

September 16, 2010

The Honorable Florence Shapiro, Co-Chair
The Honorable W. Robert Eissler, Co-Chair
Committee Members
Select Joint Committee on School Finance Weights, Allotments and Adjustments
Capitol Building
Austin, Texas 78701

Dear Co-Chairs and Members:

Thank you for inviting the agency to report on the Financial Allocation Study for Texas (FAST). I am sorry I am out of the office today and unable to attend your committee hearing.

As you know, House Bill 3 (81st Reg.) directed this agency to study public education, and more specifically, to integrate academic performance measures with financial data. In meeting the requirements of this legislation, we have developed a method for comparing spending to academic performance that is the first of its kind, both in Texas and the nation.

Shortly after the 81st Legislative Session ended, we engaged experts in measuring academic and financial performance from the Education Research Center at the University of Texas at Dallas, Texas A&M University Bush School of Government and Public Service, and the University of Texas at Austin. Collectively, these institutions, along with internal agency staff, provide a critical work force consisting of more than 20 research scientists with Ph.D.s/Ed.D.s or master's degrees. These experts are published in leading educational, policy and finance journals, such as the *Journal of Education Finance*. Moreover, their ongoing research includes school accountability, finance and productivity.

The experts and my staff determined the report and incorporated Web tool should do the following:

- The FAST project includes new indicators of academic performance that measure annual progress averaged over three years. Our report will include measures of math and reading, as well as a composite measure of math and reading progress. These are “value added” measures, which, when properly constructed, are widely accepted in the research community as the best method to estimate the amount of student learning attributable to a campus or district. To measure academic progress, we rely on multi-level regression, a strategy to adjust for barriers to academic success. This ensures that districts and campuses are evaluated based on what they contribute to students’ academic growth.
- “Propensity score matching” is used to place districts into groups of “fiscal peers” that operate in similar cost environments. Once a district or campus has been grouped with a set of fiscal peers, it is then given a Spending Index based on its spending relative to those fiscal peers.

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- Finally, the FAST report will offer multiple ways to examine efficiency, including comparisons of reading, math and composite academic progress compared with the Spending Index. This will allow us to see which campuses and districts are achieving the most academic progress while spending less than similar campuses and districts.


The validity of any measure, methodology or report depends on the rigor of review by other experts in the field and the transparency of the data and methodologies used. When a school finance study does not publish this information, it limits critical external validation by other experts.

By contrast, this agency assembled a team of nationally recognized experts to critically challenge and analyze the methodologies developed to measure academic progress and spending in this study. Our measures and detailed methodology will be available, free to the public, on the FAST website, continuing in this agency's mission of making government transparent.

The FAST report reflects allocations and performance in 2009, and we will update it annually. The value of the report to the Legislature, as you consider public school funding, is directly related to the currency of the data.

The FAST report is dedicated to the schools of Texas and belongs to the taxpayers who finance our public schools. I look forward to providing you the full report before the 82nd Legislature convenes.

Sincerely,



Susan Combs



Connecting the Dots: School Spending and Results



Susan Combs Texas Comptroller of Public Accounts

www.FASTexas.org

1. Dynamic reporting offers the ability to do complex comparisons, sort volumes of data and apply multiple lenses for a complete picture of district and campus financial allocation practices and academic progress.

2. References offer crucial context and resources for understanding the data, terminology, and background.

3. Multi-media Help pages guide users through both the study findings and the reporting tools.

4. Smart Practices highlight top districts and campuses and their proven practices for success.

5. Users can download the complete hard copy of the Financial Allocation Study for Texas for use and reference.



The Comptroller's office is leading the Financial Allocation Study for Texas (FAST) to examine how our school districts and campuses spend their money – and how this spending translates into student

achievement. The FAST website brings the study to life by putting the power in anyone's hands to slice and dice the data for custom reports on school district finances and results.



The FAST Power for Custom Reports

The core feature of the FAST website is the Run a Report feature, which offers anyone the ability to run a variety of complex custom reports at any time for both districts and campuses using multiple lenses for comparison.

Key features include:

- Quick and easy metrics to see how a district or campus compares with its fiscal peers using unique measures developed by the Comptroller's office to fairly assess relative academic progress in relation to spending.
- Detailed data on academics, finances, demographics and allocation ratings for every district and campus in Texas.

- Ability to compare district and campus allocation ratings by multiple lenses, including by location, by enrollment, by demographics and academic progress.
- Ability to download data for additional review and analysis and the ability to print key results for closer review.
- State and regional summary datasets for academics and spending for a holistic view of the big picture.
- Identification of the strongest districts to point the way toward Smart Practices for balancing efficient financial allocation with strong academic results.



Presentation to the
Select Committee on Public School Finance Weights,
Allotments and Adjustments

Financial Allocation Study for Texas (FAST)

September 16, 2010

Presented by:
Tom Currah, Assistant Director
Research and Analysis Division
Texas Comptroller of Public Accounts

Financial Allocation Study for Texas (FAST)



- To improve academic achievement and encourage more effective use of public education dollars, the 81st Texas Legislature passed House Bill 3, which required Comptroller Susan Combs to perform a public education study.
- Through cutting-edge research, "FAST" will integrate academic performance measures with financial data to identify school districts and campuses that combine high academic achievement and cost-effective operations.
- The study will be completed in late 2010, before the 82nd Legislature convenes.

HB 3, Section 39.0821



- a) The comptroller shall identify school districts and campuses that use resource allocation practices that contribute to high academic achievement and cost-effective operations. In identifying districts and campuses under this section, the comptroller shall:
- 1) evaluate existing academic accountability and financial data by integrating the data;
 - 2) rank the results of the evaluation under Subdivision (1) to identify the relative performance of districts and campuses; and
 - 3) identify potential areas for district and campus improvement.

HB 3, Section 39.0821



b) In reviewing resource allocation practices of districts and campuses under this section, the comptroller shall ensure resources are being used for the instruction of students by evaluating:

- 1) the operating cost for each student;
- 2) the operating cost for each program; and
- 3) the staffing cost for each student.

Guiding Principles



School districts and campuses should be compared in a manner that is fair.

- FAST measures should take into account the differences between the state's many school districts and campuses.
- A school district or campus should not be ranked based on a single measure.
- Districts and campuses should be compared across a range of measures using "multiple lenses."

Project Overview



- The FAST methodology was developed in consultation with the state's leading experts on measures of academic and financial performance.
- Leading national experts vetted the methodology.
- The FAST methodology will be transparent, published in print and online.
- Access to all FAST data, results and methodologies will be available free of charge. No school district will have to pay for the information produced as part of this project.

Data



- The FAST project uses existing data to analyze campus and district performance. The FAST project required no new data from schools or districts.
- To build the best measures of resource allocation, FAST relies in part on data from the UT-Dallas Education Research Center (ERC), which provides access to student-level data not publicly available from TEA.

Expert Advice and Review



- Consultants
- Superintendent Advisory Committee
- Technical Teams
 - Texas-based experts who advised on development of academic and financial measures
- Peer Reviewers
 - Nationally-recognized experts who vetted methodologies
- Other stakeholders
 - School board members, professional education associations, education policy groups, business leaders

Consultants



- Dan O'Brien, Ph.D., Jim Parsons and Kurt Beron, Ph.D., University of Texas at Dallas – Education Research Center;
- Lori Taylor, Ph.D., Texas A&M University
- Harrison Keller, Ph.D., University of Texas at Austin

Superintendent Advisory Committee

<http://www.window.state.tx.us/education/fast/members.html>



Superintendent	School District
Dr. David Anthony	Cypress-Fairbanks
Mr. Frank Belcher (now retired)	Canadian
Mr. Keith Bryant	Bullard
Dr. Gene Buinger	Hurst-Euless-Bedford
Dr. Jesus Chavez	Round Rock
Dr. John Folks	North side
Dr. Michael Feinberg	KIPP Houston (Charter)
Ms. Cynthia Garcia	Driscoll
Dr. Lorenzo Garcia	El Paso

Superintendent	School District
Dr. Karen Garza	Lubbock
Dr. Roland Hernandez (now in Corpus Christi)	Waco
Dr. Michael Hinojosa	Dallas
Dr. Daniel King	Pharr-San Juan-Alamo
Dr. Duncan Klussmann	Spring Branch
Dr. Richard Middleton	North East
Dr. Sylvester Perez (now retired)	Midland
Dr. Carrol Thomas	Beaumont

Technical Teams

These teams have worked with Comptroller staff and consultants in developing the report's methodology.



Academic Performance Team

Lead: Comptroller and UT-Dallas (Dan O'Brien, Ph.D., Jim Parsons and Kurt Beron, Ph.D.)

- Chrys Dougherty, Ph.D., National Center for Educational Achievement
- Jon Lorence, Ph.D., University of Houston
- Lori Taylor, Ph.D., Texas A&M University
- Jim Van Overschelde, Ph.D., Texas Education Agency (now with E3 Alliance)
- Dash Weerasinghe, Ph.D., Plano ISD
- Victor Willson, Ph.D., Texas A&M University
- Gloria Zyskowski, Ph.D., Texas Education Agency

Technical Teams

These teams have worked with Comptroller staff and consultants in developing the report's methodology.



Financial Performance Team

Lead: Comptroller and Lori Taylor, Ph.D.

- Tom Canby, Texas Association of School Business Officials
- Lisa Dawn-Fisher, Ph.D., Texas Education Agency
- Jim Dyer, Ph.D., McCombs School of Business, University of Texas at Austin
- Timothy Gronberg, Ph.D., Texas A&M University
- Kathy Hays, Ph.D., Southern Methodist University
- Jim Parsons, University of Texas at Dallas
- Anthony Rolle, Ph.D., Texas A&M University

Peer Reviewers



Academic Measures

- Joan Herman, Ed.D., University of California – Los Angeles
- Michael Podgursky, Ph.D., University of Missouri
- Steven Rivkin, Ph.D., Amherst College
- William Sanders, Ph.D., SAS Institute

Peer Reviewers



Financial and Spending Measures

- William Duncombe, Ph.D., Syracuse University
- Stephen Frank, Ph.D., Education Resource Strategies
- Shawna Grosskopf, Ph.D., Oregon State University
- Jennifer Imazeki, Ph.D., San Diego State University
- Andrew Reschovsky, Ph.D., University of Wisconsin-Madison
- Amy Ellen Schwartz, Ph.D., New York University

Methodology



- The methodology puts campuses and districts on a “level playing field” for comparing academic performance to spending.
- New academic measures take into account the different characteristics of student populations.
- An innovative grouping methodology called “propensity-score matching” allows us to assess school spending by comparing campus and district spending to a set of “fiscal peers” – campuses or districts that operate in similar cost environments.

Academic Measures



- FAST will report standard academic measures, such as TAKS passing and commended rates, graduation rates, etc.
- FAST will also include measures of student progress in math and reading, along with a composite measure that combines math and reading progress.
- The methodology used to develop these measures is a version of what is often referred to as a “value-added” methodology.

Academic Measures



- The academic progress measures are based on annual student progress averaged over three years.
- These academic progress measures control for various demographic factors that can influence student performance, such as economic disadvantage, limited English proficiency, etc.
- Controlling for these factors ensures that districts and campuses are evaluated based on what they contribute to academic growth.

Spending Measures



- Education costs depend on a variety of factors outside of school district control; it would not be fair or appropriate to compare all of the school districts in Texas to one another.
- Instead, FAST evaluates each district and campus against those identified as “fiscal peers,” districts and campuses that operate in a similar cost environment, are of similar size and serve similar students.
- An innovative grouping methodology called “propensity-score matching” was used to identify up to 40 fiscal peers for each campus and district in Texas.

Spending Measures



- For example, a district's fiscal peers would be other districts that are most similar with respect to the common determinants of school district cost — labor costs, school district size and student demographics.
- Once a district's or campus's fiscal peers are determined, it is given a spending index score.
- The spending index is a measure of a district's or campus's spending *relative to its set of fiscal peers*.

Spending Measures



As with measures of academic performance, the FAST report will include multiple measures of financial performance, including but not limited to:

- spending index, created via propensity score matching;
- operating expenditures adjusted for differences in labor costs;
- operating and staffing costs per student; and
- operating costs by program.

Resource Allocation



- Academic progress measures are compared to spending index to identify districts that appear to achieve most academic progress while spending less than fiscal peers.
- Comptroller staff are contacting these districts to identify practices other districts might replicate.
- The FAST report will include summaries of these practices.

Products



- In addition to the report required by HB 3, the Comptroller's FAST project will include a website that will allow users to choose which districts or campuses they would like to compare.
- The website will allow users to group campuses and districts in a variety of ways.
- The website will allow users to compare campuses and districts across a variety of performance indicators.

Timeline



- Comptroller staff and consultants are reviewing data and methodology to ensure accuracy.
- Before results and report can be publicly released, the Education Research Center at UT-Dallas must review them for compliance with federal privacy laws (FERPA).
- The FAST report will be released and the FAST website will go live later this year, before the 82nd Legislature convenes.

Questions?



<http://www.window.state.tx.us/education/fast>

Project Manager:

Olga Garza, Senior Research Analyst
Texas Comptroller of Public Accounts

(512) 475-0939

olga.garza@cpa.state.tx.us

Tom Currah, Assistant Director
Research and Analysis

Texas Comptroller of Public Accounts

(512) 936-2568

tom.currah@cpa.state.tx.us