

Fast Facts

What is the Complexity Index?

What —

The latest CEEP Education Policy Brief, “What is the Complexity Index?”, by Dr. Robert Toutkoushian and Dr. Robert Michael, examines Indiana’s school funding formula and the efforts by policymakers and education leaders to provide equitable and adequate funding for all students. Similar to other states, Indiana has implemented a funding formula that allocates revenue to school corporations in part based on the socioeconomic status of the students served by the corporations. The mechanism in the formula to do this is known as the Complexity Index (CI). This Education Policy Brief (EPB) explains how the Complexity Index was derived and how it is used, and considers whether it is working to fulfill its school funding objectives.

Why —

Since 1993, Indiana’s funding formula has included a provision, originally labeled the At-Risk Index and now called the Complexity Index, to provide additional funds to school corporations with a greater number of traditionally disadvantaged students. These revenues are intended to help school corporations close the student achievement gaps that persist in classrooms throughout the state. This corresponds to the theory that tax revenues can be redistributed to provide a fair and equitable system of school funding across all 293 school corporations.

How —

In simple terms, weighted funding is provided to school corporations based on the percentage of students in each of five categories: 1) the percentage of families with children less than 18 years of age and incomes below poverty in 2000; 2) the percentage of the population 25 years of age and older with less than a high school diploma in 2000; 3) the percentage of single-parent families in 2000; 4) the percentage of students receiving free lunch in the prior school year; and, 5) the percentage of students with limited English proficiency in the prior school year. As the socioeconomic status of a community decreases, the values of one or more of the five factors will increase, thereby increasing the CI.

Recommendations for refinements to the Complexity Index —

- The additional dollars allocated to school corporations for the five socioeconomic factors are quite different from what is prescribed by the weights for these factors due to multiple overlay provisions of the formula. The state should adjust the formula so that the CI is independent of the overlay provisions.
- CEEP has found that only three of the five CI factors have a statistically significant relationship with student performance on the ISTEP+, and most of the variance in pass rates can be attributed to only the percentage of students receiving free lunch. Thus, an argument can be made for reducing the number of variables in the Complexity Index.

To read this Education Policy Brief, go to:
<http://ceep.indiana.edu/>