



## ***MEMORANDUM***

**To:** Matt Willmarth

**From:** Lawrence O. Picus

**RE:** ADM Adjustments When Student School Assignments Change

**Date:** June 26, 2008

**Copies:** Allan Odden, Mike Goetz, Mike O'Donnell, Dave Nelson, Fred Hansen, Mary Kay Hill, Brenda Long, Matt Sackett, Amy Pauli, Joe Simpson, Matt Willmarth

Under the current school funding model, resources are allocated to schools on the basis of Average Daily Membership. The model recognizes the special needs of growing schools and schools with declining enrollment by using the higher of the previous year ADM or a rolling average of the past three years ADM to estimate school based resources.<sup>1</sup> When a district opens a new school, when it changes school boundaries, when it reconfigures grade levels in schools, when it moves specific programs from one school to a next as well as the students in those programs, or when a district initiatives any policy or practice that results in students moving to a different school within the district, a question arises as to how ADM should be counted for each of the impacted schools.

Lawrence O. Picus and Associates recommend that under these special conditions, ADM computations for new or receiving schools be counted as at present, with ADM count starting as it does at present for a new school. For schools sending students to a new or different school due to a school opening, boundary, configuration change, movement of a program, or any other reason, for the purpose of computing that school's ADM, the prior years ADM be reduced by the number of ADM sent to other schools. Our goal in making this recommendation is to ensure appropriate funding for all schools in districts where such changes occur and at the same time ensure the state funds the appropriate and accurate number of ADM in those districts.

This approach will treat any new school and any school that has a substantial increase in enrollment as it is treated under current policy. For so called "sending" schools, it will readjust prior year ADM to subtract the transferred ADM and allow computation of the 3 year average (if needed) based on students remaining in the school.

---

<sup>1</sup> It is important to recognize that all model computations based on ADM rely on the previous year ADM count, so funding for the 2008-09 school year uses model ADM as computed either for the 2007-08 school year or an average of the 2005-06, 2006-07 and 2007-08 school years – whichever is higher.

Two examples of how this would work follow.

**Example 1:** A new school opens with a total of 350 students, 200 from one existing school and 150 from a second existing school. The existing schools enrolled 400 students each prior to the transfer of students to the new school. Table 1 shows the ADM computation for each school under this scenario. If the new school had not been built, ADM in the two existing schools would have been 400 for each of the three years (columns 2,4 and 6) and the ADM for the funding year would have been 400 for each school with a district total of 800 ADM.

With the addition of the new school, under current policy, the ADM of existing school 1 would have been 400 in Years -2 and -1 (columns 2 and 4) and 200 in Year 0 (column 6). Thus under current policy the three year average would result in an ADM of 333.33 for existing school 1. Using the same logic, existing school 2 ADM would have been computed as the average of Years -2, -1 and 0, for a total ADM in the funding year of 350. At the same time, the new school which had 350 ADM in year 0 would generate 350 ADM in the funding year. Under these circumstances, total ADM for this district would be 1,033.33 or 233.33 more ADM than actually are enrolled.

Under our recommendation, the ADM for the existing schools in Years -2 and -1 would be adjusted by the number of ADM transferred to the new school. Since 200 students were transferred from existing school 1, the adjusted ADM in both year -2 and year -1 would be 200 (columns 3 and 5). Existing school 2's adjusted ADM in those years would be 250. The result of these computations would be to compute a funding year adjusted ADM for the existing schools of 200 and 250 respectively. The new school's ADM in the funding year would remain at 350 for a district total of 800 ADM as expected.

**Example 2:** Due to a boundary or school configuration change, two schools transfer students to an existing school.

In this example, our sample district has two schools, one with 1,000 students and a second with 400 students. The district adds a new school and transfers 250 students from decline school 1 and 150 students from decline school 2. Under current policy, column 8 displays the ADM computation for the funding year in each of the schools and sums to 1,667.67. Column 9 displays the funding year ADM under our proposed policy. Under our proposal, total district ADM is 1,400 as expected given the school ADM in prior years.

### **Rationale for Recommendations**

Our intent in making this recommendation is to ensure that districts making substantial school level enrollment changes due to new construction, boundary changes, school configuration, program movement or other reasons, receive funding based on a fair and accurate pupil count, including an appropriate rolling three year average. We are confident that this adjustment procedure will result in adequate funding for all students in a district.

**Table 1: Transfer of Students from Existing Schools to a New School**

	ADM								
	Year -2		Year -1		Year 0		Funding Year		Adjusted
	Actual	Adjusted	Actual	Adjusted	No Change	Actual	Current Policy	Adjusted	
2	3	4	5	6	7	8	9		
Existing School 1	400	200	400	200	400	200	333.33	200.00	
Existing School 2	400	250	400	250	400	250	350.00	250.00	
New School	0	0	0	0	0	350	350.00	350.00	
Total ADM	800.00		800.00		800.00	800.00	1,033.33	800.00	

Note: Total ADM is left blank in columns 3 and 5 as totals would not represent actual district ADM with adjustments.

Table 2: Students Transferred Due to Boundary or School Configuration Change

		ADM									
		Year -2		Year -1		Year 0		Funding Year			
		Actual	Adjusted	Actual	Adjusted	No Change	Actual	Actual	Adjusted	Actual	Adjusted
1	2	3	4	5	6	7	8	9			
Decline School 1	1,000	750	1,000	750	1,000	750	916.67	750.00			
Decline School 2	400	250	400	250	400	250	350.00	250.00			
Gain School	-	-	-	-	-	400	400.00	400.00			
Total ADM	1,400.00	1,000.00	1,400.00	1,000.00	1,400.00	1,400.00	1,666.67	1,400.00	1,400.00	1,666.67	1,400.00

Lawrence O. Picus and Associates  
 4949 Auckland Ave., North Hollywood, CA 91601  
 818 980-1881, FAX 818 980-1624, email [lpicus@lpicus.com](mailto:lpicus@lpicus.com)