility study of alternatives to the October 1 student count method.* Denver, CO: APA. Retrieved January 5, 2012, from http://www.cde.state.co.us/cdefinance/download/pdf/ADM1-14-11.pdf

WEB RESOURCES

Indiana Code
http://www.in.gov/legislative/ic/code/

Indiana House Enrolled Act 1189-2012 (P.L. 144-2012)
http://www.in.gov/legislative/bills/2012/HE/HE1189.1.html

Indiana Senate Enrolled Act 173-2006 (P.L. 19-2006)
http://www.in.gov/legislative/bills/2006/SE/SE0173.1.html

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