

DENVER PUBLIC SCHOOLS: MAKING MORE MONEY FOLLOW STUDENTS

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In 2008 Denver Public Schools adopted a student-based allocation (SBA) formula to create flexibility and autonomy for schools to meet the diverse educational needs of students and align resource allocation to improve academic achievement. Over time, DPS has steadily increased the amount of district funds deployed through SBA, while refining its SBA formula to add new types of students and weights. These changes have increased the pool of funds available to principals to create customized resources based on their students' needs.

In fiscal year 2014, DPS used SBA to allocate more than \$325 million to schools, or approximately 38 percent of its \$865 million budget.¹ This figure ranks DPS among the leading urban districts on %SBA, a metric developed by the Edunomics Lab at Georgetown University to compare the depth of SBA implementation across school districts. DPS has also made strides in diversifying revenue sources to fund SBA. Though more than 90 percent of SBA dollars came from the district's general fund, DPS also used the formula to disburse some local Mill Levy dollars and portions of its federal Title I and Title II funds.

Smart Planning Led To Steady Progress

When DPS first began the transition to SBA, it established a clear, two-year timeline for schools to exit the previous staffing-based allocation model. More importantly, the district followed through. By ending all hold-harmless provisions for schools within two years, DPS was able to quickly expand the percent of its total budget disbursed through SBA, sending more dollars directly to students at all schools rather than shoring up a small number of schools with non-formula funds.

Table 1. Timeline for growing the SBA formula

Fiscal Year	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
District action to deploy additional dollars via its SBA formula	Eliminated hold harmless adjustments Refinanced district pension obligation, freeing funds	Reduced adjustments for small schools Distributed some ARRA funds via SBA	Eliminated small school adjustments Shifted funds for substitutes into SBA (previously held in central budget)	Shifted an additional \$10M of general funds into SBA formula	Multiple Pathways Centers (special schools for at risk students) transitioned to SBA funding formula Added a weight for English-language learners	Shifted funds for negotiated para and extracurricular stipends into SBA Added a weight for kindergarten students 2012 Mill Levy structured as an SBA allocation

¹ Denver Public Schools, "Adopted Budget Book: FY13-14," accessed May 30, 2014, <http://financialservices.dpsk12.org/wp-content/uploads/2013/08/DPSAdoptedBudgetBookFY201314.pdf>.

DPS has also actively sought to identify additional revenue streams to distribute through SBA. Bringing additional federal, state, and local funds into the SBA formula has increased the overall percentage of district funds available to schools in a flexible, locally-budgeted form.

Most recently DPS structured a local property tax (Mill Levy) so that the funds would be deployed via SBA. The 2012 Mill Levy² provides \$49 million annually to DPS across six academic programs, including:

- \$15.5 million for instructional support
- \$13 million for early childhood education
- \$11 million for enrichment, divided between arts and physical education
- \$4 million for technology
- \$4 million for curricular materials, and
- \$1.5 million for support services.

Rather than deploying these funds to schools via centrally-allocated supplies or staff positions, DPS leaders structured the Mill Levy dollars so that they could go directly to schools through the SBA formula. For example, the arts portion of this funding stream is allocated at \$167 for each middle and high school student, and the physical education fund is distributed at \$65 per pupil for students at all grade levels. While the district requires that certain services are available at all schools, principals can decide how to provide these enrichments. Principals determine what offerings support their academic goals and can offer courses, clubs, or other activities that are appropriate for their schools' mix of students. In one school, student literacy might mean smaller reading classes, and in another, it might take the form of a summer program for struggling readers.

Table 2. DPS deployed more than \$11 million from a local tax in FY 14 using SBA.

Category	Per-Student Allocations	District-Wide Total
1998 Mill Levy Technology	\$22	\$1,589,940
1998 Mill Levy Student Literacy Development	\$69	\$4,598,505
2003 Mill Levy Arts	\$7	\$194,162
2003 Mill Levy Textbooks	\$10	\$666,450
2012 Mill Levy Arts/Music	\$167	\$189,623
2012 Mill Levy PE/Engagement	\$65	\$347,289
2012 Mill Levy Technology	\$50	\$3,472,950
Total Mill Levy Revenue Deployed using SBA	-	\$11,058,919

Change Is Part Of The Annual Process

As a part of its regular budgeting cycle, DPS annually adjusts its SBA formula. Annual adjustments have allowed the district to gradually increase what is funded via SBA, while principals and district leaders build their capacity to manage budgets in a system where funds follow students and more resource decisions are made at the school level. Some of the formula changes have allowed the district to accommodate changing student demographics, ensuring that the formula is properly accounting for student needs at different schools. As the district increases its %SBA, it also expands school level autonomy and allows schools to customize their services to their student populations.

² Denver Public Schools, "Bond and Mill Levy Information," accessed May 30, 2014, http://bond.dpsk12.org/mill_levy/.