

# Denver Public Schools

<b>Program Name:</b>	<b>Student-Based Budgeting</b>
<b>Implemented:</b>	<b>2007-2008 School Year</b>
<b>Program Type:</b>	<b>District-Wide</b>
<b>Legal Authorization:</b>	<b>School Board Policy</b>

<b>School Empowerment Benchmarks</b>		
1.	School budgets based on students not staffing	yes
2.	Charge schools actual versus average salaries	no
3.	School choice and open enrollment policies	yes
4.	Principal autonomy over budgets	yes
5.	Principal autonomy over hiring	yes
6.	Principal training and school-level management support	yes
7.	Published transparent school-level budgets	yes
8.	Published transparent school-level outcomes	yes
9.	Explicit accountability goals	yes
10.	Collective bargaining relief—flat contracts, etc.	yes
Denver met 9 out of 10 school empowerment benchmarks.		



## I. Program Overview

Denver public schools had 152 schools with 75,269 students in 2008-2009. The student demographics are 55 percent Hispanic, 17 percent Black, 22 percent White and 3 percent Asian, with 66 percent of students qualifying for the free or reduced lunch program and 18 percent English language learners.

Under the leadership of former Superintendent Michael Bennet, Denver public schools have pursued one of the most comprehensive school reform agendas in the United States. As the Council of Great City Schools reported in a recent study of Denver schools, “former Superintendent Bennet, his excellent staff and a focused school board devoted considerable energy to developing a grand theory of action that redefines the school district’s instructional program, its human capital needs and its financial resources in ways that are both innovative and promising.”<sup>1</sup>

In 2007 Superintendent Bennet moved Denver public schools away from the old system of allocating resources centrally (for every 25 students, a school gets 1 teacher) to one where schools get dollars and flexibility on how they want to spend those dollars. Schools have flexibility in making key staffing decisions on teachers, intervention services, social workers, librarians, etc., subject to state, federal and local laws mandating how certain categorical dollars are spent, and to district collective bargaining agreements.

District leadership in Denver described the following reasons for moving to a student-based budgeting approach to allocating budget resources to schools:<sup>2</sup>

- To provide transparency, as the previous

staffing model method was very complex and difficult to explain.

- To demonstrate how resources follow the students.
- To eliminate the “stair-step effect” of the past in which resources were allocated based on strict student ratios or ranges of students resulting in one less student possibly meaning a teacher reduction.
- To make it easier to compare the amount of resources allocated between schools or for a given school from year to year.

Denver began exploring student-based budgeting in the 2007-2008 school year. For that year schools were awarded dollars under the staffing formula but were told what their budgets would have looked like under the student-based budgeting model.<sup>3</sup> In 2008-2009 Denver fully implemented a student-based budgeting model.

In January 2009 Superintendent Bennet left Denver to become Colorado’s newest senator. He was replaced by his chief operating officer, Tom Boasberg, whose priority is to continue school empowerment through the student-based budgeting model. Boasberg’s priorities during his tenure include attracting and keeping qualified teachers, decentralizing the district to give schools more power and providing financial stability and transparency.<sup>4</sup>

In a March 11th interview with the *Denver North News*, Superintendent Boasberg explained how the district will continue to give schools more autonomy.<sup>5</sup> He said Denver schools need “much more a model where schools have decision-making power and authority and that is coupled with accountability. Accountability without autonomy is compulsion,” arguing that incentives and interventions can

create success within a framework of more autonomy for individual schools.

In the 2009 budget, Boasberg is pushing for more financial decision-making and authority to school leaders. For example, principals will have more authority over dollars that are used for mental health services. The district used to allocate mental health services centrally to schools and say, each school gets two days of a school psychologist or two days of a social worker. Now the district is giving principals money and they can decide how they want to spend that money on social workers or psychologists or nurses based on their particular needs.

This sketch of Denver's public schools is primarily concerned with how Denver revamped its school financing system into a student-based budgeting system that helps support the district's other systematic reforms by sending resources to the school level and giving principals discretion over those resources.

## II. Student-Based Budgeting Formula

In the 2007-08 school year, Denver began exploring student-based budgeting, which funds schools based on the needs of the students attending those schools. In student-based budgeting, funds follow the individual student. This replaces Denver's previous budgeting method, in which funds were based on staffing allocations.

Student-based budgeting uses a base cost figure and additional adjustments for students with additional needs. The base cost is the amount of money that a school receives for each student enrolled at that

school, regardless of need. The adjustments, often in the form of weights (added amounts of money), provide additional funding based upon the needs of the students in that school.

In Denver, schools were given flexibility in the use of allocations for teachers, interventions, paraprofessionals, librarians and other staff. The new budgeting allocations increased funds to most schools in 2008-2009 by 5 to 11 percent.

Denver includes both per-pupil funding and program-specific funding in the student-based budgeting allocations.<sup>6</sup>

Denver allocates funds to public schools in this way:

- Denver's student-based budgeting allocation is \$3,403 for every student in 2008-2009 for all schools except schools that combine K-8 which have a higher base of \$3,448 per student.
- Denver weights special education students with mild to moderate disabilities who qualify for the free lunch program at \$351 per student and mild to moderate special education students who do not qualify for the free lunch program at \$234 per student.
- Denver weights low-income students that qualify for the free or reduced lunch program at \$256 per student in elementary school and \$290 per student in middle and high school.
- Denver weights Title I eligible schools with students who qualify for the free or reduced lunch program at \$400 per student.
- Denver gives every student \$186 per pupil for instructional supplies.
- Denver weights low-income students for specialized services such as nurses,

counselors and school psychologists at \$256 per student and students who are not designated low-income at \$111 per student.

- Denver students receive \$48 per pupil based on several local tax levies for technology, textbooks, library materials and the arts and music.
- In addition, the central office still controls resources that are provided at the school level for programs such as early education, English language learners, gifted and talented programs and more severely-disabled students that are not allocated on a per-student basis.

### III. Autonomy

Denver's public school operating budget for 2008-09 is \$712 million. The student-based budgeting system uses \$338 million, with an additional \$325 million controlled by the central office for direct support services not currently under the control of local schools. The remaining \$49 million is the central office budget. Therefore, principals currently have discretion over approximately 47 percent of the district's operating budget.

In addition, Denver principals have more discretion over hiring staff than most urban districts. The teachers do not change teaching jobs based on seniority or "bumping rights" and Denver has an "open market" teacher hiring process where principals can interview multiple candidates and make decisions about which teachers will best fit with their schools.

### IV. School-Level Management Support

The Denver School District has a Principal's Institute that is attended by principals, assistant principals and school-level facilitators who provide support for implementing instructional strategies. It features interactive activities on such practical issues as core instruction, standards-based progress reports, budget management reports, integration with district operations and business services, HR procedures, research findings, special education, language acquisition, adolescent literacy, law enforcement requirements and other topics. The district also offers a mentor program for new principals and assistant principals.

### V. School Site Councils

In Denver the Collaborative School Committee (CSC) is the decision-making body for the school. According to board policy, the purposes and scope of the collaborative school committee are:

- To enhance student achievement and school climate by engaging the school community in collaborative efforts supporting the school and district's goals;
- To provide strategic direction in support of the school's mission and vision as stated in the "school improvement plan" (SIP). The SIP, with the school's program design, should serve as the strategic plan for the school; and
- To comply with state and federal law and regulations of the Colorado Department of Education.

## VI. School Choice Component

Denver public schools' School of Choice Office manages the open-enrollment process. Students may enroll in any school in the district, regardless of where they live, so long as there is space available and they meet the entrance requirements. Denver public schools offer families the opportunity to apply to traditional schools that are not in their neighborhood.

There are two "choice windows." The "first round," whereby the district processes the applications and offers priority groupings, is in January. Applications are available at all traditional schools and on the "school of choice" Web page. Applications must be returned in person to any traditional school. Parents will receive a date stamped copy for their records.

The "second round" is where applications are processed by the requested school on a first-come, first-served basis after the first round applicants have been placed. The second round window is March through August.

The first round application will have two school offerings in preference order. If the student is accepted at the first preference school, the second preference school is inactivated. If the student is in waiting status at the first preference school, all efforts will be made to accommodate the student at the second preference school.

Parents may apply to as many second round schools as they like, with applications taken at each requested school.

Denver also operates a New Schools Office that is responsible for cultivating, authorizing and overseeing a portfolio of new schools with the goal of improving student achievement and graduation rates

by enhancing the educational opportunities available to Denver's kids and families.

The New School Office manages new school development through a request for proposals (RFP) process with the purpose of creating new and innovative research-based, high-performing school options. These options incorporate school-based decision-making, broad stakeholder engagement and expanded autonomy with clear accountability and high performance standards.

For example, in December 2008 one innovation school and four charter schools were approved as part of the district's effort to introduce high-performing school options through the request for proposal process run by the district's New Schools Office. They include:

- A Math and Science Leadership Academy—a teacher-led innovation school proposal—was approved and will start a kindergarten through fifth grade program next year on the Rishel shared campus. Innovation schools are a new category of schools that operate as district schools but seek to implement new educational and operational practices.
- A KIPP Denver Collegiate High School charter school was approved and will start a ninth through twelfth grade program starting next school year.
- A César Chávez Academy Denver charter school, a replica of the school models in Colorado Springs and Pueblo, was approved and will start a kindergarten through eighth grade program.
- A Justice High School Denver charter school, a replica of the Boulder-based

school serving high-risk youth, was approved and will start a seventh through 12th grade program next year. This new school will not share space in existing district facilities.

- An Edison Learning School 3 charter school, a replica of the Edison Learning model as seen in Wyatt-Edison and Omar D. Blair schools, was approved and will start a sixth through eighth grade program next year.

## VII. Accountability

In 2008, Denver launched a “school performance framework,” which measures the progress of actual students against themselves and against peers from the entire state of Colorado to make sure that Denver is moving all of its students forward.

Denver’s school performance framework (SPF) provides a comprehensive picture of the impact schools have on their students from year to year. In addition to showing how much students benefit from their schools, the SPF shows how schools differ in their ability to educate their students and it allows the district to highlight and share best practices among schools and outline individual roadmaps for identifying areas where schools can grow and improve. The aim of the SPF is to improve overall student learning and achievement and it will be used to accredit all Denver schools with the state of Colorado.

The SPF’s review of school performance is presented in the form of a scorecard and takes into account a broad range of measures, including a school’s actual Adequate Yearly Progress (AYP), School Accountability Report (SAR) ratings and

CSAP scores in a given year (measure of status). But the SPF also factors in demonstrated improvement from one year to the next (measure of growth). About 60 percent of the framework is based on student’s progress over time. While the SPF evaluates AYP, SAR and CSAP data, it does not replace those measures. The federal government will continue to issue AYP and the state will continue to issue SAR reports annually.

Every Denver public school, except those in their first year of operation, will be assigned one of the following accreditation ratings every September using data collected during the previous school year: Distinguished, Meets Expectations, Accredited on Watch or Accredited on Probation. Ratings affect how much support schools receive, corrective action taken and compensation earned by principals, assistant principals and teachers.

As part of the accountability framework, Denver public schools operate a groundbreaking teacher pay system called ProComp, along with a principal compensation system that rewards improved student achievement and commitments to work in hard-to-serve school and hard-to-staff assignments.

ProComp is a nine-year bargained agreement between the Denver Classroom Teachers Association and Denver public schools that is designed to link teacher compensation more directly with the mission and goals of those organizations.

The system accomplishes the following goals:

- Rewards and recognizes teachers for meeting and exceeding expectations;
- Links compensation more closely with instructional outcomes for students and

- Enables the district to attract and retain the most qualified and effective teachers by offering uncapped annual earnings in a fair system.

ProComp has four components that allow teachers to build earnings through nine elements:

- Knowledge and Skills - Teachers will earn compensation for acquiring and demonstrating knowledge and skills by completing annual professional development units, through earning additional graduate degrees and national certificates and may be reimbursed up to \$1,000 annually, \$4,000 lifetime, for tuition and repayment of student loans.
- Professional Evaluation - Teachers will be recognized for their classroom skill by receiving salary increases every three years for satisfactory evaluations.
- Student Growth - Teachers will be rewarded for the academic growth of their students. They can earn compensation for meeting annual objectives, for exceeding CSAP growth goals and for working in a school judged distinguished based on academic gains and other factors.
- Market Incentives - Bonuses can assist the district and schools in meeting specific needs. Teachers in hard-to-serve schools—those faced with academic challenges—can earn annual bonuses. Additional bonuses will be available to those filling hard-to-staff positions—assignments that historically have shortages of qualified applicants.

Finally, Denver public schools have used school closure as an accountability mechanism. In 2007, the school board approved the closing of eight schools that

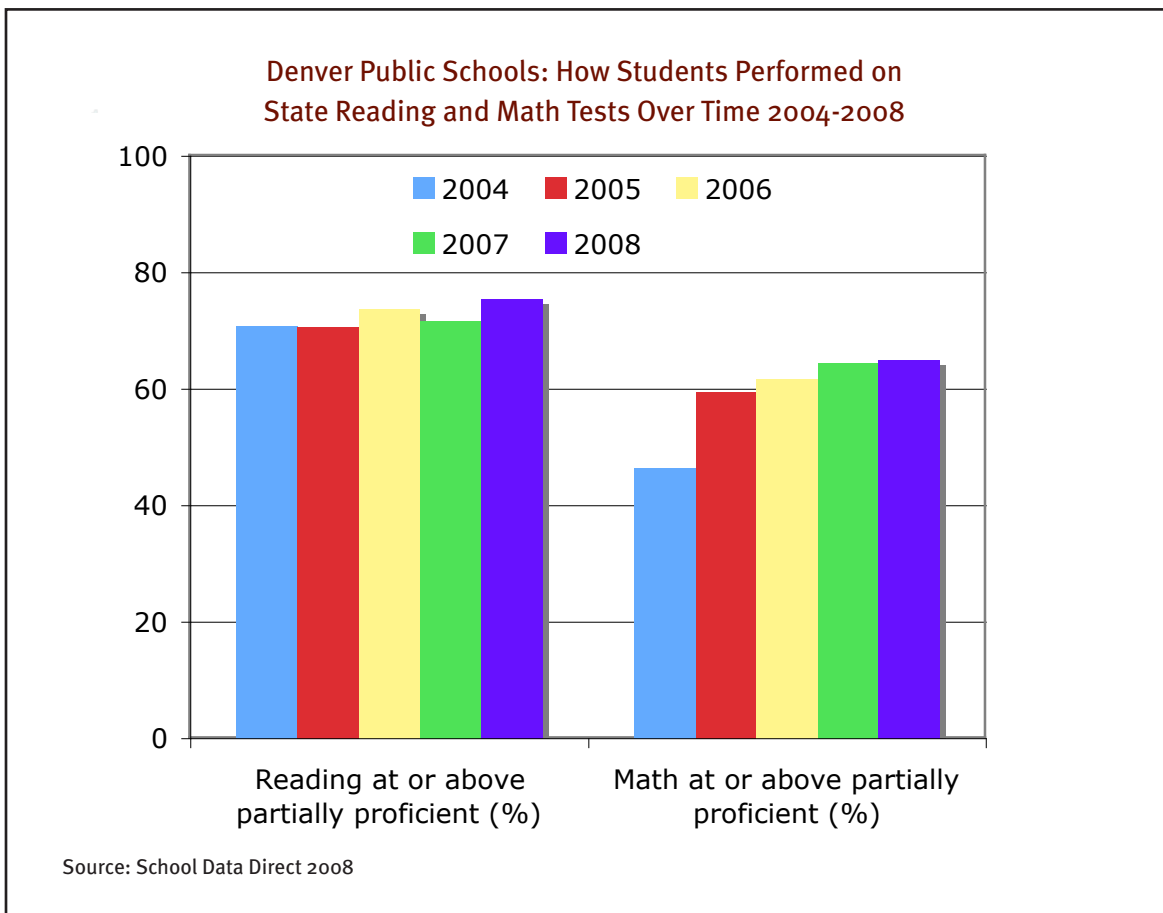
were under-enrolled and low-performing. The board projected that the realignment of students from these schools to higher performing schools would achieve projected yearly operating savings of \$3.5 million. Those resources are being used to improve the education of students that will be affected by the school closures, deliver additional resources to under-performing schools and create funding opportunities for new schools and new programs.

In addition to the standard per-pupil revenue that will follow students to their new schools, the district is reinvesting \$2 million or 60 percent of the savings from school closures, in the schools of reassignment.

## VIII. Performance Outcomes

From 2005 to 2008, Denver students made strong improvements in reading, math, writing and science. In reading, the district posted a 6.2 percent increase over the three years, more than four times the growth of the state. In math, Denver saw a 6 percent gain, more than twice the growth of the state. The district posted a 2.2 percent gain in writing, three times the growth of the state. In science, Denver students increased by 2.3 percent, seven times the growth of the state. In the middle grades, Denver saw gains of 10 percent in reading and 9 percent in math. Over the three-year period, Denver schools outperformed the state in all tests in reading, writing and science and all but one math test.

The high school graduation rate in Denver public schools from 2006 to 2007 shows a small positive improvement. The data indicate that 257 more students graduated from Denver's public schools in



2007 than in 2006, accounting for nearly 30 percent of the state’s total increase in its number of graduates. The overall graduation rate in Denver was 51.7 percent in 2006 and 52.0 in 2007.

**Lessons Learned**

1. Denver provides an example of how an integrated school accountability framework and a comprehensive performance pay system can complement student-based budgeting and move a school district in the direction of autonomy at the school level in exchange for accountability. The performance pay system provides the teachers and the principals with financial

incentives to meet specific accountability goals.

2. Denver demonstrates the importance of giving principals control over personnel. It is hard to hold principals accountable for school performance if they cannot choose their school’s staff.
3. Denver demonstrates that closing under-enrolled and low-performing schools can redirect scarce district resources to students who previously were enrolled in the closing schools and that money can follow those students into newer higher-performing schools. It also can provide additional resources to create new high quality schools.



## Resources

*Accelerating Achievement in the Denver Public Schools*, Council of the Great City Schools, Winter 2008-2009, [http://www.cgcs.org/Pubs/DenverInstructional\\_08.pdf](http://www.cgcs.org/Pubs/DenverInstructional_08.pdf).

*Denver Public Schools, Five Year Goals*, February 17, 2009, [http://communications.dpsk12.org/assets/js/tiny\\_mce/plugins/filemanager/files/districtgoals/5-year%20Goals%20Presentation.pdf](http://communications.dpsk12.org/assets/js/tiny_mce/plugins/filemanager/files/districtgoals/5-year%20Goals%20Presentation.pdf)

*Metro Organizations for People*, “Delving Deeper into the DPS Student Based Budgeting: Next Steps in Transparency and Equity,” [http://www.piconetwork.org/admin/tools\\_resources/files/0051.pdf](http://www.piconetwork.org/admin/tools_resources/files/0051.pdf).

*Metro Organizations for People*, “Unraveling the DPS Budget: Toward Transparency and Equity through Weighted Student Funding,” [http://www.makingconnectionsdenver.org/publications/uploads/61/Unraveling\\_The\\_DPS\\_Budget.pdf](http://www.makingconnectionsdenver.org/publications/uploads/61/Unraveling_The_DPS_Budget.pdf)

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## Endnotes

1. *Accelerating Achievement in the Denver Public Schools*, Council of the Great City Schools, Winter 2008-2009, pg. 6, [http://www.cgcs.org/Pubs/DenverInstructional\\_08.pdf](http://www.cgcs.org/Pubs/DenverInstructional_08.pdf).
2. *Financial Resources Management Plan, Denver Public Schools*, Fiscal Year 2007-2008, p. 1, June 21, 2007, [http://businessmanuals.dpsk12.org/07\\_08\\_SBB/0708\\_Adopted\\_Book.pdf](http://businessmanuals.dpsk12.org/07_08_SBB/0708_Adopted_Book.pdf).
3. Nancy Mitchell, “DPS Takes on Funding Formula,” *Rocky Mountain News*, January 11, 2008.
4. Guerin Lee Green, “An Interview—DPS Superintendent Tom Boasberg,” *North Denver News*, March 11, 2009.
5. Ibid.
6. For detailed information on how the SBB budgeting process works see *2009-2010 Budget Guidance Manual*, Denver Public Schools, [http://businessmanuals.dpsk12.org/09-10/Budget\\_Guidance\\_Manual-schools.pdf](http://businessmanuals.dpsk12.org/09-10/Budget_Guidance_Manual-schools.pdf).
7. For more information see *Teacher Staffing, Principals Manual 2009-2010*, [http://hr.dpsk12.org/teacher\\_staffing/pdf/HandbookTeacherStaffing0910.pdf](http://hr.dpsk12.org/teacher_staffing/pdf/HandbookTeacherStaffing0910.pdf).
8. This policy may be found in the Board Policies section of the DPS Web site: <http://www.dpsk12.org/policies/>
9. For more information see, *Teacher ProComp, Denver Public Schools*, <http://denverprocomp.dpsk12.org/about/overview>
10. *Denver Students Post Strong CSAP Gains, Denver Public Schools*, Press Release, July 29, 2008. <http://communications.dpsk12.org/pressrelease/denver-students-post-strong-csap-gains>
11. *Accelerating Achievement in the Denver Public Schools*, Council of the Great City Schools.