



# Poudre School District, Fort Collins, Colorado

<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>

School Empowerment Benchmarks		
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	no
6.	Principal training and school-level management support	no
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.	no
Poudre school district met 6 out of 10 school empowerment benchmarks.		



## I. Program Overview

The Poudre School District is located in Fort Collins, Colorado and has a student enrollment of 25,610 students with district student demographics of 78 percent White, 16 percent Hispanic, 3.5 percent Asian, 1.9 percent African-American and 22 percent of students participating in the free and reduced lunch program.

Following a year-long district study in 2006-2007 and an in-depth discussion with principals, Superintendent Jerry Wilson implemented a new funding allocation system called "student-based budgeting" (SBB). The district had multiple characteristics that fit well with the student-based budgeting design: about one-third of students choose their school, the district has practiced site-based management for over 13 years and the various sites have increasingly different programs based on the needs and characteristics of the students they serve.

PSD's school board adopted this more equitable, transparent, flexible, student-centered model in February 2007 to allocate funds to schools beginning with fiscal year 2007-08. SBB replaces a traditional staffing model that allocated full-time equivalent staff (FTEs) to schools. According to the Poudre School District, the new model will:<sup>1</sup>

- Increase equity in the way funds are allocated to schools through identifying "factors" or student weights related to the cost of educating students,
- Increase flexibility for budgeting during changing conditions, such as decreases or increases in enrollment,
- Make the budgeting process easier to understand and more transparent,
- Simplify and decentralize the annual

budgeting process and

- Focus funds on specific student needs.

In addition, according to Jim Sarchet, assistant superintendent of business services, PSD adopted student-based budgeting as a way to cope with declining enrollment in a more flexible manner.<sup>2</sup> For the Poudre School District, student-based budgeting allowed schools to align expenditures with revenue.

Enrollment in the district had been flat over the past five years. The traditional district staffing model that gave schools positions based on numbers of students worked with consistent growth in student numbers, but that method was not sustainable with declining enrollment. For example, before SBB budgeting, if three schools lost five students each, it was very difficult to reduce revenue at each school because the only way to reduce revenue was to cut one FTE position. Therefore, the district had to maintain a larger number of staff positions than was supported by student enrollment. In fact, according to Jim Sarchet, before implementation of SBB, the district was maintaining 10 more staffing units based on the rigid staffing model over and above what was justified by district enrollment. However, with student-based budgeting the district can now align resources with enrollment and make financial adjustments at the school level because the school receives dollars instead of staff positions. The bottom line is that principals have more flexibility to adjust class sizes to align funding but they cannot make adjustments when they receive a predetermined number of staff positions.

The Poudre School District followed several steps to implement SBB.<sup>3</sup> First, PSD administrators appointed teams to

## II. Student-Based Budgeting Process

develop a district funding model using SBB. Two committees studied numerous formula options during 2006-2007 year. These design and implementation teams of administrators, principals and parents studied successful models used around the country, studied many formula options and made the recommendation to adopt SBB.

Then district finance staff met with PSD principals over five months to explain SBB and ask for input on formula options. Each principal received a budget “preview” on February 19, 2007 comparing what his school would receive under the SBB formula with the staffing formula model previously used to allocate funds.

Schools received their final budget allocations on March 9, 2007. School allocations included funds they received based on projected enrollment for fall 2007: a per-pupil base amount and additional per-pupil funds for weighted student need factors such as at-risk, English language learners, grades K-3, gifted/talented, geographic location and school size.

The theory of student-based budgeting is to allocate funds according to the needs of each student enrolled in a school. Each student allocation starts with \$3,276. From there, additional dollars are added based on factors such as English language learners, gifted and talented, income qualification for free lunch, size of the school and geographic location. With the geographic factor, each student in the mountain schools of Stove Prairie, Livermore and Red Feather Lakes is allocated an additional \$2,637.

SBB distributes dollars, rather than staff, to schools using a “student-centric” formula, “weighting” students’ funding to reflect their individual educational needs and the cost to serve them. SBB is based on the idea that dollars follow students. Unlike the past formula, schools will have more predictable, consistent parameters for their budgets, along with more autonomy for targeting funds.

The following student weight or educational need factors are now a part of

Poudre Unified School District 2007-2008	Factors and Weights	Dollar-Weights Equivalent Per Student
Base Funding for Each Child	1.00	\$3,276
* Gifted and Talented	0.100	\$328
* English Language Learners	0.200	\$655
* At-Risk	0.200	\$655
* Both - English Language Learners and At-Risk	0.250	\$819
Primary Level (K-3)	0.140	\$459
Junior High School Level	0.005	\$16
Geographic (or Mountain Schools)	0.805	\$2,637
School Size - Tier 1	0.225	\$737
School Size - Tier 2	0.140	\$459
School Size - Tier 3	0.065	\$213
School Size - Tier 4	0.045	\$147
School Size - Tier 5	0.040	\$131
School Size - Tier 6	0.030	\$98

the PSD formula:

- At-risk – based on students who qualify for the federal free lunch program, an indicator of poverty
- English Language Learners (ELL) – students whose primary language is not English
- At-risk and ELL – students identified as being both at-risk and ELL
- Grade K-3 – continues PSD philosophy of reducing primary grade class sizes
- Gifted/Talented – for accelerated student academic opportunities
- Geographic – factor for isolated areas, such as PSD’s three mountain schools
- Size – funds smaller schools that typically cannot enjoy efficiencies realized from larger enrollments

For 2008-2009 PSD changed the method for allocating the small school subsidy. The original size factor reflected a stair-step approach. Schools within enrollment ranges received a specific cost factor for each student. There were five factors for each level of school. The elementary school factor ranged from an added cost of 22.5 percent for schools from 0-100 students, to 4 percent for schools between 401 and 500 students. The junior high school factor ranged from a high of 22.5 percent for schools with enrollments between 0 and 450 students, to a low of 3 percent for schools with enrollments between 801 and 900 students. High schools only had one factor of 3 percent for schools with enrollment between 1000 and 1500 students.

A school that was right on the edge of the enrollment range could receive a very different factor depending on changes of only a few students. An example would be

an elementary school with 100 students. Under the 2007-2008 factor, the school would receive a 22.5% cost factor for each of its 100 students, for a total increase of funding of \$76,300. If the school was to add just one student for an enrollment of 101, the cost factor would decrease to 14.0 percent for each student and the total school funding would decrease to \$47,975. The result would be a decrease of \$288 per pupil in the school due to a single student added.

In 2008 the district appointed a small schools committee to examine issues related to school size. The committee determined that this aspect of the SBB system penalized schools for incremental enrollment increases. Thus, the committee suggested revisions be made to eliminate stair steps and create a smooth, incremental cost per student within the size factor.<sup>4</sup>

Poudre School District also recognized that moving all schools closer to equity produces actual gains and losses. The shift from staffing-based allocation to SBB will cause some schools to gain and others to lose resources.

To ease the transition, PSD has established a safety net so that no school will lose more than 20 percent of its current budget. To offset that cost, no school will gain more than 80 percent.

### III. Autonomy

In 2007-2008 the new funding formula distributed approximately \$83 million of the district’s \$170 million general fund budget. The remaining \$87 million goes to areas excluded from PSD’s SBB formula, such as special education, alternative programs, textbooks, athletics, utilities,

transportation, district service budgets, grants and custodial services.

The Poudre School District gives principals discretion over approximately 49 percent of the district's general operating budget.

In terms of autonomy over hiring, principals are bound by the collective bargaining agreement that restricts hiring based on seniority and other staffing rules.

#### **IV. School-Level Management Support**

Poudre Unified did not have a specific principal support system beyond the normal supports that the central office provides principals through the business service office.

#### **V. School Site Councils**

Poudre School District uses site-based management to help principals make effective budget decisions.

The school board policy states that a site-based, shared decision-making group be established at each school to hold open, publicized public meetings on a quarterly basis throughout the school year. This group will act at the discretion and direction of the principal or site leader. The site-based shared decision-making group is composed of three to five parents and/or community members, classified staff, teachers, administrators and (when appropriate) students.

The principal is accountable for both the implementation and results of his or her site-based decisions. This includes the school site's compliance with all applicable federal, state and local laws; district

policies, regulations and administrative guidelines, district contracts (including employee agreements) and district budgetary restrictions.

#### **VI. School Choice Component**

Poudre School District's school choice program allows families to select the school that best meets their child's educational needs. Parents may register their child to attend a school outside their neighborhood attendance area on a space-available basis. Round-trip transportation is the responsibility of parents. Approximately one-third of students choose to attend a school other than their neighborhood school.

Poudre School District implemented an online process for the 2009-10 school choice applications. The new process provides parents the opportunity to complete and submit their application from the comfort of their own home and eliminates the need to take the application to the school and/or schools where they are applying.

Other benefits of the online system include providing parents the opportunity to apply for multiple schools with one application. Parents will receive an automatic confirmation number that can be printed and kept on file for reference and the first consideration lottery process will now be automated.

PSD's annual school choice deadline is generally the last Friday in January for grades 6-12 and the second Friday in February for grades K-5 for the following school year.

Families can still submit applications after the above deadlines during the second consideration application period, during

which applications will be considered at the time they are received.

## VII. Accountability

Poudre School District has several district-wide accountability goals:

### Goal 1: Students achieve 3rd grade reading proficiency.

- 81 percent of students scored proficient/advanced.
- 63 percent of students in poverty scored proficient/advanced.
- 57 percent of Hispanic students scored proficient/advanced.
- Improvement target: Increase proficiency at least 2 percent annually until students reach 90 percent proficiency within 5 years.

### Goal 2: Students achieve annual academic growth.

- The Colorado Growth Model shows current results. For the past three years, PSD students have met or exceeded the state norm for academic growth in writing and math in grades 4-10. In reading, PSD students scored one percentage point below the state norm for academic growth in grades 4-10.
- School improvement plans will identify interventions and strategies to meet targets.
- Schools will assure consistency of academic rigor through “common assessment” results.
- Improvement targets: PSD is in the process of identifying specific improvement targets for this goal.

### Goal 3: Students prepare to become post-secondary ready.

- 55 percent of students achieved the target of taking at least one advanced course by graduation in 2008; 33 percent of Hispanic students achieved the target by graduation in 2008.
- Advanced coursework includes advanced placement (AP), International Baccalaureate (IB) or university and community college course credit.
- Improvement target: Increase the number of students taking advanced courses by at least 2.5 percent annually to reach 62 percent in three years.

### Goal 4: Students experience successful transitions between grades.

Poudre uses dropout rates, graduation rates and post-secondary course enrollment to measure successful transitions.

- Current (2006–07) dropout rate 2.5 percent for grades 7-12.
- Improvement target: Decrease overall dropout rate by 1.5 percent over the next three years to rank PSD in the lowest five of Colorado’s 25 largest districts.
- Current graduation rate 82 percent for PSD compared to 75 percent for top 10 Colorado districts.<sup>5</sup>
- Improvement target: Increase Hispanic graduation rate by 3 percent annually to rank in top five of Colorado’s 25 largest districts.
- Improvement target: Increase overall graduation rates by at least 2 percent annually for next three years to rank in top five Colorado districts.

## VIII. Performance Outcomes

Overall, Poudre Unified School District is an above average district in the state of Colorado. According to the PSD 2008 annual report:<sup>6</sup>

- On the 2008 Colorado Student Assessment Program students continued to perform higher than students state-wide in all 27 areas tested;
- District-wide averages remain well ahead of state averages, from 4 to 16 percent higher in all subjects, at all grade levels, as it has in the 12-year history of CSAP tests; and
- Proficiency scores improved or remained the same on 13 of 24 tests for which results can be compared to previous years.
- 81 percent of PSD's third graders are reading at or above proficiency according to the 2008 Colorado Student Assessment Program (CSAP) reading test. Of the 1,734 third graders tested in spring 2008, 10 percent scored advanced, 71 percent scored proficient, 13 percent scored partially proficient and 6 percent scored unsatisfactory. Over the 11 years the tests have been given, PSD third graders have surpassed the overall performance of students state-wide by 9-12 percentage points each year in the proficient and advanced categories.
- In addition, 81 percent of PSD third graders scored at or above proficient on the 2008 CSAP math test.
- During the 2007-08 school year 2,077 students (or 33 percent), participated in advanced courses. This number increased by 19 students from the 2006-

07 school year when 2,058 students of PSD's 10th, 11th and 12th graders took one or more AP and/or IB classes.

- Poudre School District also runs a successful International Baccalaureate program for high school students. In 2008, 73 of 77 students who took the IB diploma exams in May received an IB diploma, giving the PHS program a 95 percent diploma rate, well above the 82 percent international average. Students who complete an IB degree automatically receive 24 credits at any Colorado public college or university. Seventy-six May 2008 IB graduates have gone on to universities and one to the Culinary Arts School in Denver.

## IX. Lessons Learned

1. Unlike the majority of districts that have turned to student-based budgeting as a policy tool to increase equity within school districts and as a tool to help hold schools more accountable for school performance, PSD demonstrates that student-based budgeting can be a flexible and transparent tool for budgeting even in school districts with a consistent record of high performance. PSD demonstrates how student-based budgeting can be a flexible financial tool that is more effective at aligning enrollment with resources. In Poudre School District, student-based budgeting is better at allocating resources to individual schools than the previous staffing model.
2. Poudre School District's student-based budgeting program offers a transparent method to examine the cost

of maintaining small schools. PSD used student-based budgeting to determine the costs of schools of different sizes. Student-based budgeting makes it transparent how much small schools may need to be subsidized and the additional resources necessary for a district to support small schools.

3. Poudre School District demonstrates that the school choice process can be managed with online customer-oriented technology that allows families to apply to multiple schools without having to visit a district office or individual school sites to turn in multiple applications. The online choice process offers parents and the district a more efficient method to manage school enrollment.

## Resources

*Annual Accountability Report 2007-2008*, Poudre School District, [http://www.psdschools.org/documentlibrary/downloads/Board\\_of\\_Education/Annual\\_Report\\_2007-2008.pdf](http://www.psdschools.org/documentlibrary/downloads/Board_of_Education/Annual_Report_2007-2008.pdf)

*Background and Rationale for Student Based Budgeting*, Poudre School District, [https://www.psdschools.org/documentlibrary/downloads/Superintendent\\_Office/Initiatives\\_06-07/Initiative\\_2-New\\_SE\\_Elementary\\_School/Background\\_and\\_Rationale\\_for\\_Student-Based\\_Budgeting.pdf](https://www.psdschools.org/documentlibrary/downloads/Superintendent_Office/Initiatives_06-07/Initiative_2-New_SE_Elementary_School/Background_and_Rationale_for_Student-Based_Budgeting.pdf)

*New PSD Budgeting Process Increases Equity, Transparency, Poudre School District*, [http://www.psdschools.org/documentlibrary/downloads/Superintendent\\_Office/Initiatives\\_07-08/Small\\_Schools\\_Study/Student\\_Based\\_Budgeting\\_Description.pdf](http://www.psdschools.org/documentlibrary/downloads/Superintendent_Office/Initiatives_07-08/Small_Schools_Study/Student_Based_Budgeting_Description.pdf)

*Small Schools Study, Poudre School*

*District, Prepared by the Small Schools Committee*, May 2008, [http://www.psdschools.org/documentlibrary/downloads/Superintendent\\_Office/Initiatives\\_07-08/Small\\_Schools\\_Study/Small\\_Schools\\_Study\\_Final\\_Report.pdf](http://www.psdschools.org/documentlibrary/downloads/Superintendent_Office/Initiatives_07-08/Small_Schools_Study/Small_Schools_Study_Final_Report.pdf)

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## Endnotes

1. *New PSD Budgeting Process Increases Equity, Transparency*, Poudre School District, [http://www.psdschools.org/documentlibrary/downloads/Superintendent\\_Office/Initiatives\\_07-08/Small\\_Schools\\_Study/Student\\_Based\\_Budgeting\\_Description.pdf](http://www.psdschools.org/documentlibrary/downloads/Superintendent_Office/Initiatives_07-08/Small_Schools_Study/Student_Based_Budgeting_Description.pdf)
2. JoAn Bjarko, "School Budgets Changing," *North Forty News*, March 2007, <http://www.northfortynews.com/Archive/A200703schoolBudgets.htm>.
3. *Background and Rationale for Student Based Budgeting*, Poudre School District, [https://www.psdschools.org/documentlibrary/downloads/Superintendent\\_Office/Initiatives\\_06-07/Initiative\\_2-New\\_SE\\_Elementary\\_School/Background\\_and\\_Rationale\\_for\\_Student-Based\\_Budgeting.pdf](https://www.psdschools.org/documentlibrary/downloads/Superintendent_Office/Initiatives_06-07/Initiative_2-New_SE_Elementary_School/Background_and_Rationale_for_Student-Based_Budgeting.pdf)
4. *Small Schools Study*, Poudre School District, Prepared by the Small Schools



Committee, May 2008, [http://www.psdschools.org/documentlibrary/downloads/Superintendent\\_Office/Initiatives\\_07-08/Small\\_Schools\\_Study/Small\\_Schools\\_Study\\_Final\\_Report.pdf](http://www.psdschools.org/documentlibrary/downloads/Superintendent_Office/Initiatives_07-08/Small_Schools_Study/Small_Schools_Study_Final_Report.pdf)

5. The discrepancy between the graduation rate and the drop-out rate is based on students who take longer than four years to graduate and students who complete GED's as an alternative to diplomas.
6. *Annual Accountability Report 2007-2008*, Poudre School District, [http://www.psdschools.org/documentlibrary/downloads/Board\\_of\\_Education/Annual\\_Report\\_2007-2008.pdf](http://www.psdschools.org/documentlibrary/downloads/Board_of_Education/Annual_Report_2007-2008.pdf)