



Presentation to the  
Senate Finance Subcommittee on Public Education  
Funding

Financial Allocation Study for Texas (FAST)

February 17, 2011

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, requiring Comptroller Susan Combs to perform a public education study.
- Report was released December 8, 2010.
- Both the report and a comprehensive web tool are available at:

[www.FASTexas.org](http://www.FASTexas.org)

# Financial Allocation Study for Texas (FAST)



## 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.

# Financial Allocation Study for Texas (FAST)



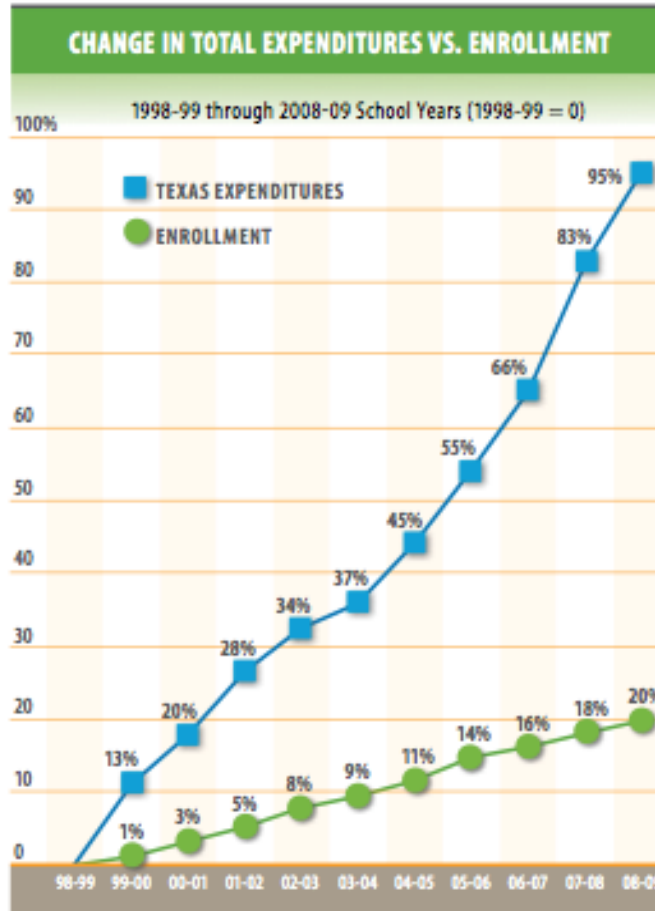
## HB 3, Section 39.0821

- 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.

# Texas Education Spending



EXHIBIT 4



Sources: Texas Comptroller of Public Accounts and Texas Education Agency.

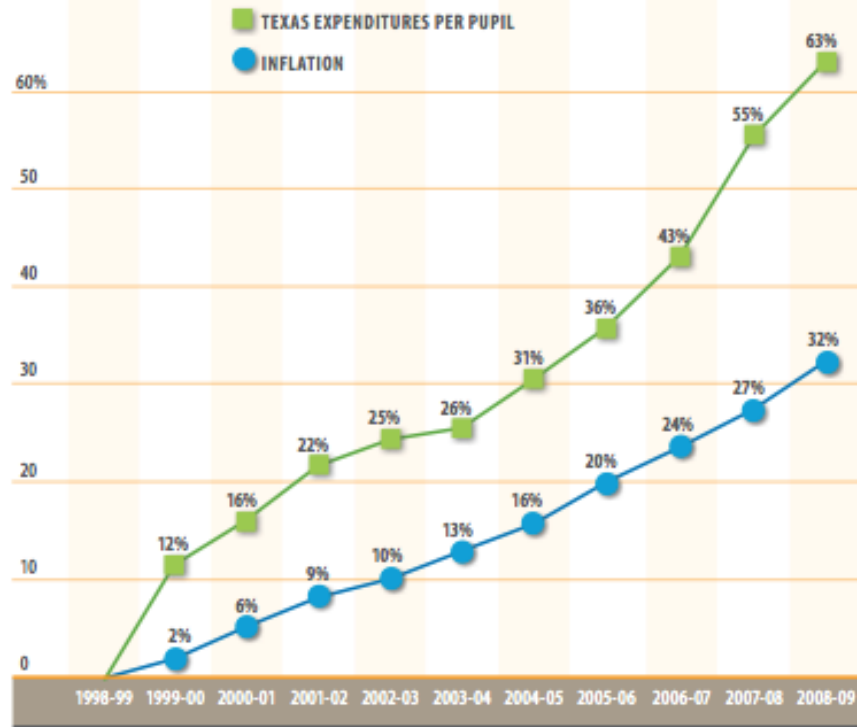
# Texas Education Spending



EXHIBIT 6

## CHANGE IN EXPENDITURES PER PUPIL VS. INFLATION (CONSUMER PRICE INDEX)

1998-99 through 2008-09 School Years (1998-99 = 0)



Source: Texas Comptroller of Public Accounts and Texas Education Agency.



# Guiding Principles



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

- FAST measures take into account the differences between the state's many school districts and campuses.
- No top-to-bottom ranking of school districts and campuses.
- Districts and campuses can be compared across a range of measures using "multiple lenses."

# Project Overview



- Leading Texas and national experts vetted the methodology.
- The FAST methodology is transparent, published online.
- Access to all FAST data, results and methodologies are available free of charge. No school district has to pay for the information produced as part of this project.



# 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

# Technical Teams

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



## Financial Measures

**Lead: Comptroller and Lori Taylor, Ph.D.**

- Tom Canby, Texas Association of School Business Officials
- 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

# Technical Teams

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



## Academic Measures

**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

# Peer Reviewers



## Financial 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

# 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



# Methodology



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

# 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



- A district's fiscal peers are 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 district or campus fiscal peers are determined, a spending index score is assigned.
- The spending index is a measure of a district's or campus's spending *relative to its set of fiscal peers*.
- Averaged over three years through 2008-09.

# Academic Measures



- FAST web tool shows standard academic measures, such as TAKS passing and commended rates, graduation rates, etc.
- FAST also includes 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 academic 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.

# FAST Ratings



- Academic progress measures are compared to the spending index identifying districts that appear to achieve the most academic progress while spending less than fiscal peers.
- Combines the academic progress quintile with the spending index quintile.
- Result is a FAST rating, ranging from one to five stars.



# FAST Ratings



## COMPOSITE ACADEMIC PROGRESS PERCENTILE + SPENDING INDEX = FAST RATING

		SPENDING INDEX				
		"VERY HIGH"	"HIGH"	"AVERAGE"	"LOW"	"VERY LOW"
		COMPOSITE ACADEMIC PROGRESS PERCENTILE	● 80-99	3 STARS ★ ★ ★ ☆ ☆	3½ STARS ★ ★ ★ ☆ ☆	4 STARS ★ ★ ★ ☆ ☆
◐ 60-79	2½ STARS ★ ★ ★ ☆ ☆		3 STARS ★ ★ ★ ☆ ☆	3½ STARS ★ ★ ★ ☆ ☆	4 STARS ★ ★ ★ ☆ ☆	4½ STARS ★ ★ ★ ☆ ☆
○ 40-59	2 STARS ★ ★ ☆ ☆ ☆		2½ STARS ★ ★ ☆ ☆ ☆	3 STARS ★ ★ ☆ ☆ ☆	3½ STARS ★ ★ ☆ ☆ ☆	4 STARS ★ ★ ☆ ☆ ☆
◑ 20-39	1½ STARS ★ ☆ ☆ ☆ ☆		2 STARS ★ ☆ ☆ ☆ ☆	2½ STARS ★ ☆ ☆ ☆ ☆	3 STARS ★ ☆ ☆ ☆ ☆	3½ STARS ★ ☆ ☆ ☆ ☆
● LESS THAN 20	1 STARS ★ ☆ ☆ ☆ ☆		1½ STARS ★ ☆ ☆ ☆ ☆	2 STARS ★ ☆ ☆ ☆ ☆	2½ STARS ★ ☆ ☆ ☆ ☆	3 STARS ★ ☆ ☆ ☆ ☆

Source: Texas Comptroller of Public Accounts.

# Products



- Report is in five parts:
  - Part 1: Executive Summary
  - Part 2: District and Campus Listings
  - Part 3: Smart Practices
  - Part 4: Cost Efficiencies in Higher Education
  - Part 5: Appendix, including technical details of methodology
- All five parts available online at [www.FASTexas.org](http://www.FASTexas.org).

# Web Tool



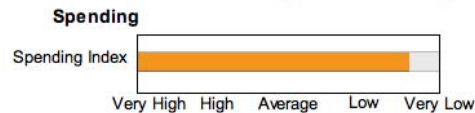
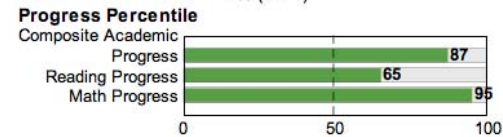
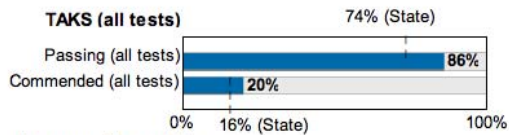
- In addition to the report required by HB 3, the Comptroller's FAST project includes a website that allows users to choose which districts or campuses they would like to compare.
- The website allows users to group campuses and districts in a variety of ways and to compare campuses and districts across a variety of performance indicators.
- The FAST methodology, results and data are available free of charge. Not a proprietary model.
- [www.FASTexas.org](http://www.FASTexas.org) – Go to the FAST main page, click "Run a Report."

# Web Tool

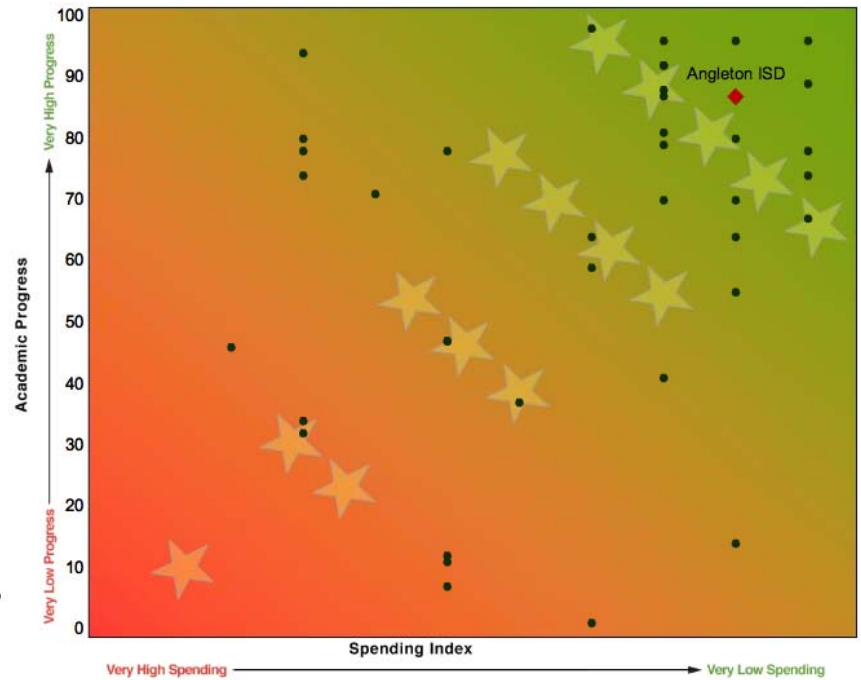


Overview Academics Financial Demographics

Angleton ISD	FAST Rating
	★★★★★
Total Enrollment	6,249
Passing TAKS	86%
Composite Academic Progress Percentile	87
<small>as much or more progress than 87% of Texas school districts</small>	
Reading Progress Percentile	65
<small>as much or more progress than 65% of Texas school districts</small>	
Math Progress Percentile	95
<small>as much or more progress than 95% of Texas school districts</small>	
Cost Adjusted Spending Per Pupil	\$6,300
Spending Index	Very Low
Accountability Rating	Recognized



Angleton ISD with Comparable Districts



Show FAST Peers by Star Rating:



# Reviewer Comments



## REVIEWER COMMENTS

**CAROLYN BACON DICKSON**  
EXECUTIVE DIRECTOR, O'DONNELL FOUNDATION

"FAST is excellent. Its potential for improving public education in Texas is huge.

Improving our public schools is the issue of our time. We are fortunate the new FAST online web tool — the first of its kind in the nation — is providing the timely and accurate data we need to do what's best for Texas public schools and their students. FAST is a powerful data-driven approach toward helping every school to attain high quality and helping every young person to learn."

**LARRY R. FAULKNER, PH.D.**  
PRESIDENT, HOUSTON ENDOWMENT AND  
PRESIDENT EMERITUS, THE UNIVERSITY OF TEXAS AT AUSTIN

"Comptroller Combs and her staff have made a tremendous effort in response to the Legislature's charge. They have carried out a thoughtful analysis of the available data and now offer effective, accessible presentation of the results. This is excellent work by a public agency toward an important public interest."

**PETER T. FLAWN, PH.D.**  
PRESIDENT EMERITUS, THE UNIVERSITY OF TEXAS AT AUSTIN

"The Executive Summary is the clearest and most succinct exposition of public education in Texas that I have ever read. I congratulate you and your staff on how well you have researched, analyzed and presented a complex and difficult set of problems. It was a most challenging assignment."

**ERIC HANUSHEK, PH.D.**  
HOOVER INSTITUTION, STANFORD UNIVERSITY

"The FAST system is a national innovation that should be copied by other states. This analysis is the first time that value-added data for schools has been combined with spending information. As with any first time efforts, it will undoubtedly need some refinements. But the analysis is looking at just the right thing — what we are getting for spending on schools."

**TOM LUCE**  
CEO OF THE NATIONAL MATH AND SCIENCE INITIATIVE

"This will be a valuable tool for every policy maker, parent, taxpayer and all who are interested in the future of the state of Texas."

**COMMISSIONER ROBERT SCOTT**  
TEXAS EDUCATION AGENCY

"Comptroller Combs was given the difficult charge of analyzing both the academic progress and spending at Texas' school districts and campuses. The Comptroller's FAST web tool is flexible and considerate of the size and diversity of the Texas public school system. By providing easily accessible comparisons of academic and financial performance of peer school districts and campuses, school administrators will have an additional resource as they work to maximize efficiencies and meet higher state standards in challenging financial times."

**MARGARET SPELLINGS**  
FORMER U.S. SECRETARY OF EDUCATION AND CEO OF MARGARET  
SPELLINGS & CO.

"Texas is once again leading the way. This project . . . will help spur needed improvements in the use of resources so that they can be best deployed to improve education for all Texas students."

**WILLIAM D. DUNCOMBE, PH.D.**  
SYRACUSE UNIVERSITY

"I particularly like the fact that you did cross checking of your results with cost function estimates and with random scores. I think you have developed a reasonable approach given the objectives of the project."

**SHAWNA GROSSKOPF, PH.D.**  
OREGON STATE UNIVERSITY

"The revised draft was very helpful, very clear and useful. . . . I am convinced that the peer groups will in fact be 'fiscal peers' and that these groups will be useful for the ongoing analysis—and that school districts and school campuses will be getting a 'fair shake.'"

**AMY SCHWARTZ, PH.D.**  
NEW YORK UNIVERSITY

"I like it! The new use of propensity score matching within strata is very compelling and the list of cost factors seems right. In the end, the methodology employed here represents an appropriate application of modern, accepted methods that have been applied in a broad range of settings. . . . Nicely done!"



# Questions?



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

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