

**TO: Denver Public Schools – Board of Education**

**FROM: DAC Budget Subcommittee (Darci Cherry, Ed Krug, Erich Bethke)**

**RE: Subcommittee Recommendations Concerning 2017-18 Budget**

**DATE: May 16, 2017**

To the Members of the DPS Board of Education:

We greatly appreciate the opportunity to provide the Board with the Subcommittee's recommendations concerning the proposed DPS 2017-2018 school-year budget. In doing so, we wish to express our thanks to DPS staff (especially Erik Johnson in the accounting/finance department), as well as other DPS staff and the Board members, for assisting us in better understanding the details and challenges of formulating and implementing the DPS budget.

*First and generally, the Subcommittee supports the proposed budget for the 2017-2018 school-year.* Our recommendation is to support the budget as submitted by Central Office staff. Below are the Subcommittee's review, comments and recommendations on more specific budgetary topics.

*The Subcommittee Supports the increase to SBB and the Shift to Greater Budgetary Autonomy/Flexibility for Individual Schools.*

SBB(Student Based Budget): Specifically, we are in favor of the decision to assign additional weight to students qualifying for FRL (free and reduced lunch) through the direct certification process. The distinction between direct certified and non-direct certified students appears to be meaningful and warrants differentiated funding so that the highest need students receive additional funding in the SBB. We recognize that these types of weighting decisions establish a priority of funding in favor of schools with a greater, high-need population. While this budgetary swing, if unreasonably increased, could be seen as diverting funds from other schools, we believe that proposed levels are reasonable and modest. We note that there is also a positive and increasing trend among DPS schools that do not have high-FRL populations to conduct their own and successful fund-raising/auctions (which many high-FRL schools lack). We also believe that it is important to continue to analyze the impact of this funding formula change and to further understand the different needs of direct certified and non-direct certified students. With additional inquiry, further funding allocations and support may be appropriate for the direct certified population and we urge DPS to continue to monitor the issue.

Flexibility for Individual School Budgeting: The Subcommittee also supports a continued shift to increase spending flexibilities/autonomies for individual schools and an “evolution” of some aspects of the Central Office’s function whereby the Central Office: A) allows an individual school a reasonably increased degree of budgetary autonomy with respect to the funds allocated to such school under the SBB formula; B) increases its roles of general oversight, advising, budgetary informational offerings, monetary monitoring services to individual schools throughout the District.

Such increased autonomy should allow each school to better target the unique budgetary needs of its students, teachers, staff and parents/community by: A) giving each school the option to participate in centrally offered services and supplies or to opt-out to procure services and supplies individually; B) bolster each school’s budgetary planning with existing school supports via the Central Office/SBB; C) allow each school some degree of flexibility in appropriately using funds from the recent mil levy override.

However, in implementing such increased autonomy, the Subcommittee believes it is crucial for DPS to collect appropriate data and to monitor/understand how this shift is impacting students in our schools. Particularly, the Central Office must be able to reasonably determine if this shift is providing better efficiencies and use of taxpayer and other school funding. This shift to increased budgetary autonomy for individual schools raises at least the following comments/concerns:

- 1) school principals will have a new level of responsibility to collaborate with their communities regarding budgetary decisions. New budget overview documents for each school provides a level of detail that school communities may not have confronted in the past. We encourage the District to make sure that there is adequate support and training for school leaders so that they have the tools to thoroughly understand and present the information about funding sources and budget decisions occurring at their schools.
- 2) the Central Office should still retain a robust role to ensure that individual schools/principals are not “re-creating the wheel” on budgetary issues that have been previously explored and/or rejected. Solid budgetary communication and a forum amongst individual school principals, guided by the Central Office, are needed ensure that enlightened decisions are made. The shift to increased budgetary autonomy for individual schools should not deprive/hide economies of scale that might be achieved with assistance from the Central Office or via savvy “group purchasing.”
- 3) there should be some mechanism whereby the Central Office can curb such increased budgetary autonomy if an individual school is making unreasonable financial decisions.

Addressing Rising Costs of Denver Housing/Living

Last year the Subcommittee urged the Board to play a role in addressing skyrocketing housing costs in Denver. As the cost of living, and particularly the cost of housing, continues to rise in Denver, families cannot afford to stay here, contributing to a projected decline in DPS enrollment. The Resolution for Strengthening Neighborhoods and commitment to being involved in citywide efforts to address rising housing costs is a great first step and we encourage the Board to continue to stay engaged in this issue. Moreover, these dramatic increases in Denver housing costs have reached a level that an increasing number of DPS teachers and staff may experience difficulties residing in Denver. The Subcommittee urges the Board to expand its research and efforts into ways that DPS can help teachers and staff to meet this challenge.

Continuing Challenges of TABOR and Gallagher Amendments

The Subcommittee is daunted by the continuing, negative impact of TABOR and the Gallagher Amendments upon educational funding. For the 2017-2018 Budget, we are glad that final developments and calculations under these Amendments may have reduced the anticipated impact of the “negative factor” upon the DPS budget and the forecasts for the Revenue Fund balance. However, the Subcommittee is aware that these budgetary constraints will continue unreasonably to force DPS “to do more with less.” The Subcommittee believes that a “tipping point” might be approaching for bi-partisan support to modify these Amendments. We urge the Board and DPS central office to bolster their strategic coordination with others to support any modifications/amendments to these legislative constraints. The Subcommittee celebrates the achievements of the District despite these budgetary limitations, such as the recent National Council of Teacher Quality Award. We cannot help but imagine the possibilities for increased DPS achievements/awards with consistent and adequate funding. However and because governmental funding (both state and federal) may be constrained for the indefinite future, the Subcommittee also supports new and creative efforts to consider outside grants/partnerships as an important supplement to traditional funding.

In closing, the Subcommittee welcomes the Board’s questions and comments regarding these recommendations.

On behalf of the Subcommittee,



Erich L. Bethke