Preliminary recommendations of the state superintendent's office are presented in part I of this report on Illinois school finance reform. The recommendations are grouped under four areas: (1) distribution of state funds (with eight recommendations), (2) generation of revenues (with six recommendations), (3) management resources (with six recommendations), and (4) additional research needed (with four recommendations). A 55-page attachment to the preliminary recommendations gives an overview of the Resource Cost Model (RCM) and outlines the specific components of the model. The RCM is the major factor in the finance reform program. Part II of the report presents the components of the RCM and its process and application to Illinois public school finance. The RCM measures the full range of variations in educational costs across the state school districts and uses a process of specifying and costing out the resources required to provide educational services. Also included in part II are an analysis of small school districts, an analysis of the impact of poverty concentration on school districts, and a report on the RCM data collection efforts. (MD)
ILLINOIS PUBLIC SCHOOL FINANCE PROJECT

State Superintendent's Preliminary School Finance Reform Recommendations

Resource and Background Materials

September 1984
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PRELIMINARY
PUBLIC SCHOOL FINANCE REFORM RECOMMENDATIONS
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The Illinois Public School Finance Project was initiated by the State Board of Education in May 1981 to conduct necessary research toward the purpose of improving Illinois' system for financing public elementary, secondary, adult, and vocational education. Toward this end, the Project brought together technical experts, local practitioners, government officials, interested citizens, and representatives of various education associations and interest groups to develop public school finance reform recommendations.

As those who have followed the Project's progress are aware, the Technical Advisory Panel, which is composed of 14 public and private sector members and chaired by Robert Jamieson of Peoria, presented to the State Board in September 1983 a report of its findings and recommendations. The Panel's report, which followed two years of analysis of research and consultation with those active in the education community, was extremely thoughtful and comprehensive. The school finance reform recommendations that I am making to the State Board are consistent with and largely based on the Panel's work.

From the very beginning of this important State Board project the objectives of this extensive effort to improve the methods by which public schools are financed have remained the same. They have been unwaveringly pursued by the many hundreds of educators and friends of education who participated in the Project. The Project's objectives were to develop recommendations for implementation of a new system of financing Illinois' public schools that: 1) generates adequate revenue for education on a basis that is fair to the taxpayers; 2) distributes state funds for education at levels that are adequate and in ways that are fair to school districts and students; and, 3) facilitates management practices that use resources effectively and efficiently. The 20 major school finance reform recommendations that I am making to the State Board are responsive to these objectives.

Adequacy and equity issues have been and certainly will continue to be subjects of debate among educators, legislators and others throughout the nation. We in Illinois now have an excellent opportunity to make measurable progress toward providing a finance system that adequately and equitably funds the needs of Illinois education. The recommendations that I am presenting for State Board consideration are designed to address these adequacy and equity issues by improving the methods by which revenues for education are generated, distributed, and managed.

Certainly the most innovative of the recommendations which I am making to the State Board is that the Resource Cost Model (RCM) process be used to determine local school district need. The current school funding system assumes that levels of general state aid and categorical funding are adequate without benefit of empirical data. The RCM, a process that combines...
pertinent cost of education indices with program cost differentials, is a management tool that allows educational policymakers and resource providers to link the provision of educational services more directly to funding levels. This results in the objective determination of how much it actually costs to provide specific educational programs.

Other recommendations that most change the character of the current school finance system include the requirement of proportional tax rates and the use of a single formula to distribute most state aid. The current nonreferendum taxing authority and tax rate requirements for use in the state aid formula do not provide for equitable revenue generation among district types. Therefore, I am recommending that proportional relationships be established in taxing authority and that taxing requirements be proportional except for unit districts, which would have a lower qualifying rate. The rates recommended in this proposal take a first step toward achieving this proportionality.

I am recommending that a single formula which employs the RCM to determine costs be used to determine the vast majority of state monies due local school districts. (Those funds not included are clearly delineated in the attached recommendations.) The current methods used to distribute funds through general state aid and numerous categorical programs are unnecessarily complex and generally arbitrary. The single formula approach greatly simplifies the procedure.

During the next few months, the State Board will be reviewing my recommendations and will consider the merits of supporting related school finance reform legislation in early 1985. Educators and interested citizens will have numerous opportunities through statewide public hearings and Project information sessions to express their views on these finance reform proposals. At these meetings we will solicit recommendations for change which will insure that the strongest possible legislative package can be submitted for fiscal year 1986.

The public school finance reform recommendations presented for State Board consideration are as follows:

A. DISTRIBUTION OF STATE FUNDS

1. The primary goal of a distribution mechanism in a comprehensive public school finance system is to assure the equitable distribution of available resources to provide educational services to students. Therefore, I recommend that most state funds for regular elementary and secondary, special, gifted, vocational, and limited English proficient educational programs and transportation services be distributed on an equalized basis through the use of a foundation formula with components as defined in the recommendations found later in this paper. Exceptions include the orphanage programs (regular and special education), the Deaf-Blind Center/ Materials for the Visually Impaired, the Free Lunch and Breakfast Program, Adult Education, Gifted Area Service Centers, Textbook Programs, and programs of an initiative nature.
Rationale

Neutralization of factors that are beyond the control of local school districts that cause differences in expenditure levels is one of the principles guiding the State Board's consideration of school finance distribution systems. The use of a foundation formula is consistent with this equity principle in that a foundation type formula focuses on student equity through emphasis on a foundation program (a specified level of educational services for students) and an appropriate funding level.

Among the programs recommended to be excluded from the equalizing formula are those which are primarily or entirely funded by the state, such as the orphanage programs, Gifted Area Service Centers, etc.

While it is likely that a flat grant provision will be considered by the Legislature, I offer no recommendations for such a provision, since such a recommendation would distort the pure nature of the system. If flat grants are ultimately considered, they should be based on each district's RCM costs.

2. I recommend that unique local school district fiscal need be measured through the use of the Resource Cost Model (RCM) process which will also serve as a primary basis for determining state funding for education. The educational programs that are recommended for inclusion in the RCM are identified on Attachment A. The complete set of RCM specifications and definitions which were developed by the Resource Cost Model Committee are available upon request from the State Board of Education's Public School Finance Project office.

Rationale

The RCM process is the only comprehensive approach that is currently available for measuring local district fiscal need. Pupil weights, although simple to understand and apply, do not address unique district needs and are generally based on program expenditure rather than cost differences. The excess cost funding for unique needs is effective only if funding is 100%. The RCM process accounts for most services provided to pupils, thus allowing differential resource needs resulting from differential educational services to be recognized.

3. I recommend that pupils enrolled rather than pupils in attendance be the basic unit of local school district need for use in the Resource Cost Model. I also recommend that school districts with attendance levels less than 95% experience a 1% reduction in state equalization funds for each 1% below the 95% level.
Traditionally, some measure of the number of pupils served by a local school district has played a major role in the determination of the amount of state funds provided to that district. Since districts generally must make major resource commitments to meet anticipated educational service needs based on a student enrollment count, the use of an attendance count (which is uniformly less than any enrollment count) as the basic unit of local school district need could place an unfair proportional burden on local revenue sources.

To insure that a relatively close relationship will exist between a district's enrollments and the number of pupils served, the amount of state funds due the district based on the enrollment count will be reduced for those districts that have attendance levels below 95%.

4. I recommend that procedures be established by the State Board of Education to insure that students receive the reported services. RCM based funds flowing to local school districts will be based on RCM costs for students served during the preceding year, and at least 80% of the funds generated by students within any program category must have been spent on services for students in that program category.

There are accountability objectives associated with the RCM methodology which address the relationship between specific educational services and appropriate funding levels while recognizing the need for flexibility in local decision making. The accountability objectives are to insure that a) students receive appropriate levels of actually needed services and b) school districts receive appropriate but not excess amounts of state funds for programs provided while not placing inappropriate limitations on local decision makers concerning total fund expenditure.

5. I recommend that relative local school district fiscal capacity be measured on the basis of equalized assessed valuation per pupil as the primary determinant of local ability to pay. In addition, I recommend that a personal income level factor be included to take into account the impact of income on school district fiscal capacity.

Current literature on the topic of public finance emphasizes the importance of the use of personal income levels as a measure of the fiscal capacity of local governments to determine their relative abilities to pay for their responsibilities. In addition, the property assessment system in Illinois, as in most other states, is
not uniformly applied and therefore is not an effective or fair relative fiscal capacity measure. Some assessing districts have very good practices while others virtually do not have a property assessment system. These two factors provide strong reasons for seeking to both move away from a poor measure of ability to pay and enhance this measure with a more accurate measure. Current data supporting personal income as an appropriate measure of ability to pay in a funding formula must be further developed through the annual collection of Illinois personal income data.

6. I recommend that for high school and elementary districts the state aid formula include a required qualifying rate equal to the total permissive rates for the funds in the operating tax rate and that these rates be established by district type on the basis of proportionate fiscal need. The required qualifying rate for unit districts would be less than the total permissive rates for unit districts and also less than the combined qualifying rates for elementary and high school districts.

Rationale

The current formula allows districts making substantially different amounts of local tax effort to receive state funds at the same level. Once they have passed the threshold tax rate, a rate level approximately equal to the permissive taxing authority granted in statute, they become eligible for the full amount of state funds generated by the higher maximum formula rate. Unlike the current system, this is a proposal for maintenance of a minimum local tax effort in order to acquire full access to state aid. In this proposal, districts failing to maintain the required tax rate would be subject to the loss of state funds generated through the equalizing formula.

The interaction of the larger number of students in the elementary grades and the higher per pupil costs of serving high school pupils results in proportionately higher fiscal need for elementary districts.

7. I recommend that these qualifying rates be 1.39% for high school districts, 1.67% for elementary districts, and 2.75% for unit districts.

Rationale

The tax rates currently used in the state aid formula calculation are not related to permissive taxing authority or necessarily to the fiscal need associated with serving students in different grade levels. When the higher per pupil costs of serving high school students is combined in the RCM with the larger number of students served in grades K-8, the greater fiscal need of elementary districts compared to high school districts is observed. Since there
is no documentation that indicates that the fiscal advantages currently experienced by high school districts are appropriate, the changes to be made in permissive taxing authority and formula tax rates would eventually result in proportionally equivalent requirements for all district types. The rates recommended are a step toward the attainment of the described proportionate relationships and provide an incentive for unit district organization.

8. I recommend that periodic reviews of the Resource Cost Model configurations be made to insure that the definitions of program resource adequacy are consistent with state educational policy decisions and related research.

Rationale
The RCM program resource requirements submitted as a part of these recommendations have been generated primarily on the basis of the collective professional judgment of educators throughout the state and representatives of a variety of unique student populations. As the State Board and other state policymakers add, delete and modify the expectations placed upon school districts (e.g., adding a requirement to serve pre-kindergarten students), and as research reveals more efficient and effective ways to serve students, the RCM resource requirements should be modified. Such modifications should provide comparable resources to enable all school districts to have equal opportunities to meet the expectations placed upon them and to make use of the most efficient and effective educational techniques.

B. GENERATION OF REVENUES

1. I recommend that the State Board seek statutory authority to allow Chicago to tax for transportation purposes and for downstate districts to tax for textbook purposes.

Rationale
Fairness in local tax generation requires that all districts that are expected to provide the same services have equivalent access to tax sources. This is not the case currently as Chicago can tax for textbooks but not transportation, while the reverse is true for downstate districts.

2. I recommend that the State Board support legislation which would centralize the property assessment function at the county level.

3. I recommend that assessments and assessment procedures be standardized based on state guidelines, and the enforcement powers of state officials should be increased in order to bring this about.
Rationale (2 & 3)

The major policy issue related to property assessment and school funding is equity. Ideally, taxpayers and local school districts should be treated equitably in the generation of local revenues and in the distribution of state funds. Because of the nature of the combination of the current general state aid formula and the administration of the property tax, one of these publics is often treated inequitably, frequently at the expense of the other.

Assessment practices around the state are not uniform. The use of different classification systems in some parts of the state and none at all in other parts results in some districts receiving inequitable shares of state aid and paying inequitable amounts of local taxes. The statutory authority currently provided to the Department of Revenue to improve this situation allows only for incremental improvements to be made rather than providing for the authority to bring about the major improvements that are required.

4. I recommend that the State Board of Education pursue legislation that requires that the name or number of the school district in which a parcel of property is located be included on the real estate transfer declaration which is completed when property is sold.

Rationale

The Department of Revenue currently conducts analyses of the property assessment levels in each county to determine the amount above or below the 33 1/3% level of fair cash value of each county's reported assessment level. Including school district information on the real estate transfer declaration would provide information which would permit these assessment level analyses for school districts.

5. In order to improve the equity of the current property tax system, I recommend that the State Board of Education support the expansion of current state grants that provide property tax relief (e.g., circuit breaker) and continue to oppose general property tax reductions or exemptions.

Rationale

In recent years the approach to a reduction in the increasing burden of the property tax has been two-fold. The increasing burden resulting from inflation in property values has been addressed by general homestead exemption provisions which benefit the "rich and poor" alike. Another attempt to reduce the burden of the property tax was designed to address the needs of those on fixed incomes, assumed to be only the elderly, through a circuit breaker approach.
The first approach removed the benefit of growth in tax bases for local governments but did not require the state government to make additional payments. The circuit breaker approach allows local governments to receive their levied property taxes and requires the state to make payments to citizens who qualify for refunds due to the tax burden. If the real objective is to minimize the burden the property tax places on taxpayers when that burden is excessive, a circuit breaker that is based on income level, not age, is a more direct approach than those currently in place.

6. I recommend that the State Board continue to seek increased state source revenues for education from nonearmarked funds.

Rationale

The use of the RCM to identify the costs of the educational programs included in these recommendations in an equalizing state aid formula suggests that there is a documentable need for additional funds that in major part should be generated from state tax sources. Earmarking certain state tax sources for education does not guarantee that other state education fund sources would not be reduced and, in the absence of such a guarantee, earmarking does not improve the condition of state education funding.

Increased state revenues improve both taxpayer and student equity, provide revenues needed to assure an appropriate level of educational services as defined by the Resource Cost Model, and move toward fulfilling the Constitutional directive that the State has the primary responsibility for financing education.

C. MANAGEMENT OF RESOURCES

1. I recommend that the prior year Equalized Assessed Valuation be used as the basis for establishing local school district levies and the generation of local tax revenues.

Rationale

Under the current school finance system local tax revenues are generated by the Equalized Assessed Valuation (EAV's) for a calendar year and general state aid funds are in part generated by the Equalized Assessed Valuation of the prior year. When EAV's for whatever reason increase or decrease substantially from one year to the next, a local school district can experience a "windfall" or substantial loss from one year to the next from both state and local sources. If the EAV used in calculating state and local resources for a given year were the same, these major changes from year to year would not occur because the gain or loss in local revenues due to changes in EAV would be balanced by a respective loss or gain in state resources. Additionally, local school districts would be aware of the EAV which would generate state and local resources at the time of their budget preparation and the adoption of the local tax levy. Responsible budgeting could then
be practiced as it relates to the availability of local revenue, thus removing one of the reasons that make school administrators and boards subject to criticism for irresponsible budgeting.

2. I recommend that all unit districts have equal access to the combined maximum tax rates of separate elementary and high school districts in all funds.

Rationale

Reorganization of school districts should not be hindered by disproportionate tax rates. Recent legislation removed many of the obstacles to school district reorganization into unit districts. Obstacles which remain are the maximum rates in the Transportation, Working Cash, and Fire Prevention, Safety, Environmental, and Energy funds. Additionally, unit districts already in existence do not currently have access to the higher maximum rates provided in the Education and Operations, Building, and Maintenance funds for newly formed unit districts, thus creating inequities among unit districts.

3. I recommend that the State Board of Education pursue legislation that seeks to prevent local districts from incurring excessive short term debt. This legislation should focus on the following:

a. The Working Cash Fund -- I recommend that prior to the abolition of a Working Cash Fund by a local school district, the State Board of Education certify, in accordance with P.A. 82-0484, that a financial crisis exists. The affected school will then adopt a three-year financial plan that has been approved by the State Superintendent of Education.

b. Deficit Financing -- I recommend that districts be required to adopt a proposed fiscal year budget for the Educational, Operations, Building and Maintenance, Transportation, and Working Cash funds that projects expenditures which will not exceed budgeted revenues and fund balances (on cash basis) by more than 10 percent. State monitoring will be implemented if actual expenditures from these funds exceed revenues and fund balances (on cash basis) for two consecutive years or if expenditures exceed revenues and fund balances (on cash basis) by 10 percent or more.

c. Tax Anticipation -- I recommend that school districts be prohibited from selling two issues of tax anticipation notes or warrants for two different levies within the same fiscal year without the approval of the State Superintendent of Education and the approval of a three-year financial plan in accordance with guidelines established by the State Board of Education.
Rationale

The need for short term borrowing exists for a variety of reasons. The two primary reasons are: a) structural flaws in the state and local finance system which do not provide for a timely and orderly flow of resources to school districts and b) inefficient and ineffective management of resources. Since the State of Illinois has provided an overabundance of ways to use short term debt, there has been little incentive to address either reason for this high cost method of providing funds.

In a few Illinois school districts, a vicious circle has developed in which school district managers make little effort to use currently available resources well for they are aware of a variety of ways to use borrowed money for operating expenses. In some instances this approach becomes the standard operating procedure for the district's financing and can ultimately cause a severe challenge to the district's ability to provide educational services. Other districts find themselves using these systems as a result of delayed property tax receipts, insufficient state resources, etc., and ultimately as a vehicle for documenting the school district's need for increased state and/or local resources. These recommendations, which would limit the availability of short term debt, should be enacted along with improvements in the flow of local property taxes and state funding of its share of an adequate educational program.

4. I recommend that the State Board of Education support legislation that improves requirements for publication of financial data for school districts. These reporting improvement's include:
   
a. Outdated and unnecessary portions of the required annual statistical statement which is required for publication will be replaced with more meaningful charts and graphic displays of expenditures and revenue data for the district. A structured set of questions will be established. Responses to these questions will provide the narrative to be published.

b. A full disclosure balance sheet will be added to the Annual Financial Report statements submitted to the State Board of Education. The additional statement should disclose major changes in financial status which may occur without cash being involved in the transaction. The statement should reflect uniform methods of recognizing property taxes receivable, other accounts receivable, major accounts unpaid and salary expenses due but unpaid.

Rationale

School districts are currently required to publish certain financial information in local newspapers. Many believe that this requirement for public information is not providing information
that is understandable and useful to the citizenry. This recommendation would not eliminate the requirement for publication of financial information, rather it would modify the published information to better inform the affected public of the school district's financial condition.

The second aspect of this recommendation requires that additional information be submitted to the State Board of Education with the Annual Financial Report. The current requirements allow districts to provide data that may not reveal problems about which the State Board should be aware.

5. I recommend that the State Board pursue legislation to require all counties to adopt the accelerated billing method of property tax collection and distribution in order that initial collections could be made in the first quarter of the calendar year. Distributions will be made on a quarterly basis to help stabilize the cash flows of school districts.

Rationale

This recommendation addresses problems with the flow of property taxes cited previously. This approach would minimize for many districts the need to engage in short term debt.

6. I recommend that the State Board of Education continue to develop and improve its financial planning, analysis and monitoring systems for Illinois school districts. If the State Board of Education's financial monitoring system indicates that a school district is approaching severe financial problems, the State Board will notify the district's administrators and board of its concerns. Staff of the State Board will serve an advisory role and assist local administrators and school boards in maintaining the integrity and control of their local system of financing education.

Rationale

Early recognition of possible major financial problems can assist school districts in planning to avoid operating difficulties that can impair the district's ability to provide adequate educational services. In addition to the State Board's role in helping to identify school districts approaching a major fiscal crisis, the Board will be in a more informed position to provide assistance in resolving these problems.

D. ADDITIONAL RESEARCH

During the course of work on the Illinois Public School Finance Project by staff and various committees, several aspects of the finance system have been identified which require further research. Public school
finance system components that require additional research are listed below. In the coming months, State Board staff will be directed to examine these topics or to identify appropriate organizations to do so.

1. A study of the distribution of corporate personal property replacement revenue to school districts for the purposes of determining the impact of this replacement revenue upon a) equity in the distribution of state funds and b) local tax rates will be undertaken.

2. It is recommended that additional research be conducted to determine appropriate solutions to problems involved with the current method of classifying real property and the resultant adverse effects on school funding.

3. There is a need to conduct research to develop a measure of inflation, other than the Consumer Price Index, that is designed exclusively for use in school finance. The measure should reflect geographic differences in economic conditions over time and the resource consumption habits of reasonably well managed and effective school districts.

4. The State Board of Education should conduct a study to identify recommendations that when implemented would provide statutory guidance for continued operation of a school district which closes for reasons of financial difficulty.
The purpose of the Resource Cost Model (RCM) is to identify school district fiscal need, which is comparable to the combination of the foundation amount (in 1984-85 this amount would be $1,841.35 x the number of pupils) in the current general state aid formula and funds provided for programs such as vocational and special education and others funded on a categorical basis. Thus, the RCM addresses only one segment of the larger issue of state resource distribution. The RCM is not designed to address a local school district's ability to pay or its effort, two other components frequently used in a state aid distribution formula.

The Resource Cost Model allows program cost differences, resource price differences, sparsity/density cost differences and poverty-related cost differences - each an element of need - to be taken into account in a structured fashion. The RCM is a process that considers the needs of all pupils - regular, as well as those with special needs - and the district itself.

The principal assumption on which the RCM approach is based is that three factors account for most of the variation in the amount local districts spend to educate their pupils. The three factors are cost, quantity, and local community preference. The RCM provides procedures for identifying the differences in revenue needs which result from variances in unit costs, such as the price for one ream of paper or one unit of heating fuel, and the type and amount of goods and services required for school districts that offer essentially the same educational programs but have different student populations. Local community preference, although a factor in the amount school districts spend for education, is a matter of political choice at the local community level and therefore was not measured in this Project.

The cost factor is being addressed through the Cost of Education Index (CEI). It assumes that school districts may incur different costs for the same services. It is important to note that for the purposes of this approach to school finance, cost is not necessarily the same as expenditure. Cost is defined as the minimum amount the district is required to pay for a service or commodity. Expenditure may include both cost and choice, reflecting local choices that have been made which increase the price paid for goods and services. One example of cost differentiation could be as follows. Consider District A and B, alike in all ways except that District A is charged more per unit for heating fuel than District B. In order to keep their similar buildings heated to 68° in the winter, District A will face higher costs than District B. If District B chooses to keep its buildings warmer than 68°, its expenditures for energy may be equal to or higher than A's, but by definition, its costs will remain lower than District A's.

The reason for identifying the differences in cost that do not reflect district choice is to account and adjust for them in the distribution of state funds for education. If the previously identified Districts A and B received the same amount of state funds for energy costs (Districts do not
currently receive financial aid for energy costs.), either District A would
not receive enough to cover costs and would have to use funds from some
other source, or District B would receive more than necessary for its energy
needs and could use the excess state aid for other purposes. In either
case, the same amount of dollars would not purchase the same quantity of
energy, and ultimately, the system would not be "fair" to one of the dis-
tricts.

The process used to develop the CEI includes statistical analyses of vast
amounts of data including teacher and district characteristics, crime rates,
and access to parks and other types of social amenities. These data assist
in identifying the varying costs of goods and services that districts
located throughout the state experience. Using this process, differences in
costs (not expenditures) in various categories of personnel, energy, and
transportation can be identified.

The quantity factor of school district expenditures for education is
addressed as part of the Program Cost Differentials (PCD) process. A basic
premise of the PCD is that different resources are required to address the
needs of different mixes of pupils. For example, consider District R and
District S which are alike except that District R has very few students with
special needs, while approximately half of the pupil population served by
District S are students with special needs (special education, limited
English proficient, compensatory education pupils, etc.). Even if no other
factors were considered, the smaller class sizes required for students with
special needs would generate higher personnel costs for District S. Again,
if the state provided the same funding per pupil to both districts, the out-
come would be similar to that of the previous example - too much or too
little state aid for one of the districts. The state currently provides
some categorical funds in an attempt to compensate for these differences in
local district needs resulting from variations in the composition of school
district pupil populations. However, the RCM can more effectively address
issues of how much more or less is needed and the effect of variations in
revenue needs due to cost differences.

The PCD process provides more of a framework for decision making rather than
attempting to provide "the answer." The process of developing the PCD began
in the spring of 1982 with eight small program category committees adult,
compensatory, regular elementary, regular secondary, gifted, limited English
proficient, special and vocational education. These categories were chosen
because they currently are funded in part by state funds.

These program category committees, which were composed of local school dis-
trict personnel, State Board of Education staff, and education association
program experts, met independently to identify the ways students are cur-
rently being served and to suggest changes that could be made to enhance
these services. The committees then began the process of defining services
in terms of staffing, class size ranges, supplies and materials, special
equipment, and administrative and support services. The committees' deci-
disons were guided by the question, "What resources are needed to provide
an adequate education for students of all types?"
With the identification of resources, costs were associated with the resources. The final analysis will provide the cost of educating Illinois public elementary and secondary pupils based on the cost of a standard level of services. The RCM Committee refined the current specifications and will continue to meet in the future to insure that the program specifications continue to reflect the standard level of services on which state funding should be based.

The RCM provides for Illinois educators a tool that allows us to better explain to citizens of Illinois the real needs of education and the impact that insufficient funding has on the quality and types of educational services provided.

The RCM has numerous advantages. The RCM is comprehensive and allows both student and district-related needs to be assessed. Because it is based on services provided, it provides accountability for legislators, local citizens and those with special interests. Program cost differences, resource price differences, and considerations for the higher costs experienced by necessarily small school districts and districts with high concentrations of students from low income families have been integrated into the model.

The RCM is quite simply an information tool designed to allow us to rather closely identify the real costs of serving the very different pupil populations found in each school district in the state. We can then predict with reasonable accuracy the price differences districts face to provide comparable services in their regions of the state. This "cost-based" approach seems to have real merit in facing the "fairness" issue squarely and productively.

The Resource Cost Model components recognize unique district student populations and other unique district needs. The recommended RCM components are identified on the following pages.
I. PROGRAM COST DIFFERENTIALS

Delivery Systems

A. Itinerant teachers
   1. Special education
   2. Limited English Proficient

B. Resource rooms
   1. Regular Elementary
   2. Special Education
   3. Gifted
   4. Limited English Proficient

C. Pull-out classes
   1. Gifted
   2. Limited English Proficient

D. Self-contained classes
   1. Regular elementary
   2. Special education
   3. Gifted
   4. Limited English Proficient

Types of Students, Subject Areas, or Personnel

- BD, LD, EMM, EH, Hearing impaired, Physically handicapped, Visually impaired
- Mixed language/ESL

- Art, Music, PE, Computer, Remedial Instruction
- BD, LD, EMM, EH, Hearing impaired, Physically handicapped, Visually impaired, Speech/language, Related services
- Mixed language/ESL

- K-6
- EMM, EH, Hearing impaired, LD, TMH, Profoundly handicapped, Early childhood, BD, Deaf, Physically handicapped, Language handicapped, Visually impaired

-
E. Departmentalized Classes

1. Regular Elementary  
   Middle school academics, PE, Computer, Music, Vocational

2. Regular Secondary  

3. Vocational Education  
   Orientation and Training level courses in Industrial, Business, Home Economics, Health and Agriculture

4. Limited English Proficient  
   Content area/Native language

F. Summer School

1. Special Education  
   All instructional programs and related services

G. Student Support Services  
   Nurses, Psychologists, Counselors, Social Workers, Attendance officers, Media center staff - for all students

H. Building and Program Administrative Staff  
   for all programs

   Principals, Deans, Assistant principals, Program directors and Supervisors

I. District Administration and Support Staff

J. Special Adjustments

1. Necessarily Small School Districts  
   Additional resources for school districts qualifying for this designation.

2. Poverty  
   Supplemental resources for remedial services, student support staff, and other costs, such as security personnel and systems, repairs of vandalism occurrences, compensation for nonpayment of fees, etc.

NOTE: Costs for all of the above included salaries based on statewide averages plus 9.1% for additional district costs for employees.
II. COST OF EDUCATION INDICES

A. Personnel

Regional indices for

1. Teachers
2. Instructional support staff
3. School Administrators
4. District Administrators
5. Non-certified staff

B. Energy

District level indices

C. Transportation

District costs
## Regular Elementary Programs

<table>
<thead>
<tr>
<th>Program Name</th>
<th>Class Size or Caseload</th>
<th>FTE Pers Per Unit</th>
<th>Expend Per Unit-$</th>
<th>Bldg.</th>
<th>Space</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Self-Cont. K</strong></td>
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| Profs                             |                       |                   |                    |       |       |
| Svgs                              |                       |                   |                    |       |       |
| Mtrls Equip                       |                       |                   |                    |       |       |

| Units    |                       |                   |                    |       |       |
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## RCM INSTRUCTIONAL PROGRAMS

**PROGRAM CATEGORY:** Special Education

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Note: *These categories reflect a dollar amount that will generate funds even if there is only a single gifted student in an attendance center.
# RCM INSTRUCTIONAL PROGRAMS

## Vocational Education

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<tr>
<td>LEP Program Admin. Based on LEP Enrollment</td>
<td>714</td>
<td>1500 1500 1500</td>
<td>0</td>
<td>0 5 4000 500 500</td>
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</table>
**RCM DISTRICT LEVEL ADMINISTRATION AND ALL CLERICAL/MAINTENANCE STAFF**

**TYPE OF DISTRICT: All Types**

<table>
<thead>
<tr>
<th>SERVICE TYPE</th>
<th>DISTRICT SIZE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Small</td>
</tr>
<tr>
<td>DISTRICT SIZE</td>
<td>1,200</td>
</tr>
</tbody>
</table>

**RESOURCES REQUIRED FOR THE SERVICE UNIT:**

- **SUPERINTENDENT:**
  - Small: 1
  - Medium: 1
  - Large: 1

- ***OTHER ADMINISTRATORS***:
  - Small: 3
  - Medium: 5.5
  - Large: 7

- ***EXECUTIVE SECRETARY/BOOKKEEPER***:
  - Small: 3
  - Medium: 5
  - Large: 13

- ***SECRETARY/CLERICAL***:
  - Small: 4
  - Medium: 30
  - Large: 95

- **CUSTODIAN**:
  - Small: 10
  - Medium: 33
  - Large: 100

- **MAINTENANCE**:
  - Small: 2
  - Medium: 5
  - Large: 15

- **TRADES**:
  - Small: 0
  - Medium: 4
  - Large: 15

**PURCHASED SERVICES**:

- Small: 154,000
- Medium: 570,000
- Large: 2,931,000

**SUPPLIES AND MATERIALS**:

- Small: 32,000
- Medium: 113,000
- Large: 366,000

**EQUIPMENT**:

- Small: 48,000
- Medium: 237,000
- Large: 770,000

**Building space**

- SQFT:
  - Small: 57,000
  - Medium: 228,000
  - Large: 570,000

*See page 61 for description of personnel in these categories.*
LEVELS OF EDUCATIONAL SERVICES

Below seven basic levels of educational services are listed and broadly defined. These levels or categories of educational services have been developed to enable school administrators to assign student enrollments to the RCM education programs. The educational service levels are:

SPECIAL EDUCATION - These services are specified under the RCM Special Education program category and are for students who have been identified as needing and eligible for specialized educational services.

REMEDIAL - This educational setting is designed for students with developmental deficiencies of such a severe level that their needs can be served best in tutorial settings of an individualized or small group nature.

BASIC - These services are for students with developmental deficiencies which need to be addressed in a specialized manner. Classes for basic level students tend to have a relatively lower pupil/teacher ratio within the school district.

REGULAR - These services are for students with no distinguishing special characteristics that would require unusual assistance for educational achievement. Classes for this category of students will result in relatively higher pupil/teacher ratios within the school district.

ADVANCED - These services are for students who are developmentally accelerated and whose educational needs must be addressed in a specialized manner. Classes for advanced level students tend to have a relatively lower pupil/teacher ratio within the school district.

ADVANCED PLACEMENT (A.P.) - These services are for high achieving pupils in grades 11-12 who are enrolled in advanced level departmentalized courses recognized by the Advanced Placement Program which would qualify the pupil to take the Advanced Placement Exam for college credit.

GIFTED EDUCATION - These educational services are for students who have been identified as being eligible for services for gifted pupils and are specified under the Gifted Education program category.
RESOURCE COST MODEL

REGULAR ELEMENTARY EDUCATION INSTRUCTIONAL PROGRAM DESCRIPTIONS

101 --- Regular Kindergarten
Self-contained kindergarten class for pupils whose educational needs can be fulfilled using a standard curriculum and conventional instructional methods. (One-half day)

102 --- Regular Elementary Education - Grades 1-6
Self-contained standard classes for pupils in grades 1-6 whose educational needs can be fulfilled using a standard curriculum and conventional instructional methods. (Full day)

103 --- Physical Education, Vocal Music and Art - Grades K-6
Physical education, vocal music and art instruction for special and regular education students in grades K-6. Class length and frequency of instruction to be determined by individual districts.

104 --- Instrumental Music - Grades 4-6
Instrumental music for students in grades 4-6 who elect to participate. Class length, class size and frequency of instruction to be determined by individual districts. This instructional program may include performing groups.

105 --- Computer Resources - Grades K-6
Computers, software, and staff necessary to provide a broad range of computer services to students in grades K-6.

106 --- Remedial Instruction - Grades K-8
Remedial instruction for students in grades K-8 who need supplementary work or assistance in basic instructional areas. This program is not the same as Chapter I or special education programs. Class length, class size, and frequency of instruction may vary. May be a "pull out" program or regularly scheduled.

107 --- Fundamental Academic Subjects: Math, Science, English, and Social Science - Grades 7-8
Fundamental academic subjects of math, science, English, and social studies for pupils in grades 7-8. This program includes all math courses, all developmental, basic, and advanced English courses, all social studies, history and citizenship type courses, and all science and health-related courses. (One period in length)
Small Class Optional Subjects - Grades 7-8
Commercial, industrial, foreign language and other optional enrollment classes that are designed to serve relatively small numbers of students during each instructional period. These classes are for pupils in grades 7-8 and may include, but are not limited to, such areas as typing, home economics, industrial arts, art instruction or foreign language. (One period in length)

Instrumental Music - Grades 7-8
Instrumental music including performing groups, sectional rehearsals and special classes, such as guitar, for pupils in grades 7-8. (One period in length)

Physical Education - Grades 7-8
Physical education instruction for all pupils in grades 7-8. (One period in length)

Vocal Music - Grades 7-8
Vocal music including performing groups, basic music instruction and sectional rehearsals for pupils in grades 7-8. (One period in length)

Computer Resources - Grades 7-8
Computers, software, and staff necessary to provide a broad range of computer services to students in grades 7-8.

Student Support Services - Grades K-8
Student support services personnel including psychologists, social workers, vision/hearing specialists, counselors/deans, nurses, media center staff, truant/attendance personnel and athletic directors for pupils in grades K-8.

Administrative Personnel - Grades K-8
Administrative personnel including department heads, regular elementary program administrators, principals, and assistant principals/deans for pupils in grades K-8.
RESOURCE COST MODEL

REGULAR SECONDARY EDUCATION INSTRUCTIONAL PROGRAM DESCRIPTIONS

201 --- Basic/Advanced English - Grades 9-12
Departmentalized classes for pupils in grades 9-12 who enroll in basic or advanced level English courses. (One period in length)

202 --- Regular English - Grades 9-12
Departmentalized classes for pupils in grades 9-12 who enroll in regular level English courses. (One period in length)

203 --- General Science - Grades 9-12
Departmentalized classes for pupils in grades 9-12 who enroll in regular level science courses such as general science and biology. (One period in length)

204 --- Advanced Science - Grades 9-12
Departmentalized classes for pupils in grades 9-12 who enroll in advance level science courses such as chemistry and physics. (One period in length)

205 --- Basic/Advanced Math - Grades 9-12
Departmentalized classes for pupils in grades 9-12 who enroll in basic or advanced level math courses such as remedial math and calculus. (One period in length)

206 --- Regular Math - Grades 9-12
Departmentalized classes for pupils in grades 9-12 who enroll in regular level math courses such as regular algebra and geometry. (One period in length)

207 --- Social Science - Grades 9-12
Departmentalized classes for pupils in grades 9-12 who enroll in regular level social science courses such as world history, United States history, psychology. (One period in length)

208 --- Foreign Language - Grades 9-12
Departmentalized classes for pupils in grades 9-12 who enroll in foreign language courses that are designed to provide students from one to four years instruction in the language of a foreign country (e.g., Spanish, German). (One period in length)

209 --- Art - Grades 9-12
Departmentalized classes for pupils in grades 9-12 who enroll in art courses that are designed to provide students experience in the various aspects of art instruction (e.g., art I, commercial art, ceramics, painting). (One period in length)

210 --- Physical Education - Grades 9-12
Departmentalized classes for pupils in grades 9-12 who enroll in physical education courses that are designed to develop physical fitness and recreational skills. (One period in length)
211 --- Vocal Music - Grades 9-12
Departmentalized classes for pupils in grades 9-12 who enroll in choral music courses that are designed to provide instruction in group vocal techniques, harmony, sight reading, etc. (e.g., concert choir, madrigals, glee clubs). (One period in length)

212 --- Instrumental Music - Grades 9-12
Departmentalized classes for pupils in grades 9-12 who enroll in instrumental music courses that are designed to provide instruction in the playing of wind, brass, string and percussion instruments in a group setting (e.g., concert band, jazz band, orchestra). (One period in length)

213 --- Classroom Music - Grades 9-12
Departmentalized classes for students in grades 9-12 who enroll in classroom music courses that are designed to provide instruction in music history, music literature, theory, etc. (e.g., general music, theory and harmony). (One period in length)

214 --- Remedial Instruction - Grades 9-12
Departmentalized classes for students in grades 9-12 who enroll in remedial instruction courses that are designed to provide low achieving students opportunities to improve their reading, writing and/or computational skills. (One period in length)

215 --- Advanced Placement - Grades 11-12
Departmentalized classes for pupils in grades 11-12 who enroll in advanced level departmentalized courses that are recognized by the Advanced Placement Program which would qualify the pupil to take the Advanced Placement Exam for college credit. (One period in length)

216 --- Health/Consumer Education - Grades 9-12
Departmentalized specialized health or consumer education classes for pupils in grades 9-12 who enroll in courses that are designed to meet the state requirements in health and consumer education instruction. (One period in length)

217 --- Driver Training-Classroom - Grades 10-12
Departmentalized classes for pupils in grades 10-12 who enroll in driver education courses that are designed to provide the classroom phase of the driver education mandate. (One period in length)

218 --- Driver Training-Behind the Wheel - Grades 10-12
Departmentalized instruction for pupils in grades 10-12 who enroll in driver education courses that are designed to provide students actual driving experience. (One period in length)

219 --- Driver Training Behind the Wheel - Simulators - Grades 10-12
Departmentalized instruction for pupils in grades 10-12 in electronic simulations of vehicular driving experiences. (One period in length)
220 --- Study Hall - Grades 9-12
Assignment for pupils in grades 9-12 to a specified building location for the purpose of working on class assignments. (One period in length)

221 --- Computer Science Course - Grades 9-12
Departmentalized classes for pupils in grades 9-12 who enroll in computer science courses that are designed to provide instruction in computer literacy, programming, computer operations, etc. (One period in length)

222 --- Computer Lab Resources - Grades 9-12
Departmentalized classes for students in grades 9-12 that are designed to provide actual laboratory experience in the operation of computers and to supplement regular classroom instruction. (One period in length)

223 --- Student Support Services - Grades 9-12
Student support services personnel including psychologists, social workers, vision/hearing specialists, counselors/deans, nurses, media center staff, truant/attendance personnel and athletic directors for pupils in grades 9-12.

224 --- Administrative Personnel - Grades 9-12
Administrative personnel including department heads, regular secondary program administrators, principals, and assistant principals/deans for pupils in grades 9-12.
RESOURCE COST MODEL

SPECIAL EDUCATION PROGRAM DESCRIPTIONS

INSTRUCTIONAL SERVICES (LISTED FROM LEAST TO MOST RESTRICTED ENVIRONMENTS.)

301 --- Consultant Services
LRE Code(s): A, D
Exceptional Characteristic Code(s): A-L
Consultant services provided to school personnel by special educator on behalf of handicapped pupils ages 6-21, relative to curricular content or educational methodology.

302 --- Itinerant or Resource Room Services for Speech/Language Students
LRE Code(s): B, C, D, E
Exceptional Characteristic Code(s): I
Speech/language resources and services provided either on an itinerant basis or in a resource room by speech therapist to pupils ages 6-21 identified with the primary handicap of speech/language impaired.

303 --- Itinerant or Resource Room Services for BD/LD/EMH/EH Students
LRE Code(s): D, E
Exceptional Characteristic Code(s): A, B, D, J, K
Special education instructional services provided either on an itinerant basis or in a resource room to educable mentally handicapped, educationally handicapped, behavior disordered, or learning disabled pupils ages 6-21 by a special education teacher.

304 --- Itinerant or Resource Room Services for Hearing Impaired Students
LRE Code(s): D, E
Exceptional Characteristic Code(s): F, G, H
Special education instructional services provided either on an itinerant basis or in a resource room to hearing impaired pupils ages 6-21 by a special education teacher.

305 --- Itinerant or Resource Room Services for Physically Handicapped Students
LRE Code(s): D, E
Exceptional Characteristic Code(s): C, L
Special education instructional services provided either on an itinerant basis or in a resource room to physically handicapped pupils ages 6-21 by a special education teacher.
306 --- Itinerant or Resource Room Services for Visually Impaired Students
LRE Code(s): D, E
Exceptional Characteristic Code(s): E

Special education instructional services provided either on an itinerant basis or in a resource room to visually impaired pupils ages 6-21 by a special education teacher.

307 --- Self-Contained Class for EMH Students
LRE Code(s): F, G, H, I, J, K
Exceptional Characteristic Code(s): B

Special education instructional services provided to educable mentally handicapped pupils ages 6-21 by a special education teacher in a self-contained classroom.

308 --- Self-Contained Class for EH Students
LRE Code(s): F, G, H, I, J, K
Exceptional Characteristic Code(s): J

Special education instructional services provided to educationally handicapped pupils ages 6-21 by a special education teacher in a self-contained classroom.

309 --- Self-Contained Class for Moderately Hearing Impaired Students
LRE Code(s): F, G, H, I, J, K
Exceptional Characteristic Code(s): F

Special education instructional services provided to hard of hearing pupils ages 6-21 by a special education teacher in a self-contained classroom.

310 --- Self-Contained Class for LD Students
LRE Code(s): F, G, H, I, J, K
Exceptional Characteristic Code(s): D

Special education instructional services provided to learning disabled pupils ages 6-21 by a special education teacher in a self-contained classroom.

311 --- Self-Contained Class for TMH Students
LRE Code(s): F, G, H, I, J, K
Exceptional Characteristic Code(s): A1-A3, or A with no severity codes

Special education instructional services provided to trainable mentally handicapped pupils ages 6-21 by a special education teacher in a self-contained classroom.
Self-Contained Class for Profoundly Handicapped Students
LRE Code(s): F, G, H, I, J, K
Exceptional Characteristic Code(s): A4, H, K4

Special education instructional services provided in a self-contained classroom by a special education teacher to pupils ages 6-21 who are categorized as TMH Profound, Deaf/Blind and Behavior Disordered Profound.

Self-Contained Class for Severely Handicapped Pre-School Students
LRE Code(s): A-K
Exceptional Characteristic Code(s): All handicaps with severity of 3 or 4

Special education instructional services provided to severely handicapped pupils ages 3-5 for all of their school day by a special education teacher.

Self-Contained Class for Mildly and Moderately Handicapped Pre-School Students
LRE Code(s): A-K
Exceptional Characteristic Code(s): All handicaps with no severity rank or with severity of 1 or 2

Special education instructional services provided for mildly or moderately handicapped pupils ages 3-5 for all of their school day by a special education teacher.

Self-Contained Class for BD Students
LRE Code(s): F, G, H, I, J, K
Exceptional Characteristic Code(s): K1-3, K

Special education instructional services provided to behaviorally disordered pupils ages 6-21 by a special education teacher in a self-contained classroom.

Self-Contained Class for Deaf Students
LRE Code(s): F, G, H, I, J, K
Exceptional Characteristic Code(s): G

Special education instructional services provided in a self-contained classroom to deaf pupils ages 6-21 by a special education teacher.

Self-Contained Class for Visually Impaired Students
LRE Code(s): F, G, H, I, J, K
Exceptional Characteristic Code(s): E

Special education instructional services provided in a self-contained classroom to visually impaired pupils ages 6-21 by a special education teacher.
Self-Contained Class for Physically Handicapped Students
LRE Code(s):  F, G, H, I, J, K
Exceptional Characteristic Code(s):  C, L

Special education instructional services provided in a self-contained classroom to physically handicapped pupils ages 6-21 by a special education teacher.

Self-Contained Class for Students with a Speech/Language Handicap
LRE Code(s):  F, G, H, I, J, K
Exceptional Characteristic Code(s):  I

Special education instructional services provided in a self-contained classroom to pupils ages 6-21 whose primary handicap is a speech/language disorder by a special education teacher.

Home/Hospital Services
LRE Code(s):  L, M
Exceptional Characteristic Code(s):  A-L

Special education instructional services provided in either a home or hospital setting to pupils ages 3-21 who have either temporary or permanent handicaps.

RELATED SERVICES

Adaptive P.E./Art/Music Therapy
Related Services Code:  AE, AT, MT

Adapted physical education, art therapy and music therapy provided to handicapped pupils ages 3-21 by a qualified instructor on an as needed basis.

Psychological and Social Work Services
Related Services Code:  SW, PS, CN, PC, CS

Psychological or social work services of a preventative or ongoing nature for handicapped pupils ages 3-21 on an as needed basis.

Speech/Language Services
Related Services Code:  SL

Speech/language services provided to handicapped pupils ages 3-21 by a special education teacher in conjunction with special education instructional programs on an as needed basis.

Occupational/Physical Therapy
Related Services Code:  PT, OT

Occupational and/or physical therapy for identified handicapped pupils ages 3-21 on an as needed basis.
325 --- School Health Services  
Related Services Code: SH  
Preventative or ongoing school health services provided to handicapped pupils ages 3-21 on an as needed basis.

326 --- Audiological Services  
Related Services Code: AU  
Audiological services of a diagnostic or ongoing nature for handicapped pupils ages 3-21 on an as needed basis.

327 --- Media Services  
Related Services Code: BR, IS, MS  
Media services, usually for hearing or visually impaired pupils, ages 3-21 on an as needed basis.

328 --- Orientation/Mobility Services  
Related Services Code: OM  
Orientation and mobility services provided on an as needed basis to help visually impaired pupils ages 3-21 to gain independence and mobility.

329 --- Psychological and Social Work Reevaluations  
Required reevaluations of identified special education students every three years.

330 --- Consultant/Psychiatric Services  
Related Services Code: PY  
Consultant services, including psychiatric consultation, provided directly to or indirectly on behalf of handicapped pupils ages 3-21 on an as needed basis.

331 --- Prevocational Services  
Related Services Code: VE  
Prevocational instructional services provided to handicapped pupils to teach job related and independence skills.

332 --- Aide to Student  
Related Services Code: AI  
Individual aide assigned to individual special education student with handicapping conditions such as severe or profound physical handicaps, severe or profound retardation.
Summer school services which would make the services specified in program numbers 307-320 span over an extended year for select identified handicapped pupils.

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Summer School for Educationally Handicapped Students
LRE Code(s): F, G, H, I, J, K
Exceptional Characteristic Code(s): J

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Summer School for Learning Disabled Students
LRE Code(s): F, G, H, I, J, K
Exceptional Characteristic Code(s): D

---

Summer School for Trainable Mentally Handicapped Students
LRE Code(s): F, G, H, I, J, K
Exceptional Characteristic Code(s): A1-A3, A with no severity

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Summer School for Profoundly Handicapped Students
LRE Code(s): F, G, H, I, J, K
Exceptional Characteristic Code(s): A4, H, K4

---

Summer School for Early Childhood-Severe-Students
LRE Code(s): A-K
Exceptional Characteristic Code(s): All handicaps with severity 3 or 4

---

Summer School for Behavior Disorder Students
LRE Code(s): F, G, H, I, J, K
Exceptional Characteristic Code(s): K1-3, K

---

Summer School for Deaf Students
LRE Code(s): F, G, H, I, J, K
Exceptional Characteristic Code(s): G

---

Summer School for Visually Impaired Students
LRE Code(s): F, G, H, I, J, K
Exceptional Characteristic Code(s): E

---

Summer School for Physically Handicapped Students
LRE Code(s): F, G, H, I, J, K
Exceptional Characteristic Code(s): C, L

---

Summer School for Speech/Language Handicapped Students
LRE Code(s): F, G, H, I, J, K
Exceptional Characteristic Code(s): I

---

Summer School - Home and Hospital
LRE Code(s): L, M
Exceptional Characteristic Code(s): A-L
Summer School Related Services
Related Services Code: AE, AT, MT, SW, PS, CN, SL, PT, OT, SH, AU, BR, IS, MS, OM, PC, CS, PY, VE

Summer school services which would make the related services specified in programs 321-332 span over an extended year for select identified handicapped pupils.

Special Education Program Administration
Administrative services including pupil testing and staff development provided by appropriately certificated personnel for special education teachers and staff.
RESOURCE COST MODEL

GIFTED EDUCATION INSTRUCTIONAL PROGRAM DESCRIPTIONS

401 --- Resource Center
Differentiated instructional services provided to gifted students in grades K-12 on a regular basis in a designated school area that is equipped with specialized materials and supplies and staffed with a gifted education resource person.

402 --- Special "Pull-Out" Gifted Class
Differentiated instructional services for gifted students in grades K-12 provided by a gifted education teacher on a regular basis, throughout the school year.

403 --- Supplemental Resources for Self-Contained Gifted Class (K-6)
Supplemental resources for self-contained classroom for gifted students in grades K-6 in which differentiated instruction is provided full time by specially trained teachers for the gifted, i.e., special school, special school within a school.

404 --- Supplemental Resources for Self-Contained Gifted Class (7-12)
Supplemental resources for self-contained classroom for gifted students in grades 7-12 in which differentiated instruction is provided full time by specially trained teachers for the gifted, i.e., special school, special school within a school.

405 --- Consultant/Regular Class (K-8)
Instructional services for gifted students in self-contained settings in grades K-8 provided by a consultant to the teacher or the regular classroom teacher. The resources generated by this program are in addition to those generated when students are counted as part of the regular elementary or secondary programs.

406 --- Supplemental Resources for the Regular Class (7-12)
Supplemental resources for gifted students in departmentalized settings in grades 7-12 not served in one of the previously mentioned instructional programs, e.g. mentor.

407 --- Gifted Education Instructional Program Administration
Administrative services including pupil testing and staff development provided by appropriately certificated personnel for gifted education teachers.
Attached is the approved vocational program listing. The following information refers to the codes and titles on this listing:

A) Programs 501 through 507 describe orientation level courses. These are courses of instruction which encompass practical information and experience necessary to aid the student in making an informed vocational choice that is suited to the student’s career goals. These courses are targeted to 9th and 10th grade students, although some 11th grade enrollments may be included.

501 --- Industrial Orientation
These are the orientation level courses related to the occupational areas beginning with the prefix 17 that are listed on the attached sheets.

502 --- Business/Typing Orientation
These are the orientation level typing courses related to the occupational areas beginning with the prefix 04 or 14 that are listed on the attached sheets.

503 --- Business Orientation
These are the orientation level courses (other than typing) related to the occupational areas beginning with the prefix 04 or 14 that are listed on the attached sheets.

504 --- Home Economics Orientation
These are the orientation level courses related to the occupational areas beginning with the prefix 09 that are listed on the attached sheets.

505 --- Health Occupations Orientation
These are the orientation level courses related to the occupational areas beginning with the prefix 07 that are listed on the attached sheets.

506 --- Agriculture Orientation
These are the orientation level courses related to the occupational areas beginning with the prefix 01 that are listed on the attached sheets.

507 --- Special Needs Orientation
These are the orientation level courses related to the occupational areas beginning with the prefix 18 that are listed on the attached sheets.
B) Programs 508 through 516 refer to the training level instruction in the trade and industrial occupations. These are the programs students would enter after they have completed orientation level courses for job specific training.

Trade and industrial occupations is the branch of vocational education which is concerned with preparing persons for initial employment, or for upgrading or retraining workers in a wide range of trade and industrial occupations. Such occupations are skilled or semi-skilled and are concerned with layout designing, producing, processing, assembling, testing, maintaining, servicing, or repairing any product or commodity. Instruction is provided (1) in basic manipulative skills, safety judgment, and related occupational information in mathematics, drafting, and science required to perform successfully in the occupation, and (2) through a combination of shop or laboratory experiences simulating those found in industry and classroom learning. Included is instruction for apprentices in apprenticeable occupations or for journeymen already engaged in a trade or industrial occupation. Also included is training for service and certain semi-professional occupations considered to be trade and industrial in nature.

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508 --- Industrial/Auto Mechanics
These are the training level courses related to the industrial/auto mechanic occupational areas that are listed by OE code numbers on the attached sheets.

OE CODES:

17.0300  17.0801
17.0302  17.0802
17.0401  17.1003
17.0402  17.1200
17.0403  17.2200

509 --- Industrial/Auto Body
These are the training level courses related to the industrial/auto body occupational areas that are listed by OE code numbers on the attached sheets.

OE CODES:

17.0301
17.2801
17.3100
510 --- Industrial/Heating and Air Conditioning
These are the training level courses related to the industrial/heating and air conditioning occupational areas that are listed by OE code numbers on the attached sheets.

OE CODES:
17.0100
17.0102
17.0103
17.3000

511 --- Industrial/Drafting
These are the training level courses related to the industrial/drafting occupational areas that are listed by OE code numbers on the attached sheets.

OE CODES:
17.0701 17.1005 17.2802 17.3400
17.0702 17.1300 17.2805 17.3500
17.0703 17.1700 17.2808 17.9905
17.1004 17.2800 17.3200

512 --- Industrial/Machine Shop
These are the training level courses related to the industrial/machine shop occupational areas that are listed by OE code numbers on the attached sheets.

OE CODES:
17.2302
17.2303
17.2307
17.2308
17.2309
17.2700

513 --- Industrial/Welding
These are the training level courses related to the industrial/welding occupational areas that are listed by OE code numbers on the attached sheets.

OE CODES:
17.2301
17.2304
17.2305
17.2306
17.3700

53 - 49 -
These are the training level courses related to the industrial/graphic occupational areas that are listed by OE code numbers on the attached sheets.

OE CODES:

17.0700  17.1902
17.0704  17.1903
17.0709  17.1904
17.1900  17.1905
17.1901  17.1906

These are the training level courses related to the industrial/electronic occupational areas that are listed by OE code numbers on the attached sheets.

OE CODES:

17.0201  17.1401  17.1502  17.2002  17.2806
17.0202  17.1402  17.1503  17.2003
17.0600  17.1403  17.1504  17.2101
17.0702  17.1500  17.2000  17.2102
17.1400  17.1501  17.2001  17.2400

These are the training level courses related to the industrial/construction occupational areas that are listed by OE code numbers on the attached sheets.

OE CODES:

17.1000  17.1099
17.1001  17.1100
17.1002  17.1601
17.1007  17.1602
17.1008  17.3601

Programs 517 through 519 refer to the training level instruction in the distributive and office occupations.

Distributive education includes various combinations of subject matter and learning experiences related to the performance of activities that direct the flow of goods and services, including their appropriate utilization from the producer to the consumer or user. These activities include selling and such sales-supporting functions as buying, transporting, storing, promoting, financing, marketing research, and management.

Distributive education is comprised of programs of occupational instruction in the field of distribution and marketing. These programs are designed to prepare individuals to enter, progress, or
improve competencies in distributive occupations. Emphasis is on the
development of attitudes, skills and understanding related to market-
ing, merchandising, and management. Instruction is offered at the
secondary, postsecondary, and adult education levels and is structured
to meet the requirements for gainful employment and entrepreneurship
at specified occupational levels. Distributive occupations are found
in such areas of economic activity as retail and wholesale trade,
finance, insurance, real estate, services and service trades, manu-
facturing, transportation, utilities, and communications.

517 --- Business/Accounting and Marketing
These are the training level courses related to the business/accounting and marketing occupational areas that are listed by OE code numbers on the attached sheets.

OE CODES:

04.0100 04.0900 04.1700 14.0104
04.0200 04.1000 04.1600 14.0105
04.0300 04.1100 04.1900 14.0601
04.0400 04.1200 04.2000 14.0602
04.0500 04.1300 04.3100 14.0603
04.0600 04.1400 04.9901 14.0604
04.0700 04.1500 14.0102 14.0605
04.0800 04.1600 14.0103 14.0606

518 --- Business/Programming and Data Entry
These are the training level courses related to the business/programming and data entry occupational areas that are listed by OE code numbers on the attached sheets.

OE CODES:

14.0200
14.0201
14.0202
14.0203
14.0204

519 --- Business/Secretarial and General Office
These are the training level courses related to the business/secretarial and general office occupational areas that are listed by OE code numbers on the attached sheets.

OE CODES:

D) Programs 520 through 524 refer to the training level instruction in home economics occupations.

Home economics comprises the group of related courses or units of instruction organized for purposes of enabling pupils to acquire knowledge and develop understanding, attitudes, and skills relevant to (a) personal, home, and family life, and (b) occupational preparation using the knowledge and skills of home economics. The subject matter of home economics includes, in addition to that which is unique to the area, concepts drawn from the natural and social sciences and the humanities.

520 --- Home Economics/Food Services
These are the training level courses related to the home economic/food service occupational areas that are listed by OE code number on the attached sheets.

OE CODE:
09.0203

521 --- Home Economics/Child Day Care
These are the training level courses related to the home economic/child day care occupational areas that are listed by OE code number on the attached sheets.

OE CODE:
09.0201

522 --- Home Economics/Interior Design
These are the training level courses related to the home economic/interior design occupational areas that are listed by OE code number on the attached sheets.

OE CODE:
09.0204

523 --- Home Economics/Homemaking
These are the training level courses related to the home economic/homemaking occupational areas that are listed by OE code number on the attached sheets.

OE CODES:
09.0100
09.0205
524 --- Home Economics/Clothing Production
These are the training level courses related to the home economic/clothing production occupational areas that are listed by OE code number on the attached sheets.

OE CODE:
09.0202

E) Programs 525 through 528 refer to the training level instruction in health occupations.

Education for health occupations comprises the body of related subject matter, or the body of related courses, and planned experiences designed to impart knowledge and develop understandings and skills required to support the health professions. Instruction is organized to prepare pupils for occupational objectives concerned with assisting qualified personnel in providing diagnostic, therapeutic, preventive, restorative, and rehabilitative services to people, including understandings and skills essential to provide care and health services to patients.

Education for health workers usually is conducted by recognized education agencies and appropriate health institutions and services that can make available the quality and kind of experiences needed by the trainee in developing the competencies required for his or her occupational goal.

Instructional programs which prepare persons for occupations that render health services directly to patients provide planned instruction and experience in appropriate clinical situations. For occupations that render health services which do not involve direct services to patients, planned instruction and experience in laboratories and/or appropriate work situations are provided as an integral part of the instructional program.

525 --- Health/Dental Assisting
These are the training level courses related to the health/dental assisting occupational areas that are listed by OE code number on the attached sheets.

OE CODE:
07.0101

526 --- Health/Practical Nursing
These are the training level courses related to the health/practical nursing occupational areas that are listed by OE code number on the attached sheets.

OE CODE:
07.0302
527 --- Health/medical assisting
These are the training level courses related to the health/medical assisting occupational areas that are listed by OE code number on the attached sheets.

OE CODE:

07.0904

528 --- Health Care Aide
These are the training level courses related to the health care aide occupational areas that are listed by OE code numbers on the attached sheets.

OE CODES:

07.0203
07.0303
07.0900
07.0913
07.0914

F) Programs 529 through 531 refer to the training level instruction in agricultural occupations.

The agriculture program is comprised of the group of related courses or units of subject matter which are organized for carrying on learning experiences concerned with preparation for or upgrading in occupations requiring knowledge and skills in agricultural subjects. Functions related to agricultural production, agricultural supplies, agricultural mechanization, agricultural product processing, ornamental horticulture, forestry, and agricultural resources are emphasized in the instruction which is designed to provide opportunities for pupils to prepare for or improve their competencies in agricultural occupations. An agricultural occupation may include one or any combination of these functions.

529 --- Agriculture/Production
These are the training level courses related to the agriculture/production occupational areas that are listed by OE code numbers on the attached sheets.

OE CODES:

01.0100 01.0400
01.0101 01.0600
01.0102 01.0700
01.0200 01.0703
01.0201
Agriculture/Horticulture
These are the training level courses related to the agriculture/horticulture occupational areas that are listed by OE code numbers on the attached sheets.

OE CODES:
01.0500
01.0501
01.0502
01.0503
01.0504
01.0505
01.0506

Agriculture/Mechanic - Diesel
These are the training level courses related to the agriculture/mechanic-diesel occupational areas that are listed by OE code number on the attached sheets.

OE CODE:
01.0300

G) The following two programs are classified as miscellaneous because the program content is not closely related to the other categories listed.

Cooperative Vocational education for persons who, through written cooperative arrangements between the school and employers, receive instruction which includes required academic courses and related vocational instruction by alternation of study in school with on-the-job training in any occupational field. These two experiences must be planned and supervised by the school and employers so that each contributes to the student's education and to her/his employability and may be on alternate half days, full days, weeks, or other periods of time.

Barbering and Cosmetology
Instruction in these areas is designed to qualify pupils for licensing examinations. These courses are provided through contractual arrangements between schools and private firms offering instruction in these areas.

H) The following program generates administrative resources.

Vocational Education Instructional Program Administration
Administrative services including pupil testing and staff development provided by appropriately certificated personnel for vocational education teachers and staff.
### Occupational Programs
**FY 1982**

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Office of Education

Code No.  Occupational Program Titles
14.0603 Personnel Assisting
14.0604 Legal Assisting
14.0605 Journalism
14.0606 Public Relations
14.0701 Executive Secretary Science
14.0702 Secretarial
14.0703 Stenography
14.0801 Administrative Assisting
14.0802 Budget Management Analysis
14.0803 Clerical Office Supervision
14.0804 Data-Method and System-Procedure Analysis
14.0805 Office Managers and Chief Clerking
14.0901 Clerk-Typist
14.0902 Typists
16.0101 Aeronautical Technology
16.0103 Architectural Technology
16.0104 Automotive Technology
16.0105 Chemical Technology
16.0106 Civil Technology
16.0107 Electrical Technology
16.0108 Electronic Technology
16.0109 Electromechanical Technology
16.0110 Environmental Control Technology
16.0111 Industrial Technology
16.0112 Instrumental Technology
16.0113 Mechanical Technology
16.0114 Metallurgical Technology
16.0115 Nuclear Technology
16.0116 Petroleum Technology
16.0117 Scientific Data Processing
16.0118 Biomedical Technology
16.0119 Alcohol Fuels Technology
16.0400 Office Related Technology
16.0600 Coal Mining Technology
16.0601 Commercial Pilot Training
16.0602 Fire and Fire Safety Technology
16.0603 Forestry Technology
16.0604 Oceanographic Technology
16.0605 Police Science Technology
16.0699 Fluid Power Technician
16.9900 Occupational Health and Safety Technician
16.9901 Air Pollution Technology
16.9902 Water and Waste Water Technology
16.9903 Quality Control Technology
16.9904 Numerical Control Technology
16.9905 Optics Technology
16.9906 Plastics Technology
16.9907 Radio and Television Engineering Assisting
16.9908 Technical Report Writing
17.0100 Air Conditioning
17.0102 Heating
17.0103 Ventilating (Filtering and Humidifying)
17.0200 Appliance Repair
17.0201 Electrical Appliances Repair
17.0202 Gas Appliances Repair
17.0300 Automotive Services
17.0301 Body and Fender Repair
17.0302 Auto Mechanics
17.0401 Aircraft Maintenance
17.0402 Aircraft Operations
17.0403 Ground Operations
17.0600 Business Machine Maintenance
17.0700 Commercial Art
17.0701 Interior Decorating
17.0702 Window Display
17.0703 Product Designer
17.0704 Audio/Visual Production
17.0810 Sailors and Deckhands
17.0902 Ship and Boat Operation and Maintenance
17.0900 Commercial Photography
17.1000 Construction and Building Trades
17.1001 Carpentry
17.1002 Construction Electricity
17.1003 Heavy Equipment Operation and Maintenance
17.1004 Masonry
17.1005 Painting and Decorating
17.1007 Plumbing and Pipefitting
17.1008 Dry Wall Installation
17.1099 Industrial Maintenance
17.1100 Custodial Services
17.1200 Diesel Mechanic
17.1300 Drafting
17.1400 Electrical Occupations
17.1401 Industrial Electrician
17.1402 Line Worker
17.1403 Motor Repair
17.1500 Electronic Occupations
17.1501 Communications Electronics
17.1502 Industrial Electronics
17.1503 Radio and Television Repair
17.1504 Broadcasting
17.1601 Dry Cleaning
17.1602 Laundering
17.1700 Trade and Industrial Supervision and Management
17.1900 Graphic Arts
17.1901 Composition, Make-up and Typesetting
17.1902 Printing Press Operation
17.1903 Lithography, Photography and Platemarking
17.1904 Photosetting
17.1905 Silk Screen Making and Printing
17.1906 Bookbinding
17.2000 Industrial Atomic Energy
17.2001 Installation, Operation and Maintenance Reactors
17.2002 Radiography
17.2003 Industrial Use of Radiisotopes
17.2101 Instruments Repair (other than watch)
17.2102 Watchmaking and Repair
17.2200 Maritime Maintenance and Services
17.2301 Foundry
17.2302 Machine Shop
17.2303 Machine Tool Operations (semi-skilled)
17.2304 Combined Metal Trades
17.2305 Sheet Metal
17.2306 Welding
17.2307 Tool and Die Making
17.2308 Die Sinking
17.2309 Metal Patternmaking
17.2400 Metallurgy
17.2601 Barbering
17.2602 Cosmetology
17.2700 Plastics Manufacturing
17.2800 Public Service - Emergency Preparedness
17.2801 Fire Prevention and Control
17.2802 Law Enforcement
17.2803 Social Service Occupations
17.2804 Environmental Control
17.2805 Public Service Occupations
17.2900 Refrigeration
17.3100 Small Engine Repair
17.3200 Stationary Energy Sources
17.3400 Leather Manufacturing and Repair
17.3500 Upholstering
17.3601 Millwork and Cabinet Making
17.3700 Coal Mining Occupations
17.9905 Hospitality
18.9900 Educable Mentally Handicapped In-School
18.9903 Experienced-Based Education
18.9905 Trainable Mentally Handicapped In-School
18.9906 Community Workshop Experiences
18.9907 Special Education In-School Vocational
18.9909 Education Program
RESOURCE COST MODEL

POVERTY SUPPLEMENT PROGRAM DESCRIPTIONS

601 --- Poverty/Remedial Instruction - Grades K-12
Remedial instruction for students in grades K-12 who need supplementary work or assistance in basic instructional areas. Resources generated only for districts with concentration of students from low-income families that exceeds 15% and only for enrollment above 5% of these students counted in educational programs 106 and 214.

602 --- Poverty/Student Support
Student support services personnel, including psychologists, social workers, vision/hearing specialists, counselors/deans, nurses, and truant/attendance personnel for students in grades K-12. Resources generated only for districts with concentration of students from low income families that exceed 15%.

603 --- Poverty/Other
Supplemental resources for other costs associated with serving grades K-12 students from low income families, including security personnel and systems, repair of vandalism occurrences, compensation for nonpayment of student fees, etc. Resources generated only for districts with concentration of students from low income families that exceed 15%.
RESOURCE COST MODEL

LIMITED ENGLISH PROFICIENT INSTRUCTIONAL PROGRAM DESCRIPTIONS

701 --- Pre-School
A self-contained class for instruction of limited English proficient 3-4 year old children of the same language background using a native language and English.

702 --- Kindergarten Self-Contained or Team Taught
Either a self-contained classroom consisting of approximately equal numbers of limited-English proficient (LEP) 5 year old students of the same language background and English proficient students, wherein instruction in all subjects taught is provided in English and the appropriate native language or a team taught class of LEP 5 year old students of the same language background who receive bilingual instruction with another class. At least one of the team teachers should be proficient in the native language of the LEP students.

703 --- Native Language Aide for Pre-School and Kindergarten
Half-time native language aide for pupils served in programs 701 or 702.

704 --- Grades 1-8 - Self-Contained or Team Taught
Either a self-contained class consisting of approximately equal numbers of limited English proficient (LEP) students of the same language background and English proficient students enrolled in no more than two consecutive grade levels, wherein instruction is provided in English and the native appropriate language; or a class of LEP students of the same language background, in no more than two consecutive grade levels, who receive bilingual instruction on a team teaching basis with another class. At least one of the team teachers should be proficient in the native language of the LEP students.

705 --- Native Language Aide for Grades 1-8
Full-time native language aide for every 33 pupils served in program 704.

706 --- K-8 Bilingual "Pull-Out" Instruction
Limited English proficient students of the same language background who are withdrawn from regular classes of no more than 3 consecutive grade levels to receive instruction from an appropriately certified teacher using English and the appropriate native language.

707 --- K-8 Mixed Language Resource Room - ESL/one school
A resource room in which 25-35 limited English proficient students of one or more language backgrounds, who cannot be served in programs 702, 704 and 706, receive English as a Second Language (ESL) instruction from an ESL teacher.
K-8 Mixed Language Itinerant Resource - ESL
Less than 20 limited English proficient students of one or more language backgrounds who attend two or more schools and cannot be served in programs 702, 704 and 706 receive English as a Second Language instruction from an ESL teacher.

Native Language Aide - K-8 - ESL Supplemental Resource
A resource for limited English proficient students in programs 707 and 708 in which the students of each language background receive native language instruction from an aide proficient in their native language in cooperation with the ESL teacher.

Grades 6-8 - Departmentalized Content Area Native Language
Limited English proficient students of the same language background receive content area instruction using the native language from a bilingual teacher.

Grades 9-12 - Departmentalized Content Area Native Language
Limited English proficient students of the same language background receive content area instruction using the native language from a bilingual teacher.

Grades 6-12 - Departmentalized ESL/ESL Resource, Mixed Language
A class or a resource room serving students in programs 710 or 711 where instruction is provided in English as a Second Language by an ESL teacher.

Grades 6-12 - Departmentalized Content Area Native Language Aide
A resource for limited English proficient students of one or more language backgrounds who cannot be served in programs 710 or 711 in which the students receive instruction using the native language of the student from an aide proficient in their native language under the supervision of the ESL teacher.

Limited English Proficient Services Instructional Program Administration
Administrative services including pupil testing and staff development provided by appropriately certificated personnel for teachers of students with limited English proficiency.
Other administrators includes district level administrators such as:

   Business managers
   Assistant Superintendents for categories such as personnel, curriculum, research, etc.

Executive Secretary/Bookkeeper includes in addition to those two job categories e.g. Building and Grounds administrators, Transportation administrators, Data processing administrators.

Secretary/clerical includes these staff for all programs, departments, and administrative units.

Maintenance personnel--usually district level staff.

Trades personnel are those employed by the district as opposed to those employed by the district on an as needed contractual basis, e.g. carpenters, printers, mechanics, painters.
ELEMENTARY AND SECONDARY EDUCATION
COMPARATIVE FY 85 AND RESOURCE COST MODEL (RCM) BASED BUDGET CATEGORIES

CURRENT BUDGET CATEGORIES

General State Aid
1. General State Aid Reimbursement

Special Education
2. Extraordinary
*3. Orphanages
4. Personnel
5. Private Tuition
6. Transportation
7. Summer School
*8. Deaf-Blind Center/Materials for the Visually Impaired
*9. Regional Programs

Other Formula Categoricals
10. Regular/Vocational Transportation
*11. Illinois Free Lunch and Breakfast

Other Categoricals
12. Transitional Bilingual Education
   Chicago
   Downstate
13. Vocational Education
*14. Adult Education
   Public Assistance
   State Adult Education Basic
15. Gifted Education Reimbursement
*16. Gifted Area Service Centers
*17. Textbook Program
*18. Orphanages and State Owned Housing

RCM BASED BUDGET CATEGORIES
(Using Program Cost Differential (PCD) Categories)

Regular Elementary, Regular Secondary Education Programs, and General Administration and Support Services.

This PCD category will include items 1 (General State Aid) and 42 (Driver Education grants).

Special Education
This PCD category will include items 2, 4, 5, and 7.

Transportation
This PCD category will include items 6 and 10.

Gifted Education
This PCD category will include item 15.

Vocational Education
This PCD category will include item 13.

Limited English Proficient Services
This PCD category will include item 12.

NOTE: Items with an * will be budgeted using the current State Board of Education budget process.
Special Programs

*19. School Finance Study
*20. Truants Alternative Program
*21. High Impact Training Services
*22. Illinois Governmental Internships
*23. Alcohol/Drug Abuse
*24. Computer Consortia
*25. Master Teacher Program
*26. Education for Technology Employment
*27. Summer Institutes for Gifted
*28. Traineeships for Math and Science
*29. Gifted Program Fellowship
*30. Henry Horner Project
*31. Assistance for Equal Educational Opportunity
*32. Illinois Principalship Academy
*33. Hispanic Task Force
*34. Repair Grant - Marion
*35. LEA Reorganization Study
*36. Math/Science Scholarships

Regional Superintendents

*37. Regional Superintendents Salaries
*38. Supervisory Expense Fund

State Board of Education

*39. Operations

Retirement Systems

*40. Downstate
*41. Chicago

Driver Education

42. Driver Education Grants
*43. Operations (Drivers Education)

Federal Funds

*44. Grants
*45. Operations
EDUCATION FUNDING METHODS

1. THE EQUALIZATION MODEL

STATE AID = LOCAL DISTRICT FISCAL NEED - LOCAL CONTRIBUTION

(where LOCAL CONTRIBUTION equals LOCAL ABILITY TO PAY times LOCAL EFFORT)

2. CURRENT ILLINOIS FUNDING APPROACH

STATE AID = CATEGORICAL FUNDS + [(FOUNDATION AMOUNT times NUMBER OF PUPILS) - LOCAL CONTRIBUTION]

(where LOCAL CONTRIBUTION equals LOCAL EQUALIZED ASSESSED VALUE times LOCAL OPERATING TAX RATE and
where the FOUNDATION AMOUNT (currently approximately $1,840 per pupil) IS PRIMARILY DETERMINED BY THE INTERACTION OF THE STATE APPROPRIATION, AS ESTABLISHED BY THE GENERAL ASSEMBLY AND GOVERNOR, AND PUPIL COUNTS, ASSESSED VALUES, AND TAX RATES)

3. STATE SUPERINTENDENT'S RECOMMENDED COST BASED FORMULA

STATE AID = RCM TOTAL COST - LOCAL CONTRIBUTION

(where LOCAL CONTRIBUTION equals LOCAL EQUALIZED ASSESSED VALUE MODIFIED BY A MEASURE OF LOCAL INCOME LEVEL times LOCAL OPERATING TAX RATE)
COMPARISONS OF CURRENT AND STATE SUPERINTENDENT'S PROPOSED ILLINOIS PUBLIC SCHOOL FINANCE SYSTEM COMPONENTS

FINANCE SYSTEM COMPONENT

A) SCHOOL DISTRICT FISCAL NEED

CURRENT SYSTEM

1. Foundation Level X WADA - Under this method, district fiscal need is derived by multiplying the per pupil $ amount resulting from combination of the district's general state aid appropriation and some local revenues by the district's weighted average daily attendance.
   a) Pupil Counts - The numeric values assigned to pupils for budget purposes varies according to the following criteria:

<table>
<thead>
<tr>
<th>GRADE LEVEL</th>
<th>WEIGHT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-K Special Ed</td>
<td>Formula derived.</td>
</tr>
<tr>
<td>Kindergarten</td>
<td>Formula derived.</td>
</tr>
<tr>
<td>1-6</td>
<td>1.00</td>
</tr>
<tr>
<td>7-8</td>
<td>1.05</td>
</tr>
<tr>
<td>9-12</td>
<td>1.25</td>
</tr>
<tr>
<td>Other factors</td>
<td>0 to .625 (Range)</td>
</tr>
</tbody>
</table>

2. Categorical Programs: The state provides categorical funds for certain educational program categories, including bilingual education, driver education, gifted education, orphanages and state owned housing, pupil transportation, school lunch, special education and vocational education programs. Funding methods vary markedly and are generally not equalizing.

SUPERINTENDENT'S RECOMMENDATIONS

1. Resource Cost Model Total Cost - The district's fiscal need would be derived by multiplying the total dollar value of the district's instructional units by the district's cost of education index.
   a) Pupil Counts - The number and type of instructional units to be funded would be largely based upon the number and type of pupils the district serves. Pupils enrolled linked with staffing assignments and adjusted by an average attendance factor is the recommended method of accounting for total student need.

2. Categorical Programs: Generally, except for Chapter 1 and Chapter 2 programs, food service, and programs that are now completely or primarily funded with state funds, the costs for all educational programs would be determined by the RCM approach and the funds for these programs would be distributed on an equalized basis using one foundation formula.

B) SCHOOL DISTRICT WEALTH

CURRENT SYSTEM

Wealth, or fiscal capacity, is currently measured on the basis of real property equalized assessed value (EAV) plus a computed corporate Personal Property replacement EAV.

SUPERINTENDENT'S RECOMMENDATIONS

Local district fiscal capacity would be determined using measures similar to the current system except that an adjustment for personal income would be made.
C) SCHOOL DISTRICT EFFORT

CURRENT SYSTEM

No required minimal operating tax rate (OTR) effort, except that if a district's OTR is less than 1.28 (elementary), 1.10 (high school), or 2.18 (Unit), the district's actual OTR is utilized in computing state aid.

SUPERINTENDENT'S RECOMMENDATIONS

A minimum qualifying tax rate (OTR) would be required for each district type and also would be used for computation purposes.

<table>
<thead>
<tr>
<th>District Type</th>
<th>Required Qualifying Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary</td>
<td>1.67</td>
</tr>
<tr>
<td>High School</td>
<td>1.39</td>
</tr>
<tr>
<td>Unit</td>
<td>2.75</td>
</tr>
</tbody>
</table>
Both the current and State Superintendent's proposed funding methods employ variations of an equalization formula. In a model equalization funding method, the amount of state aid a local district would be entitled to would depend on the local district's fiscal need less the local contribution as determined by the local district's ability to pay times its effort.

CURRENT ILLINOIS FUNDING SYSTEM

\[ \text{STATE AID} = \text{CATEGORICAL FUNDS} + [\text{(FOUNDATION AMOUNT times NUMBER OF PUPILS)} - \text{LOCAL CONTRIBUTION}] \]

Local contribution equals local real property equalized assessed value plus a computed corporate personal property replacement EAV times local operating tax rate.

The foundation amount (currently approximately $1,842 per WADA pupil) is not currently based upon estimations or projections of educational program costs. Rather, it is primarily determined by the interaction of the state appropriation, as established by the General Assembly and Governor, and pupil counts, real property assessed values, a computed corporate personal property replacement EAV, and tax rates.

SUPERINTENDENT'S RECOMMENDED COST BASED FORMULA

\[ \text{STATE AID} = \text{RESOURCE COST MODEL TOTAL COST} - \text{LOCAL CONTRIBUTION} \]

RCM Total Cost is the product of the district's Cost of Education Index (CEI) times the dollar value of the varied instructional units the district provides.

Local contribution equals local real property equalized assessed value plus a computed corporate personal property replacement EAV modified by a measure of local income level times local operating tax rate (local effort).
II
THE RESOURCE COST MODEL: THE PROCESS AND ITS APPLICATION
TO ILLINOIS PUBLIC SCHOOL FINANCE

--- Analysis of The Resource Cost Model Process pp. 69 - 81

--- Application of the CEI pp. 82 - 85

--- Chronology of the RCM Process p. 86

--- Fiscal Accountability Issue Examined pp. 87 - 89

--- Analysis of Necessarily Small School Districts pp. 90 - 95

--- Fiscal Implications of High Poverty Concentrations pp. 96 - 97

--- Data Collection Needs pp. 98 - 100
The purpose of the Resource Cost Model is to measure the full range of variations in educational costs across the school districts of the state. The rationale behind this methodology is based on the concept that the state aid districts receive should not only be adjusted for differential tax bases, but also for valid variations in educational costs. The Resource Cost Model (RCM) utilizes a process of specifying and costing out the specific resources required to provide educational services. The result of this process is the determination, expressed in dollars, of the cost of providing a standardized level of educational services in every school district in the state given the pupil enrollments by education programs. This "standardized" level of services has been defined as "appropriate" for the state to help fund by committees of Illinois educators and policymakers on the basis of their perceptions of the program needs for various categories of pupils and the financial ability of the state to meet those needs.

Developing Adequacy and Equity Standards

Adequacy and equity are the central concepts to be considered by state and federal policymakers in the formulation of school finance systems. There has been a significant amount of debate in the literature about what constitutes adequacy and equity in school finance. And yet, there has been little effort to operationalize any of these concepts in state and federal programs of support for school services. No state or federal agency responsible for educational funding has integrated the funding mechanisms with precise definitions of adequacy and equity.

The concept of adequacy refers to "how much," while equity emphasizes "for whom." However, when one places these concepts within a policy making context, it becomes difficult if not impossible to separate them. The question of "How much?" and "For whom?" ultimately must be answered simultaneously. Despite the large number of references to adequacy in educational codes, legislative acts, court findings and policy statements, explicit definitions of educational adequacy remain imprecise. Working definitions of educational adequacy are ultimately derived from a wide variety of political and judicial actions as well as interpretations of past precedents. As new requirements for public education are constantly being generated and since these requirements are the result of considerable political interaction and compromise, educational adequacy will undoubtedly remain an imprecise standard by definition.

The TAP agreed that the terms adequate and appropriate require distinctive definitions. They are not used interchangeably in this report. Adequate and adequacy refer to concepts, programs, or requirements that carry with them notions of students' rights, legality, or sanctions.

Appropriate refers to the level of services identified as those to be funded at least in part by the state, in light of current educational technology, available funding, and consistency with preliminary determinations of program quality.
There was recognition by the TAP that definitive interrelationships exist among the methods of funding (the principal concept examined in this report), school district organization as it relates to efficient uses of resources, and operational agreement as to what constitutes quality education. While it was not the Advisory Panel's task to attempt to define "quality education" or identify the most efficient methods of managing resources, both issues do have pronounced effects upon equitable and appropriate funding of education. Thus, as policy makers examine this report and recommendations on school finance, it is important that consideration be given to resolving these key issues which affect school funding.

The Resource Cost Model offers an orderly process for developing a school finance decision making structure that will enhance the ability of policy-makers to observe the linkages between educational outcomes and the ingredients of the system. This linkage requires a highly structured, though flexible, system of school finance based on the specification of the ingredients of an education appropriate for the state to help fund and the determination of the costs of these ingredients. The objective of this kind of structured school finance system is to facilitate decision making as well as to provide a foundation for funding.

Adequacy and equity in school finance issues cannot be addressed simply by focusing attention on the distribution of nominal differences in school spending, but rather must be directed toward the examination of variations in the distribution of educational services. Indeed, some nominal variations in school spending may be justified on the basis of uncontrollable variations in the prices of school resources, differing needs of student populations, variations in the scale of school district operations, and variations in other locational attributes such as student population density and climate.

Beyond these variations in resource prices and service costs, school districts serving different student populations will incur differences in educational costs related to the variations in the kinds of educational programs that must be offered. Conventional wisdom suggests that different kinds and combinations of school resources (e.g., teachers, teacher aides, program supervisors and administrators, purchased services, supplies and materials) will be required to provide educational services for pupils with varying educational needs. The characteristics of children commonly accepted as deserving of special attention with regard to educational needs include socioeconomic status, handicapping conditions, and English language proficiency.

Thus, a comprehensive examination of adequacy and equity in school finance requires both an analysis of the variations in the costs of educational resource and services and the differences in the configurations of educational programs required to meet the needs of various student populations.

An Overview of the RCM

The RCM provides systematic processes for allowing program experts and educational policymakers to organize data relevant to the determination of the cost of educational programs (types of programs, types and amounts of resources, etc.). Upon completion of this step, a computer program is
employed to organize data on educational resources and resource costs to facilitate estimation of programmatic costs as they relate to differences in the educational needs of different student populations, to variations in the scale of district operations, and to variations in the costs of comparable resources.

The central purpose of the RCM process is to identify how much each district will require to provide a standardized level of educational service to all of its students and to determine the total educational expenditures in the state required to accomplish this goal. Rather than a set of answers to what is appropriate, the RCM is a set of systematic questions that reveal preferences for educational services and thereby form a definition of what is regarded as adequate or appropriate by the policy making bodies responsible for such decisions. The RCM then may be used with any number of school finance formulas as a basis for distributing state aid to local school districts.

In conceptualizing the cost of education, it is important to note the distinction between cost and expenditure variations. Cost variations are due to factors beyond district control which cause districts to pay differential amounts for the exact same levels of educational services. These cost variations in the provision of educational services stem primarily from two sources: geographical price variations in educational resources and the differing quantities of resources that are required by students in different educational program categories, e.g., special education as opposed to regular education programs.

Using the Resource Cost Model methodology, geographic resource cost variations are measured by Cost of Education Indices (CEI), while the Program Cost Differentials (PCD) process is used to determine program cost variations. The full RCM simply combines these two adjustments into a single estimate of the costs of providing comparable levels of educational resources in every district of the state.

The RCM process is illustrated in Figure 1 below. The PCD component is represented in step 2 while the CEI component is the resource cost adjustment shown in step 5 of this figure.

**Figure 1**

The Resource Cost Model Process

(1) RCM Committee Process

(2) Standardized Resource Configurations for all Instructional Programs (THE PCD COMPONENT)

(3) Computer Instructional Program Simulation Model

Enrollments for All Illinois School Districts
Appropriate Quantities of Educational Resources for Each District

Computer Simulation Model

Standardized Statewide Prices for Each Resource Adjusted by the Respective CEI's for Each District (THE CEI COMPONENT)

Cost of a Standardized Program for Each District of the State

The Program Cost Differentials Process

The RCM methodology is based on the concept that a comprehensive approach to the issues of adequacy and equity in the distribution of state aid must account for those distinct categories of factors affecting educational expenditures which are beyond district control. In the area of instructional programs, this translates into the inclusion of a mechanism in the state aid formula which generates differential amounts of state aid for pupils with substantially different educational program requirements, (i.e., program cost differentials).

Eight categories of instructional programs are currently delineated in Illinois: regular elementary, regular secondary, special, gifted, compensatory, and vocational education and limited English proficient services and adult education. Six of these programs are outside "regular" education. Every state in the union has identified some category of students as being eligible for supplemental state aid of some type and consequently each of the states faces the same question which confronts Illinois:

"How much more or less state aid should each district of the state receive to serve pupils with 'special' characteristics as opposed to the amount received for providing educational services for 'regular' pupils?"

Program cost differentials are derived on the basis of the very detailed consideration of what programs should cost and what priorities will be attached to particular educational needs. This approach, although inherently subjective in nature, provides educators and government officials a highly structured process for making program resource decisions.

In Illinois, the RCM Committee, composed of program experts from across the state, was convened for the purpose of identifying and defining educational programs that they deemed to be "appropriate" for state funding. Eight program category committees were formed and their task was to define specific resources considered necessary to provide each program at an "appropriate" level. Resources were specified for basic instructional units, and for administration and support services for each of the eight program categories. In determining the level of resources needed for each program, the members of the program committees were asked to keep a balance between the resources they believed should be provided for each educational program.
while at the same time recognizing that public resources are limited. Toward achieving this balance, each committee was made cognizant that their definitions would be scrutinized by competing educational program category representatives, as well as by representatives of the legislative process, and perhaps ultimately by the legislature itself. (See Illustration I for sample PCD specifications.) Following the initial review of specifications for each of the 8 original program categories, it was recommended that due to their relatively unique basis of funding, compensatory and adult education be removed from inclusion in the calculation of RCM determined costs for equalizing purposes.

This process provides educators with a solid foundation upon which to build a case for budget recommendations, and it also provides a mechanism by which policymakers can assess the impact of budget limitations on educational delivery systems.

The Cost of Education Indices

Cost of Education Indices (CEI) are designed to reflect variations across local school districts in the cost of providing comparable educational services for comparable student populations. This reflects the cost of some fixed "market basket" of school resources devoted to the provision of educational services. School districts located in different regions of the state differ in such factors as costs of living, labor market conditions, cultural amenities, climate, access to major employment centers and shopping facilities, and levels of crime. The result is that school districts must: (1) pay different salaries to attract the same kinds of school personnel, (2) spend different amounts of money to heat and cool school buildings, and (3) provide different levels of resources for transporting pupils to and from school.

Separate indices are developed for each of the relevant categories of school resources and services provided by local school districts. The school resources delineated in the Illinois study are four categories of professional school personnel, a single category for noncertified personnel, plus transportation and energy services.

Analyses of these separate components involve an examination of the full range of factors that explain variation in the prices of school resources and/or expenditures on school services. Having explained a substantial portion of the variance in these prices and expenditures, that portion of the variation resulting from factors that are beyond local school district control can be isolated. To the extent that variations in these prices, or expenditures for school resources and services are beyond local control, they represent differences in the costs of educational services.

The component indices may then be integrated into the RCM resulting in a comprehensive framework which simultaneously addresses the variations in resource costs and resource configurations necessary to provide appropriate access to educational services to districts serving various student populations across the state. The adjustments reflected in the components of the
CEI provide all districts with access to comparable resources necessary to purchase the same level of products and services, while the PCD components provide the differential access to resources necessary to meet the needs of particular student populations.

**Application of the PCD Concept**

A sample instructional program configuration from each of the six instructional program categories specified by the RCM Committee is shown in Illustration I. Note that these are only examples of the approximately 140 educational programs that have been specified by the state. Beyond these, an additional level of resources has been specified for district administration and support services.

The sample shown in Illustration I indicates the level of detail with which resource configurations have been specified. This particular example reflects: class sizes/caseloads; full time equivalent personnel requirements; expenditures on purchased services, supplies and materials, and special equipment; and building space. Each of these items is eventually multiplied by a CEI adjusted resource price and added together to determine overall program and district costs.
### ILLUSTRATION I
Sample Program Cost Differential Specifications

#### INSTRUCTIONAL PROGRAMS

<table>
<thead>
<tr>
<th>PROGRAM CATEGORY</th>
<th>Examples From All Program Categories</th>
<th>CODE</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Program Description</th>
<th>Unit Size</th>
<th>Cost Per Unit Components</th>
<th>ICODE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Class Size or Caseload</td>
<td>FTE Pers Per Unit</td>
<td>Expend Per Unit</td>
</tr>
<tr>
<td></td>
<td>Targ*</td>
<td>Max.</td>
<td>Min</td>
</tr>
<tr>
<td></td>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>Reg. Elementary - Self-Contained 1-6</td>
<td>23</td>
<td>28</td>
<td>18</td>
</tr>
<tr>
<td>Reg. Secondary - English Reg.</td>
<td>25</td>
<td>30</td>
<td>20</td>
</tr>
<tr>
<td>Spec. Education - Speech/Lang. Res.</td>
<td>62</td>
<td>62</td>
<td>62</td>
</tr>
<tr>
<td>Gifted Ed. - Res. Cntr. K-12</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Voc. Ed. - Ind. Drafting</td>
<td>21</td>
<td>26</td>
<td>16</td>
</tr>
<tr>
<td>LEP - Bilingual Pull-out K-8</td>
<td>16</td>
<td>23</td>
<td>9</td>
</tr>
</tbody>
</table>

*Class size targets are used as a divisor to determine the number of program units which are eligible for state funding.

**Program Unit Increments are used to determine the portion of a single program unit eligible for funding if the student population is less than the minimum required class size.

(See Illustration II for example of operation of Target, Maximum, and Minimum class sizes/Caseloads and Program Units.)
ILLUSTRATION II

EXPLANATION OF TARGET, MAXIMUM, MINIMUM AND PROGRAM UNITS

Target = The class size or caseload at which units are desired to be funded. This number is used as the divisor for determining the number of units that will be eligible for state funding assistance.

Maximum = The class size or caseload which cannot be exceeded. If it is exceeded, another unit or partial unit is generated based upon the program unit designation.

Minimum = The lowest class size or caseload at which a full unit will be generated. When the total district population in a specific configuration is less than the minimum, a proportionate reduction in the state funding of a unit occurs.

Examples: Hearing Impaired Itinerant program configuration

Target = 12, Maximum = 15, Minimum = 8, Program Unit = 1.0

1. District A has 7 students in this configuration.
   7/8 unit will be allotted. (The minimum number is the deciding factor.)

2. District B has 24 students in this configuration.
   24/12 = 2 units (The target number is the deciding factor.)

3. District C has 30 students in this configuration.
   30/12 = 2 1/2 = 2 units (Fractional part is ignored.)
   30/2 = 15 = 2 units will be allotted, since the generation of 2 units would not require the maximum of 15 to be exceeded.
   (The maximum number is the deciding factor.)

4. District D has 35 students in this configuration.
   35/12 = 2 11/12 = 2 units (Fractional part is ignored.)
   35/2 = 17 1/2 Since this exceeds the maximum (15), three units will be allotted. The generation of 2 units would result in an average class size that exceeds the maximum, therefore 3 units would be credited.
Program Units designate what portion of the costs of a unit will be generated.

If the program unit is 1.0, only full units of cost are generated (see examples 3 and 4) unless the total number of students is less than the minimum (see example 1).

If the program unit is less than 1.0, the value of the program unit determines the fractional parts of the program costs eligible for funding.

For example, if the program unit is .2, the caseload is 20 (tar) - 20 (max) - 20 (min), and the value of the unit is $20,000, then the costs would be generated in fifths of a unit as follows:

<table>
<thead>
<tr>
<th>Program Unit Increments</th>
<th>Enrollment Range</th>
<th>Costs Eligible for State Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/5 of 20 = 4</td>
<td>3-6</td>
<td>$4,000 ($20,000 ÷ 1/5)</td>
</tr>
<tr>
<td>2/5 of 20 = 8</td>
<td>7-10</td>
<td>8,000</td>
</tr>
<tr>
<td>3/5 of 20 = 12</td>
<td>11-14</td>
<td>12,000</td>
</tr>
<tr>
<td>4/5 of 20 = 16</td>
<td>15-18</td>
<td>16,000</td>
</tr>
<tr>
<td>5/5 of 20 = 20</td>
<td>19-22</td>
<td>20,000</td>
</tr>
</tbody>
</table>

More than 5/5 - repeat step 1.

Application of the CEI Concept

The results of the study of educational resource cost differences reveal higher than average costs of school personnel (i.e., teachers, school and district level administrators, and noncertified personnel) in the larger metropolitan areas with the most urbanized areas of the state in general exhibiting the highest resource costs. However, the more remote rural areas also showed relatively high personnel costs. These results are in line with all of the other studies of differential costs of school personnel conducted in California, Florida and elsewhere as well as studies of regional variations in wages in other occupations.

Higher costs in the metropolitan areas reflect higher costs of living, greater competition in labor markets, and other disadvantages (e.g., crime rates, pollution, crowding and congestion) of living and working in the most urbanized areas. Although advantages of urban centers such as the cultural amenities of central cities, the access to employment centers, shopping, and other conveniences are also important factors in the supply of school personnel, the negative characteristics associated with metropolitan areas are the more predominant cost related factors and thus result in higher personnel costs. Additionally, energy costs tend to be somewhat higher in the metropolitan areas because of the higher utility rates which tend to characterize metropolitan versus nonmetropolitan areas. Some areas of the state are characterized by higher energy costs due to the lack of access to cheaper fuels.
Transportation costs tend to be higher for the smaller and more sparsely populated school districts which are predominately located in the non-metropolitan areas of the state. Additionally, the transportation costs are relatively high in large districts with longer average transportation distances from home to school.

Illustration III provides a visual presentation of the regional indices for teachers for the state as a whole.
Utilization

The RCM has been designed as a basis for making decisions about state school finance distributions. It provides an approach for determining how much each district within the state requires to provide equivalent levels of educational services. It explicitly recognizes the different fiscal needs of districts serving differing proportions of students with special educational program needs. A dollar figure is attached to each district representing the full cost of providing educational programs and services appropriate to the student populations they enroll.

The RCM is not a state aid distribution formula. It does not provide any information about how the burdens of taxation are to be distributed among the citizens of the state, nor are the federal, state and local shares of revenue determined or specified by the model. This is up to the discretion of the state. However, the model described can be adapted to almost any circumstances. It can serve as the basis for an overall system of block grants, a categorical grant system, a general state aid formula (e.g., foundation or guaranteed tax base) or any combination of the three that might be devised. Basically, all the RCM provides is cost data by program, service or program category. These cost data may be combined with just about any kind of state aid distribution mechanism.

The dollar figures derived from the RCM are based on a detailed analysis of program enrollments and resource configurations. Thus, while the results of the RCM can ultimately be summarized in a single dollar figure for each district, in fact, they may also be broken down in considerable detail. They could be broken down by any one of the 140 instructional programs, six program categories, or the single district level administrative configuration specified by the various committees. Thus, underlying the cost figure attached to each district is a myriad of cost information that can be organized in any number of ways. These information capabilities can be used as planning and policy evaluation tools as well as an underlying basis for a school finance formula for the state.

Maintenance

The RCM process is designed to be ongoing. Its flexible nature not only relates to the ability to experiment with and refine various program specifications and their impact on educational program costs, but also its evolution over a larger span of time. Historically school finance formulas have been updated by patching existing formulas to reflect changing political realities or social priorities. Because these formulas were not initially founded on the basis of any strong, comprehensive rationale, the patches tend to be piecemeal and incremental in nature with a paucity of understanding of their impact on the adequacy of provision for the various educational programs of the state. Many states have experienced the need for school finance reform every 10-15 years because these annual patches have obscured any rationale that may have been associated with the initial formulas and because the initial formulas were not structured to evolve with
changing societal priorities. While the structure of the RCM approach is not guaranteed to be ever relevant, it is designed with the changing nature of educational program adequacy in mind.

As the sense of appropriate educational program offerings and the resources that should be associated with them evolves in the state, so should the RCM. The conviction that the amount of dollars districts receive from the state, in support of the educational services they provide, should be adjusted for variations in the costs they face is not easily converted to educational policy. Sophisticated mechanisms are required to measure costs accurately. Also, to remain relevant they must be updated. In the case of the CCI, this will require a commitment of resources to provide the technical effort to recalculate a cost of education index for the state at some regular interval. While the Program Cost Differentials also requires maintenance, arguably these are the exact kinds of questions the state should be considering and addressing on a regular basis anyway.

For these reasons, the committee structure that has been developed for the purpose of specifying the initial RCM base will be required as long as the RCM concept is present in the state. While its membership should evolve, so as not to place an imposing burden on any single member, the business of evaluating and redefining the existing Program Cost Differentials should continue in at least a limited capacity throughout the year, every year.
The CEI: A Synopsis

The Cost of Education Index (CEI) is one of two Resource Cost Model (RCM) components. This component of the RCM accounts for variations in the costs for a standard quality of a specified commodity or service. The Illinois CEI has three segments: personnel, energy, and transportation. The personnel and energy indices are quite similar in their construction and mathematical application. The transportation segment combines the use of a personnel index with district transportation characteristics to provide a total cost of transportation for each school district.

Personnel

In its most simple form, the personnel index is determined by dividing a statistically based teacher's salary (process applies to all personnel classifications but this paper will refer only to teachers) for each district by the statistically based average teacher's salary for all districts in the state (the total of the salary levels in each district for the "standard" teacher divided by the number of districts).

Similar to the Consumer Price Index that varies from city to city, a cost of education index refers to the relative price that a school district must pay for a particular service, for example, the employment of a teacher with certain training and experience. Conversely, expenditures reflect what the district actually spends on its programs, combining costs and quality choices. If two districts are required to pay the same price to hire an equally qualified teacher and one of the districts chooses to hire two such teachers to lower the pupil-teacher ratio, they both have the same education cost, but one district will spend twice as much as the other. Thus, cost index compares the cost that each district must pay for an equally qualified teacher and not what each district chooses to spend for the service.

The process for generating the personnel index for each district is relatively straightforward. However, much concern has arisen due to the discomfort many of us have with highly sophisticated statistical techniques, which are a part of this process and in which most people are not well-versed. The process can be reduced to four steps beginning with the identification of standard teacher characteristics for the state. One method of determining the standard would be to identify the average characteristics of all public school teachers employed in the state. For example, it may be determined that on average Illinois teachers have Masters degrees and 12 years of experience.

The second step involves the statistical examination through regression analysis of the effect of a number of variables on the salary paid to a sample of teachers in each district. This form of analysis indicates which variables and the degree to which they affect the salaries paid. These factors can include teaching experience, degree status, gender, age, income level of school district community, district pupil enrollment etc. Several
hundred variables were initially examined in the general categories of teacher characteristics, district characteristics and community characteristics. This examination indicated that a number of factors had little or no effect on salaries and thus were excluded from further examination.

The third step of the process requires another mathematical procedure. At this point all the factors that have been shown to have an effect on salaries are divided into two categories, those that a district can control over time (e.g., age, gender, experience, degree status) and those that it cannot control in the short term (e.g., property value, income, pollution and crime levels, etc.). The values for each district for factors that districts cannot control are then used to determine the salary level for each district for the standard teacher identified at the beginning of the process.

The final step as noted previously is to divide the statistically determined salary level for each district by the statistically based statewide salary level. Therefore, if the state level is $20,000 and District A's estimated salary level for the standard teacher is $18,000, the index for District A would be ($18,000 - $20,000). If District B's estimated salary level is $22,000, the index would be 1.1 ($22,000 - $20,000).

The personnel index for teachers is then used to modify the standard teacher's salary specified as part of the program cost differential (PCD) component of the RCM. Thus, for each teacher generated in the PCD component for District A if the state standard salary was identified as $20,000, the district's personnel index would be applied (e.g., .9 x $20,000) and the district's cost for the educational program would be calculated using $18,000 rather than $20,000 for the teacher's salary.

Questions have arisen regarding the differences which some districts have observed between their actual average salaries and the statistically based salaries. These differences will exist when the characteristics of the district's teachers differ from the characteristics of the state average teacher. If a district has a predominance of staff with advanced degrees, or significantly greater or fewer years of experience, or variations in "quality" characteristics such as grades and SAT/ACT scores, the actual salaries will differ from the statistically based salaries. These differences indicate that the CEI process is functioning appropriately and as designed. It means that the index is accounting for differences between districts for staff with similar qualifications. The implication is that, in particular, quality variations are acceptable, but if higher than the standard, should be funded from local resources.

Since there are varied approaches to statistical analyses, an independent review of the analysis was conducted by three experts in the development of cost of education indices. Their review indicated that the index developed by the Associates for Education Finance and Planning (AEFP) is methodologically sound and efficient. They did, however, recommend some modifications to strengthen the indices.

An often expressed concern of Illinois education practitioners has been the meaning of indices for each school district when much of the data used in the development of the indices was county level data. Extensive efforts
have been undertaken to identify labor markets in order to aggregate the district indices into more meaningful units. Several suggestions were reviewed and explored: 1. regions based on county boundaries; 2. regions based on commonality of education and employment characteristics; 3. regions based on the current educational service regions; and 4. regions based on common demographic characteristics, (e.g., urban areas, midsized cities, suburbs, rural areas). Options one and three have been rejected as being too arbitrary. Analysis of option 4 did not reveal any usable patterns. The second option, based on work provided for the State Board of Education's Department of Adult, Vocational and Technical Education, yielded 30 regions that have identifiable employment and educational background patterns. This regional configuration is recommended to be used in conjunction with the AEFP indices as modified by the independent consultants.

Upon review by the Superintendent's Advisory Committee on Financing Public Education, three recommendations for refining the CEI personnel component were made and are in the process of being examined. The recommendations included: 1) Separate Cook County into three subcomponents that are more closely like the contiguous counties to the north, west, and south, rather than treating Cook as a uniform entity; 2) Include in the personnel index a consideration for senior staff resulting from the long period of enrollment decline most districts have faced; and 3) Identify better measures for cost of living differences and community characteristics than those used in the index as proposed.

The current school finance system omits any recognition of the regional variations in costs for comparable items faced by school districts. Thus, while the personnel index as proposed in the RCM may not reflect perfectly these variations, it makes great strides in doing so, and when viewed as part of the RCM, should be seen as an improvement to the finance system.

Energy

The energy portion of the CEI is quite similar to the personnel index. The first step is to define the standard unit. In this instance an energy engineer developed a prototype of a school building that might be found in Illinois today, including the specification of windows, heating/cooling temperatures, hall space, number and length of days in session, etc. It is clear, however, that all buildings currently utilized are not the same as this prototype building.

Using information regarding the climate zone of the school district and the mix and price per unit of heating/cooling fuel, the price per square foot of heating/cooling this prototype building was estimated. The average price per square foot was also calculated and, similar to the personnel index, the value for each district was divided by the value for the state, thus yielding the energy index.

Again, similar to the personnel index, this information is applied in the PCD component of the RCM. For each square foot that is generated by the PCD, the average price per square foot is applied as modified by the energy
index for each district, resulting in the estimated costs for energy for each district based on the number and kinds of educational delivery systems required by the district.

In review of the energy index, the only problems identified have been a few errors in reporting from local districts. These errors are understandable, given the previous minimal uses of the data. It is likely that the quality of the data would improve if it were to be used to affect funding.

Again, similar to the personnel index, the energy index does not perfectly reflect cost differences for energy. It does not account perfectly for the utilization and condition of the current stock of school buildings. It does, however, begin to account for these price variations for a portion of school district budgets which has risen steadily in recent years and which is predicted to increase more dramatically in coming decades.

Transportation

The transportation portion of the CEI is not truly an index. Rather, it simultaneously takes into account the variations in the personnel costs (bus drivers) associated with providing transportation and the other factors (e.g., number of students transported, sparsity of student population, etc.) that result in differing costs for providing transportation services. Similar to the personnel index analysis, it examines the factors that affect what school districts spend to transport students, in this instance for all districts' regular vocational and special education transportation services. The factors that have no significant effect are excluded from further analysis, while the district's values for factors beyond school district control, such as sparsity of student population, number of students transported, conditions of the roads, climatic conditions, etc., are used to estimate the cost of transporting students in each district.

The transportation component determines the cost of transporting students under certain conditions (e.g., greater than 1.5 miles, hazardous conditions, etc.). These conditions must be defined, and therefore will yield the transportation service standard.

Differences in the actual expenditures of school districts for transportation and statistically determined transportation costs can result from policy decisions that lead to these services being provided in ways and at levels that differ from the standard used to generate the costs eligible for inclusion in the state aid distribution formula. Preliminary review of these data indicate that there are a small number of data reporting errors. Again, should this information be used to generate state funding, an improvement in the quality of these data could be expected.
## RESOURCE COST MODEL (RCM) PROCESS

<table>
<thead>
<tr>
<th>Activity</th>
<th>Groups Responsible</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Educational programs described and specified (Program Cost Differential process).</td>
<td>Statewide policy makers: Based on educators' advice and Project staff consultation, RCM Committee recommends, State Board revises, adopts, and recommends, General Assembly approves and Governor signs into law.</td>
</tr>
<tr>
<td>2. Cost of Education Indices (CEI) developed. (For each district five categories of personnel indices and an energy index and a transportation computation).</td>
<td>Statewide policy makers: Based on State Board consultants' advice and Project staff consultation, RCM Committee recommends, State Board revises, adopts, and recommends, General Assembly approves and Governor signs into law.</td>
</tr>
<tr>
<td>3. Educational program specifications and District's CEIs entered into RCM computer program.</td>
<td>State Board Staff.</td>
</tr>
<tr>
<td>4. Submission of enrollment information for each educational program.</td>
<td>Local School Districts.</td>
</tr>
<tr>
<td>5. Enrollments entered into computer.</td>
<td>State Board Staff.</td>
</tr>
<tr>
<td>6. Through the use of RCM computer program, CEI modifies salary levels and energy costs, producing unique costs per program unit for each district. Enrollments divided by target levels in specifications, generating the number of program units required for each district. The number of program units is multiplied by program unit costs, which results in the total cost for each school district for the specified educational programs.</td>
<td>State Board Staff.</td>
</tr>
</tbody>
</table>
A major component of the education reform package being prepared by the State Board of Education and others is the Illinois Public School Finance Project's school finance reform recommendations. These school finance system reforms have been proposed by the Project's Technical Advisory Panel and will soon be adopted in whole or in part by the State's Board of Education.

One of the most innovative of these proposals is the recommendation that most educational program funds be distributed through one equalizing formula with the basis for this funding being determined through the use of the Resource Cost Model. Because most funds for programs that are currently funded on a categorical basis would be distributed through one formula and specific education program costs would be used to determine the level of state funding districts would be eligible to receive, a number of accountability issues have surfaced.

Perhaps the major accountability issue centers on the relationship between the Resource Cost Model and the fiscal and/or programmatic requirements that will be placed upon local school districts. Concerns have been raised on both sides of what might be called the "targeting" issue. That is, must every dollar be spent on the program cost component that generated it? For example, if the RCM sets the target level for a self-contained elementary class at 23, and for a middle school math class at 26, must all first to eighth grade classes be staffed this way or may local school boards and administrators increase class sizes for 7th grade math and lower class size in grade 1? The current RCM guidelines permit such administrative flexibility.

There are limits to this flexibility, however. If 12 students were reported as being served in a self-contained class for physically handicapped students, could a school district actually serve them in a resource room setting and receive funds from the state at a rate higher than the program costs that generated them? According to the currently proposed RCM guidelines, in the case of a specific educational delivery system, students should be reported in the way they are being served. Therefore, misreporting of services would not be allowed. However, since state funding for these program costs would be on a prior year reimbursement basis, if these students were served in a self-contained setting in 1983-84, funding would flow in 1984-85 regardless of how the 1984-85 students were or were not served. In this example, it is possible that the 1983-84 students may have graduated at the end of the 1983-84 school year.

The RCM Committee has previously examined ways of simultaneously providing for flexibility (within program categories - regular elementary, regular secondary, gifted, special, and vocational education, and limited English proficient services) and accountability (among program categories). One recommendation made by the Committee was that at least 80% of the funds generated by pupils within a program category must be spent in that program category. Thus, if, for example, a school district's costs were identified by the RCM to be $60,000.00, based on the following program costs:
Using this accountability method, the hypothetical district used in this example would be required to spend at least $8,000 in each of those program categories and could then allocate the remaining $12,000 for other appropriate district needs. Equipment for the science lab might have priority one year; significantly lowering class size in the kindergarten on a test basis for several years might be another priority; a comprehensive testing program for the special education program might be the priority another year. This approach could simultaneously guarantee flexibility for administrators and ensure the provision of needed services for students with unique educational needs.

Another method for comparing the use of RCM based costs and actual expenditures would be to use the data from the teacher service record (TSR) file as one resource that indicates the number of teachers in each district serving students in particular educational settings. Thus, for instance, if the enrollments submitted by a school district indicated that 20 elementary teachers, 10 high school teachers and 20 special education teachers were generated through the RCM, then data from the teacher service record should not indicate 25 elementary teachers, 15 high school teachers, and 5 special education teachers. In this example, not only has the elementary staff been increased by 25%, and the special education staff been depleted by 75%, but the total staff has been reduced by 10%. It would be appropriate for the state to question how the funding for the other 5 positions was being used. Had some "trade-offs" been made to maintain or increase the quality of educational services while reducing staff?

If the accountability objectives associated with the use of the RCM methodology are that students receive appropriate levels of actually needed services, and school districts receive appropriate but not excess amounts of state funds for programs provided, while not placing inappropriate limitations on local decision makers, then the combination of suggestions discussed above could be used. That is, all funding could be based on services provided in the previous year; at least 80% of the costs identified for a special program category must have been spent in that area; and perhaps the use of the TSR to provide data to evaluate whether support staff and special needs personnel are in fact being provided.

The mechanisms described above address only the relationship between the program specifications and the actual use of the funds provided for these programs. It could be argued that the most important issue is the relationship between the RCM program specifications and the result of the educational process. To this end, use of the RCM can allow the state to fund comparable levels of educational resources for all school districts, thereby resolving many of the "fair funding" issues. Most of the differences, then, the quality of the educational services which result from systems which began with comparable students and received comparable resources must be the result of different mixes of technologies and teaching strategies and generally different approaches to managing educational resources.
In addition, it should be noted that nothing in the RCM process or the other Illinois Public School Finance Project recommendations suggest limitations be placed on school districts utilizing local revenue to provide services beyond the scope and quality of those identified. The RCM process simply identifies the cost for each district for providing a special level and set of educational services.

Resource Cost Model Committee Recommendations/Discussions

The RCM Committee's discussion on accountability centered on the need for accurate reporting of finance related data to insure the proper expenditure of funds. The focus of this discussion, which was held on June 5, 1984, was to identify a method for generating sufficient, accurate data that could be verified but which would not impose a burdensome collection responsibility on local school districts.

As previously noted, one method of comparing the RCM based costs and actual expenditures would be to use data from the teacher service record (TSR) file that indicates the number of teachers in each district serving students in particular educational settings. However, a Committee member observed that since the number of teachers is a district level decision and funding would be provided on the number of students served in each program category, the districts should be accountable for accurately reporting the number of students and not the number of teachers. The Committee concurred that RCM costs should be generated based on the number of students served and individual districts would make the decisions regarding how many teachers are utilized to serve the needs of students.

The Committee discussed numerous methods of data collection needed to provide RCM information. Staff suggested that the current State Board data collection mechanisms would need little modification to be used as a basis for calculating the final RCM costs for use in distribution formulas. However, some data collection would need to be undertaken in the fall of each year for budget development purposes. The Committee discussed the need for uniform date(s) for reporting enrollment information. The Committee acknowledged that nothing recommended by this Committee would alter any data collection or monitoring required by Federal rules or regulations.

Finally, the Committee reaffirmed its recommendations that funds flowing to local school districts be based on RCM costs for students served during the proceeding year and at least 80% of the funds generated by students within any program category must have been spent on services for students in that program category. This could be monitored through the use of the Annual Financial Report. A second method of verifying this facet of accountability would be to verify that educational services were provided to the students as reported. Teacher schedules and the TSR were suggested as possible methods for verification of services.
NECESSARILY SMALL SCHOOL DISTRICTS  
VERSUS  
SCHOOL DISTRICTS SMALL BY CHOICE

The Issue

Generally, school districts with small enrollments must pay higher costs per pupil than do larger school districts which benefit from certain economies of scale when providing the same level of educational services. If one of the objectives of the State of Illinois is to provide equal educational opportunities for all Illinois students while ensuring the efficient and effective use of state tax dollars, then some distribution mechanism should be developed that will provide the higher level of state funding needed for those school districts that by necessity rather than choice serve relatively small student populations.

Thus, the issue is: Can school districts that are necessarily small be distinguished from those that by choice serve a relatively small number of students, and if so, can a method be determined to provide qualifying small school districts with additional state aid necessary to enable these districts to provide adequate levels of educational programs while ensuring efficient use of state resources?

A Related Concern

In order to attempt to objectively differentiate necessarily small public school districts from those that are small by choice, it is necessary to develop measurable criteria that will permit educational and governmental officials to identify those school districts that due to relatively unique geographic, topographic and/or demographic circumstances are required to provide educational services to a relatively small student population. In developing criteria for necessarily small school districts, not surprisingly, it is also necessary to address certain school district consolidation issues.

For both educational and financial reasons, pressures for consolidation of public school districts in Illinois continue to build. Among the consolidation issues currently being heatedly debated are the degree to which the State has responsibility to support fiscal inefficiencies that may be the product of very small school districts, and the options that these small school districts (actually districts of any size) should have to fail to educate their students to a specified level of educational program quality.

Few, if any, argue that school districts should have the option, due to small size or any other reason, to provide educational programs of relatively poor quality. Yet, due to diseconomies of scale, the price of educating the students in small districts to a yet-to-be-determined statewide level of program quality may exceed the total of the combination of available state aid and the local district's fiscal capacity.
In such cases, program quality tends to suffer. Thus, in order to determine the appropriateness of additional state funding to improve the quality level of educational services available in such districts, it is necessary to try to determine if the school districts are indeed "necessarily small." That is, has the option of consolidation been fully explored and resolved?

Arguments also can be made for not attempting to force consolidation on school districts that have chosen to remain small and thus are operating financially inefficiently. At issue here is the degree of the State's responsibility to pay for the local citizen's choice and the ability and willingness of the local school district to provide an acceptable level of quality educational services. If the educational needs of the students in these small districts are met at specified quality levels, then it becomes necessary to determine the proportional responsibilities the State and the local districts should have for funding the educational programs in districts that by choice remain small.

Few contend that the State of Illinois can afford to support fiscal inefficiency which often results from the operation of very small school districts. A solution suggested by some is that for those small school districts that by choice remain relatively low in enrollment but are able to provide quality education, the price for the diseconomies of scale should be borne by the local citizens who made the decision that maintaining the small, financially inefficient school districts was of prime importance to the community.

Relative to this consolidation issue, the Project's Technical Advisory Panel expressed concern for rewarding fiscally inefficient school districts and recommended that the Resource Cost Model "... not provide disincentives to reorganization or consolidation." The Panel further recommended that Illinois statutes regarding school district reorganization be thoroughly reviewed and that any disincentives to reorganization be removed.

Addressing Higher Per Pupil Costs in Necessarily Small Districts

A major recommendation of the Technical Advisory Panel is that the Resource Cost Model be used to identify the unique fiscal needs of school districts by taking into account each district's enrollment size, mix of students and related program requirements, and the purchasing power of their educational dollar. Preliminary simulations using the RCM process have indicated that in general the per pupil costs for a standard set of educational services are higher for districts with low enrollments. As noted earlier, determining the relative responsibilities of the State and local districts to pay for the higher per pupil costs of education in these small districts rests, to some degree, on the ability to differentiate between districts that have small enrollments due to circumstances beyond the district's control rather than those that remain small by choice.
The most direct approach to resolving this issue is to identify criteria that can be used to differentiate between school districts that are small by necessity and those that are small by choice. Once this differentiation is made, the RCM computer program can be modified to allow the higher per pupil costs of necessarily small school districts to be identified, while generating cost data for school districts small by choice at a more efficient, target funding level. Using this approach, relatively higher levels of revenue (on a per pupil basis) can be generated at the State level to help provide quality education in necessarily small school districts, while allowing the continuation of, but not providing a financial incentive for, school districts that elect to remain small in enrollment.

Identifying The Criteria

A Public School Finance Project subcommittee that included superintendents in school districts which could potentially be considered necessarily small, a university professor with special expertise in rural education, a regional superintendent in a sparsely populated part of the state, and a State Board of Education staff member with responsibility in the area of school district organization met to specify Illinois criteria for differentiating school districts that are small by choice from those that by necessity serve relatively few students.

The subcommittee examined the experiences of other states to gain insight into possible methods of addressing the problem. As a result of this review, the subcommittee agreed that a multicharacteristic approach similar to those in use in Arkansas, Georgia, Montana, Oregon and Utah also would be most appropriate for use in Illinois to distinguish between school districts that are necessarily small versus those that are small by choice. A compilation of measurable criteria used by other states sampled included:

1. Student population.
2. Distance to nearest attendance center (road miles).
3. Students per square mile.
4. Geographic barriers.
5. Total geographic area.
6. Length of travel time to nearest attendance center.
7. Previous efforts to consolidate.

In addition to selecting the criteria most appropriate for use in Illinois, the subcommittee also recognized the need to establish qualifying or triggering levels of each of the criteria that could be used to identify necessarily small school districts (NSSD).
Upon review of available Illinois school district data, the subcommittee selected the following criteria to identify districts potentially eligible for the necessarily small school district status.

1. Student population.
2. Students per square mile.
3. Total geographic area.
4. Miles per student transported (by district type).

The initial triggering levels for the NSSD designation the subcommittee employed were:

<table>
<thead>
<tr>
<th>District Type</th>
<th>Student Population</th>
<th>Students/Square Mile</th>
<th>Total Geographic Area</th>
<th>Miles Per Student*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary</td>
<td>200 or less</td>
<td>2 or less</td>
<td>100 sq. miles or more</td>
<td>Top 50 percent</td>
</tr>
<tr>
<td>High School Unit</td>
<td>400 or less</td>
<td>4 or less</td>
<td>100 sq. miles or more</td>
<td>Top 50 percent</td>
</tr>
</tbody>
</table>

Approximately 350 of the school districts in the state would have been eligible for necessarily small school district status under these triggering levels. Consequently, more limiting triggering levels were identified for total geographic area and miles per transported student. These triggering levels, identified below, resulted in slightly over 200 school districts being identified as potentially eligible for necessarily small school district designation based on at least 3 of the 4 criteria.

<table>
<thead>
<tr>
<th>District Type</th>
<th>Student Population</th>
<th>Students/Square Mile</th>
<th>Total Geographic Area</th>
<th>Miles Per Student*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary</td>
<td>200 or less</td>
<td>2 or less</td>
<td>150 sq. miles or more</td>
<td>Top quartile</td>
</tr>
<tr>
<td>High School Unit</td>
<td>400 or less</td>
<td>4 or less</td>
<td>150 sq. miles or more</td>
<td>Top quartile</td>
</tr>
</tbody>
</table>

*Note: A scale based on miles per student transported was developed as a proxy for distance and time to attendance centers. The proxy was used since required data for geographic barriers, and time and distance to attendance centers was not available.

Some of the districts which met at least 3 of the first 4 criteria had high enrollments or were very small in total area. Therefore, districts which exceeded the enrollment trigger level by 10% or more were excluded, as well as districts having less than 75 square miles. Approximately 100 districts remained which potentially could have been designated as NSSD. These districts were plotted on a map similar to that attached. Each of the remaining districts was reviewed to determine their ability to reorganize, using county boundaries as a major criterion. Except for less than 10 county unit districts, the other
districts appeared to have options that would allow them to reorganize into more fiscally efficient districts and thus should not be assigned the NSSD designation.

Recommendations

The subcommittee recommended that, in the absence of other information, only those county unit districts that had been identified receive NSSD status and the benefits of higher per student funding resulting from the Resource Cost Model modification and that all other districts have their costs calculated on the basis of target class size, not minimum.

Further, they recommended that districts that seek necessarily small school district status should provide documentation of transportation time and distance and any other factors that would prevent reorganization from allowing them to operate more fiscally efficiently or would place additional burdens on students.

Additionally it was recommended that time and distance required for students to travel to attendance centers should be added to the NSSD criteria identified previously and that trigger levels for these criteria be developed.

Resource Cost Model Committee Recommendations

The Resource Cost Model Committee agreed at its June 4, 1984 meeting to recommend that school districts identified as being necessarily small generate at least one full unit of funding in all regular elementary and regular secondary educational programs regardless of class size and that the target and minimum class sizes operate as previously established except for school districts identified as being small by choice, which would have their funding level determined by dividing their enrollments (if below the minimum) by the target level. The State Superintendent's recommendations are that all nonNSSD districts should have their costs determined by the more fiscally efficient target level. The RCM Committee did not address the criteria for what would constitute a necessarily small school district. The final determination for these criteria will be a decision the State Board of Education will make relative to its budget related proposals to the Governor and the General Assembly.
FISCAL IMPLICATIONS OF THE IMPACT OF POVERTY CONCENTRATIONS ON SCHOOL DISTRICTS

The Issue

How can a determination be made regarding the existence of higher costs faced by school districts serving high concentrations of low income students, and, if the existence of such higher costs can be documented, can the nature and magnitude of these costs be identified and measured?

The Problem in Focus

The fiscal need of a school district is the sum of the resource needs of the pupil population plus the unique cost-related circumstances associated with the district itself. It has been argued that differential concentrations of low-income students result in differential levels of fiscal need. More specifically, there is the contention that high concentrations of low income students lead to much higher costs. Questions regarding at what level the higher costs begin and the relative rate at which costs increase as poverty concentration increases appear not to have been seriously considered and certainly have not been adequately addressed.

For at least two reasons, finding workable solutions to these questions will add to the thoroughness of the Illinois Public School Finance Project's effort to comprehensively identify school district fiscal needs. The first reason is that the Resource Cost Model (RCM), which has been proposed as the tool for identifying the unique fiscal needs of school districts, attempts to take account of all those factors beyond the control of local school districts that result in differential educational costs. It has been suggested that the current components of the RCM do not account for all of the higher costs often thought to be associated with low income students.

A second compelling reason for resolving this issue is the concern of the City of Chicago school district that the RCM would not provide the level of funding currently generated for the city school district on the basis of the Chapter I weighting in the current general state aid calculation. Unfortunately, since information on the extra costs associated with high concentrations of poverty appears not to have been collected, it is quite difficult for the RCM to comprehensively address the issue of funding for districts heavily impacted with poverty.

Such districts, it is argued, must uniquely contend with at least two educational and social problems. The first problem is one of greater numbers of students with low educational achievement among the poor. This problem is addressed to some degree within the RCM by the specification of remedial classes at both the elementary and secondary level. If there is a high incidence of low achievement in a school district and
the district is providing additional instruction to these pupils in the
form of small remedial classes or through significantly lowered class
sizes, the state would help fund these educational services. This
adjustment would be made in the RCM.

The second problem appears to be less related to pupil need than to the
effect of the concentration of poverty on the district itself. High
levels of vandalism, greater need for nursing services, more frequent
nonpayment of fees, and other similar problems appear to put a greater
financial burden on school districts with high concentrations of
poverty. The question which has been answered with respect to other
costs but which remains unresolved by the RCM Committee with respect to
this aspect of poverty impact is HOW MUCH MORE DOES IT COST?

The RCM Committee originally recommended that a proxy similar to the
current Chapter I scale be used to generate additional funds until an
adequate and accurate measure of these costs could be identified. The
Technical Advisory Panel (TAP) found this to be an unacceptable solu-
tion. It was the position of the TAP that until the location and magni-
tude of these costs could be identified and documented, that no adjust-
ments should be made to the RCM.

Numerous efforts to document such costs had proven fruitless despite
continuing contention of the existence of these costs by school adminis-
trators currently or formerly employed in districts with high concentra-
tions of low income pupils. A subcommittee of the RCM Committee was
formed at the Committee's June 5, 1984 meeting to study data from a
sampling of the state's school districts to make recommendations for
incorporating poverty related costs into the RCM. The subcommittee
reviewed responses to a letter requesting information that was sent by
project staff to approximately 50 of the state's largest elementary,
high school and unit districts requesting that the district furnish any
available data which might document that there are higher costs associ-
ated with providing educational services to large numbers of students
from low income families.

The subcommittee met in August to review the information which had been
submitted. Patterns of need indicated in this information did support
the contentions that had been made regarding the need for additional
resources for remedial services, pupil personnel services, and compensa-
tion for nonpayment of student fees, security systems and personnel,
etc., experienced by districts with high concentrations of students from
low income families. These needs have been specified and included in
the PCD component of the RCM and are generated for districts with
concentrations of Chapter I students greater than 15%.
STATUS OF RESOURCE COST MODEL DATA COLLECTION EFFORTS

The Resource Cost Model (RCM) requires student enrollment data annually reported for specified educational delivery systems (e.g. self contained kindergarten, secondary advanced science, gifted resource room, etc.) annual data for the energy and transportation components, and data, not necessarily updated annually, for the CEI personnel component.

During the research phase of the RCM development actual enrollments for all delivery systems were not available. Therefore, in some instances, enrollments were assigned on a uniform percentage basis for all school districts for regular elementary, regular secondary and gifted education, and limited English proficient services. Prior to actually using the RCM for budget development, it will be necessary to collect actual enrollments for each school district. And, since in some instances, estimated data were used in the CEI analyses, improved and current data is also desirable for this RCM component.

The primary objectives of the data collection process are that the process be verifiable and that it places minimal burdens on local school districts. A few questions remain unanswered relating to collection dates and the format for some data. It should be pointed out that there possibly will need to be two distinct data collection periods. In the early fall, one set of data will be needed for State Board budget projection purposes. Prior year data could be used with some minimal adjustments for major enrollment changes. Additionally, if the RCM were to be used in a distribution formula, verifiable data would need to be collected by midsummer in order to process state aid claims for fall payments. It is possible that these could also be used to project enrollments for the following year, thereby eliminating or reducing the need for two distinct data collection efforts. The descriptions of the following informational requirements pertain primarily to the latter set of data needs and their related uses.

Program Cost Differential (PCD) Data Needs

Much of the data required for the PCD are already collected by the State Board of Education. Enrollments for almost one-half of the regular elementary educational programs are collected in the Fall Housing Report. The balance of the regular elementary and all of the regular secondary educational programs could be collected in a very simple collection instrument if accompanied with specific definitions regarding the identity of specific types of students.

The special education enrollments are currently reported on the FACTS report, a tracking system for reporting special education services, and it does not appear that major changes will be required in this data collection
instrument in order to accommodate the RCM needs. The gifted education section of the State Board of Education has recently begun collecting enrollment information according to RCM specified educational delivery systems on the Gifted Education Reimbursement Program Evaluation Report. These data will be available for use in the near future.

Vocational education enrollment data from the Vocational Education reimbursement claim file have been used during the research phase of the project. It is possible that another existing Vocational Education report will be used to provide these data in the future because it is projected that this alternative report's data will be more timely. The only program category for which data will need to be collected in its entirety is the limited English proficient services program category.

Major PCD data collection questions that remain unresolved are how frequently the data must be collected and if there must be a single, uniform date for the conclusion of all data collection. The Fall Housing enrollment is based on an early fall date, the Special Education data are December 1 enrollments, the Gifted Enrollments are reported at the end of the year, and the Vocational Education Enrollments are spring enrollments. Are these time differentials acceptable, or should some modification be made? If modifications are necessary, the least burdensome plans would require either a spring enrollment count similar to the fall housing data that would incorporate limited English proficient enrollment data and the additional regular elementary and regular secondary enrollments or that these programs be added to the fall housing report.

CEI Data Needs

The personnel indices will need to be recalculated on a regular but not annual basis. It may be appropriate to conduct the first updated analysis during Fiscal Year 1987 with any changes (which are expected to be minimal) being incorporated into the flow of funds for FY'88. The data collection for this analysis would require a questionnaire for a sample of educational personnel similar to that completed in 1982. The update of the energy analysis will require the collection on an annual basis of total expenditures on energy services by source of fuel, total quantity of energy consumed by source of fuel, and total square footage of the school district which is heated and cooled by each source of fuel. These data are currently collected in the Facilities Inventory Report which all districts complete annually.

The transportation analysis uses data from the Annual Claim for Pupil Transportation. Two additional data elements are required for the analysis and the needed data could be added to this report. These data are pupils transported by private contractor and percent unpaved roads.
Recommendations

The Superintendent's Advisory Committee on Financing Public Education recommended a one day enrollment count be taken on December 1, consistent with current federal requirements for special education data collection, with the option for the submission of an amended count in the following spring if significant changes in enrollment have occurred.

In summary, there will be the need to modify some of the current data collection instruments to include additional data unless there are strong reasons for the use of a uniform date for data collection. Modification of these instruments is preferable to the development of a new data collection instrument that would require a uniform retrieval date that would likely create problems with federally specified reporting dates for special and vocational education, the two most complex data collection mechanisms. If an objective is to minimize the data collection burden on local school districts, requiring additional collection of special or vocational education enrollments just for the RCM for the sake of date uniformity may generate more problems than using separate dates.

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