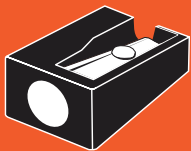
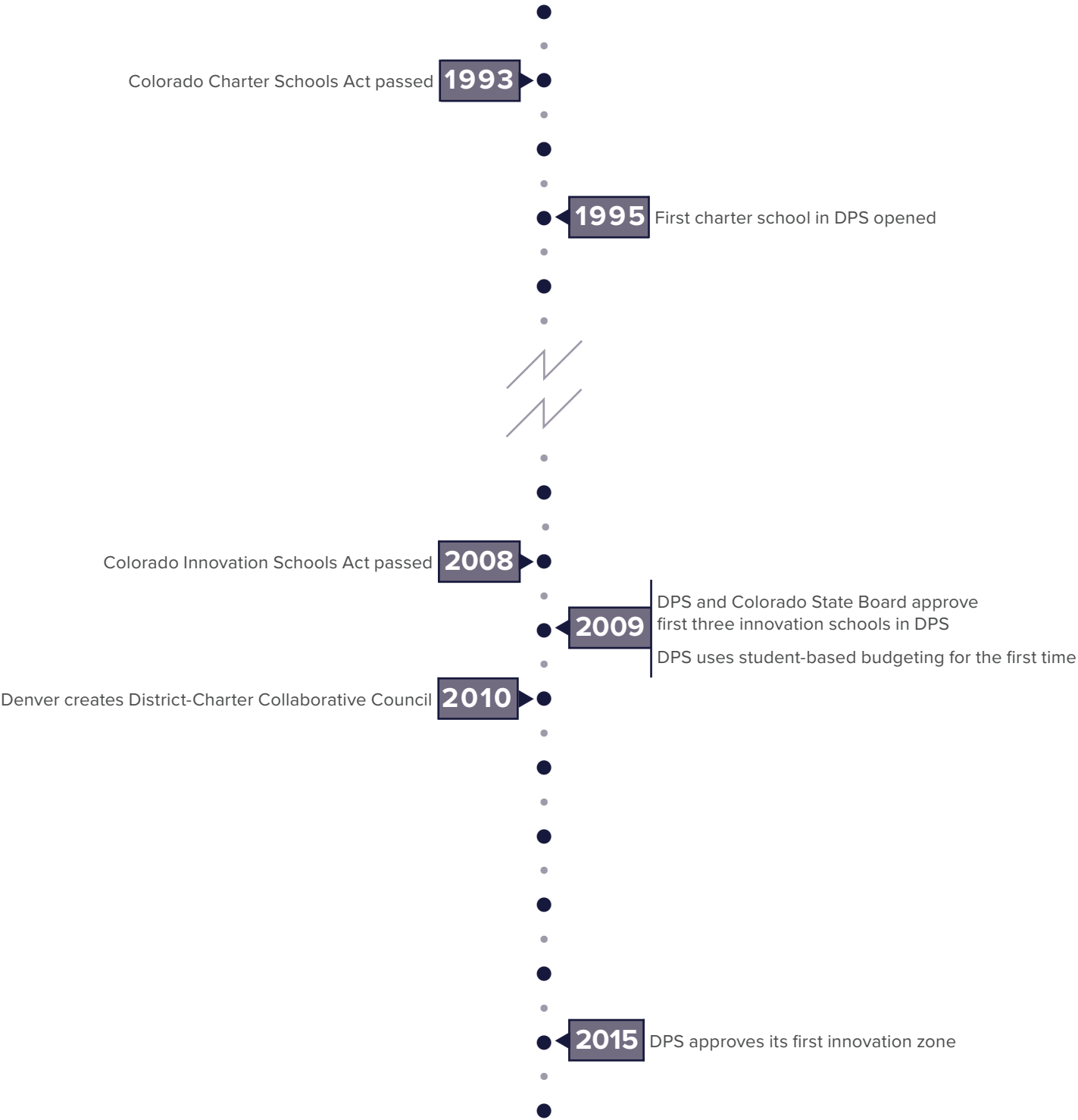


DENVER'S NEXT JOURNEY:
CHARTERS, INNOVATION SCHOOLS, AND SCHOOL BUDGETING

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Denver's Next Journey: Charters, Innovation Schools, and School Budgeting

This is the sixth of a multi-part series of briefs that analyze some of Denver's big bets across the last decade to improve education for all students. For more content visit apluscolorado.org/denvers-next-journey.

"The school is the unit of change" has been more than a common refrain over the past decade in Denver Public Schools; it's guided district policy and practice.¹ This brief explores both the theory and implementation of two major strategies that have sought to facilitate school-level change. One strategy centered on decision-making and governance, as the district brought in and expanded charter and innovation schools. The second strategy focused on how the district has changed the way resources are allocated to schools and who gets to make decisions about how dollars are spent.

Over the past century, school districts in the United States, including Denver, had to standardize education, providing a "thorough and uniform" education. The idea was that districts could best impact students when there was efficiency, and decisions at a centralized office would direct schools toward best practices. Starting in the late 20th century, school districts and states began experimenting with new

ideas about how to best impact student learning. Denver started introducing new schools under new governance models including magnet programs, charter schools, and innovation schools as a key strategy in a different theory of change. Instead of centralizing decision-making, this strategy aimed to empower people who were closest to students to figure out how to best serve kids, while the district was responsible for holding schools accountable. This idea became known as "portfolio management," where the district would oversee a "portfolio" of schools with different school designs and governance models, and would pass down instructional and resource allocation decisions to the school, rather than central district office. Denver has been known as a leader in implementing this strategy.²

This report explores how decentralizing decision-making and changing how resources are allocated has shifted how schools and the district operate and ultimately the experience of teachers and families.

School Governance and Operation: Charter Schools, Innovation Schools and Beyond

As schools and school districts evolved over the past 150 years, their administration became more and more similar. In David Tyack's exploration of the history of American Urban Education in *The One Best System*, he quotes a nineteenth century student who wrote that "by 1870 the pendulum had swung from no system to nothing but system."³ A centralized school district management structure offered predictability, efficiency, and quality control. The evolution of the school district trended toward this centralized structure, where a superintendent and their team would supervise principals who oversaw teaching and school-based staff. This structure guided Denver's development particularly early on, when Aaron Gove served as superintendent at the turn of the 20th century for over thirty years.⁴

Denver evolved as most school districts, and created a set of schools that the district managed, including principal hiring and curriculum selection. These traditional district-run schools are overseen by the superintendent and their team, and the central office has a fairly high degree of influence in the instruction, materials, and program of the school. In such schools, teachers are also part of the same collective bargaining agreement that outlines working conditions and pay. While these schools tend to be more similar because they are directly managed by the district central office, to say that they are replications of each other would be a mischaracterization. While teaching and learning are more similar in traditional district-run schools, principals can have a fair amount of control over the school and tailor resources to their students and staff.

As schooling was systematized there have been deep debates about the value of uniformity and predictability, and the constraints of the system. For example, a uniform curriculum means all students within a district would be learning the same thing, and teachers and students can easily move between schools and use the same resources. However, a singular curriculum may not engage and speak to all students in the same way, and may limit different ways of teaching and learning. Different forms of school governance—who designs and makes decisions about the school—was intended to address the constraints facing schools and school districts.

This report explores how Denver has used governance models to break through some of the constraints that faced traditional district-run schools when administrations, school staff, and families needed different education options for their students.

Understanding Differences Across Governance Models of Public Schools In Denver

All schools in Denver are approved by the school district, funded with public dollars, and subject to state and federal requirements outlined in statute, like the Elementary and Secondary Education Act, and Colorado's standards and accountability systems.

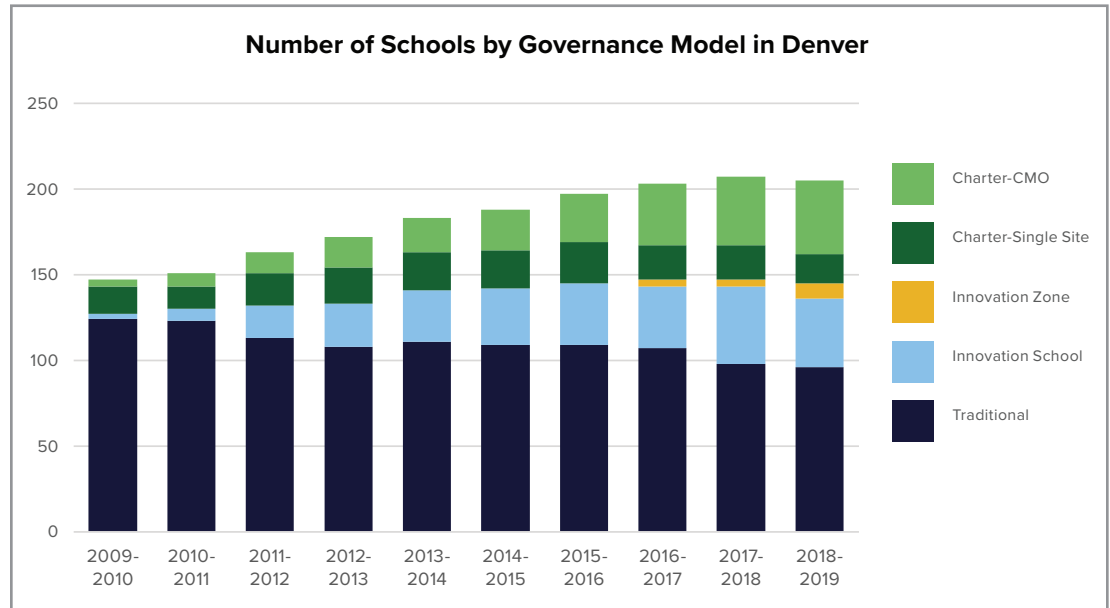
	Traditional District-Run Schools	Magnet Schools	Charter Schools	Innovation Schools	Innovation Zone Schools
Operational Decisions Who makes decisions about teaching, learning, and operations?	Superintendent and central office district staff, principals	Principals, superintendent and central office district staff	Charter school board, Charter staff, often the principal or executive director	Innovation school principals, superintendent and central office district staff	Innovation zone executive director, principals, innovation zone board, superintendent and central office district staff
Authorization and Renewal Who determines if the school can open and serve students?	Denver Public Schools Board oversees these schools and makes decisions about opening or closure	Superintendent and Denver Public School Board	Denver Public Schools Board authorizes and renews charters; charter school board applies for authorization and renewal	With consent of 60% of school-based staff, Denver Public School Board authorizes and renews innovation schools, State Board of Education approves authorization and renewal	Innovation schools opt to join zone with 60% consent of staff; Innovation zone board approves school membership; Denver School Board authorizes and renews zones and schools; State Board of Education approves local authorization and renewal
Accountability Who holds the schools accountable? <i>(Note: all schools rated on the School Performance Framework, and subject to state and federal accountability)⁵</i>	Denver Public Schools Board	Denver Public Schools Board	Charter School Board, Denver Public Schools Board	Denver Public Schools Board	Innovation Zone Board; Denver Public Schools Board
Appeals Can schools appeal decisions or disagreements to the State Board of Education?	No ability to appeal decisions	No ability to appeal decisions	Charter school can appeal decisions to State Board of Education	Unclear if school can appeal to the State Board if there is disagreement between innovation school and district	Unclear if zone can appeal to the State Board if there is disagreement between innovation school and district

Employment Who are principals and teachers employed by?	Denver Public Schools (part of collective bargaining unit) ⁶	Denver Public Schools	Charter School	Denver Public Schools (can vote to waive parts of collective bargaining agreement)	Denver Public Schools (can vote to waive parts of collective bargaining agreement)
Funding How are they funded?	The district determines how to allocate dollars to district-run schools. The district currently uses student-based budgeting (SBB), distributing resources to schools based on the number and characteristics of students they serve.	The district determines how to allocate resources to district-run schools. Magnet programs often receive additional resources to support their programs.	Charters receive the state allocated per-pupil funding through the district for each student they serve. The district retains up to 5% for administrative costs and services. Charters also “buy” into services from the district, like special education, transportation, food services etc.	Innovation schools receive student-based budgeting, like traditional district-run schools	Zone schools have access to additional student-based budgeting (SBB+) if they opt out of district-provided services in order to provide those services to zones themselves.
Students Who do they serve? (Note: all DPS schools, regardless of governance, participate in SchoolChoice) ⁷	Often serve neighborhood boundaries, but can also be schools of choice, where families have to enter a lottery to attend	Programs of choice, often with selective admission requirements. Can be located within boundary- serving schools or stand alone schools	Often schools of choice, but can also be boundary-serving schools. No charters in Denver have selective admissions requirements.	Can be boundary serving schools or schools of choice	Can be boundary serving schools or schools of choice
Facilities What buildings do they have access to? (Note: all schools subject to Denver's Facility Allocation Policy to determine which access to district-space) ⁸	District places schools in district-owned or contracted facilities	District places schools in district-owned or contracted facilities	Charter school is responsible for finding and financing the facility; can make an agreement with the district to operate in a district-owned facility	District places schools in district-owned or contracted facilities	District places schools in district-owned or contracted facilities

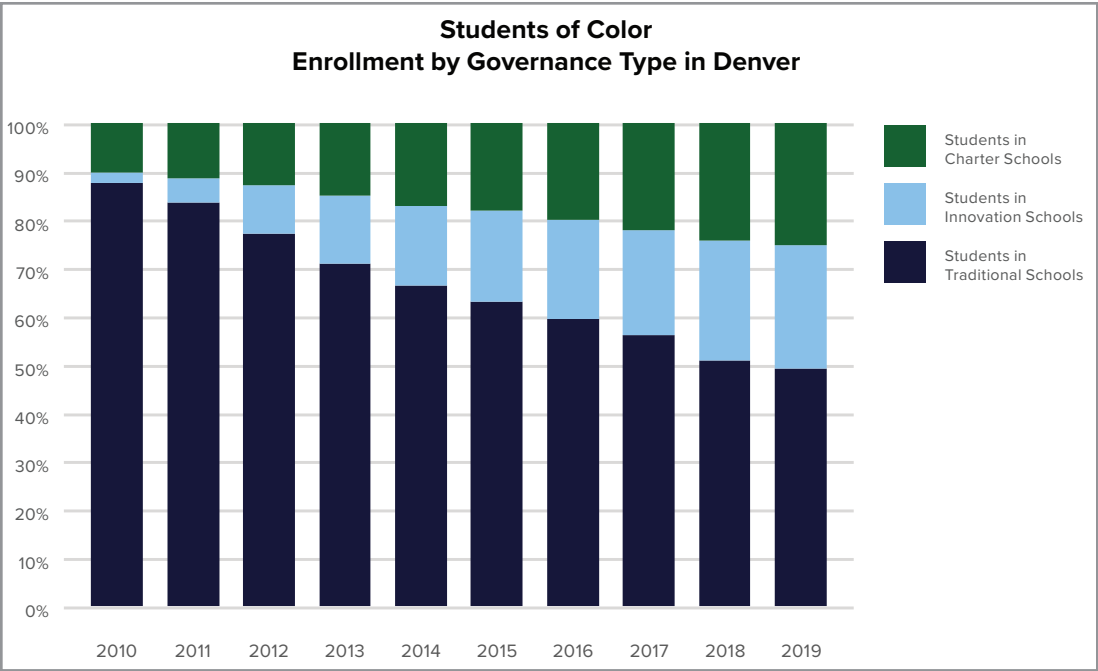
As Denver explored this new decentralized strategy to impact student learning, the number of schools with different governance models expanded dramatically. Charter schools and innovation schools have, on average, served a higher proportion of students of color in Denver than white students: in 2018-2019 the majority of students of color attended innovation and charter schools, while 35% of white students did so.

Just the Facts:

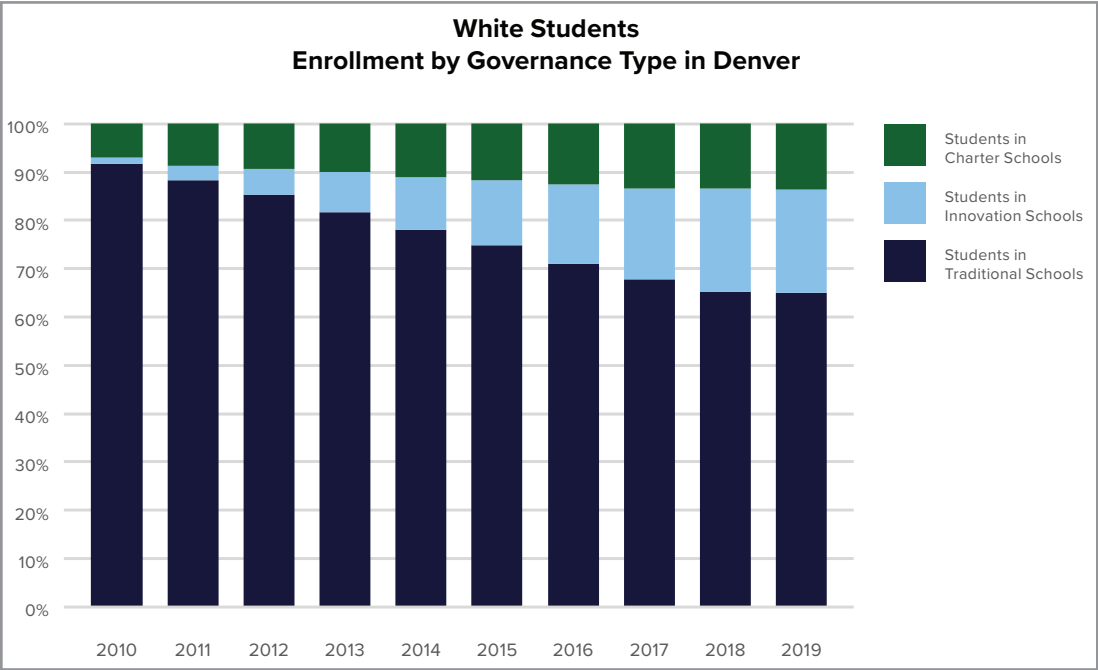
The number of schools with different governance models expanded across the decade. In 2018, about half of all schools operated under a governance model other than traditional district-run.



Just the Facts:
As of 2019, just fewer than half of all students of color in DPS attend a traditional district-run school.



Just the Facts:
As of 2019, about 65% of all white students in DPS attend a traditional district-run school.



Magnet Schools and Programs

One of the first ways that Denver Public Schools, and districts across the country, started to create more autonomous schools, or schools that offered different models from other district schools, was through magnet programs. For the most part these schools would not serve a specific boundary, though they could be located within boundary-serving schools. Instead, magnets would be “choice” schools that families have to apply for, and could have admission requirements.

In theory, magnet schools and programs like Denver School of the Arts, dual-language schools, International Baccalaureate programs or Gifted and Talented programs within schools were created to provide alternatives to boundary-serving schools, and to attract families who might otherwise opt to send their students outside of the district. In practice, most of these schools were designed to, and continue to cater to white families in Denver.

These schools were also some of the first ways that the district changed the relationship between the district and schools. Schools had to have different flexibility compared to traditional district-run schools. For example, Denver School of the Arts (DSA) offers a conservatory model for students where they spend much more time focusing on a specific art than students in other schools across the district. To implement its program, DSA hires more arts teachers and has a much different schedule than traditional district-run schools. Additionally there are requirements for students to enroll, and they must apply and demonstrate some proficiency or aptitude for the art they want to study.

Effectively, magnet programs offered both a different governance and operational model to the traditional district-run school. They preceded different governance structures like charter and innovation schools, but continue to have autonomy and flexibility in their educational programming and implementation.

Charter Schools

In 1993 the Colorado legislature passed the Charter Schools Act, becoming the third state in the country to allow public schools to be operated by an organization other than a school district. A key objective of the bill was to “create an atmosphere in Colorado’s public education system where research and development in developing different learning opportunities is actively pursued.”⁹ The passage of the bill was contentious. In 1992, the first year that the bill was introduced by Representative Terry Considine (R) and state Senator Bill Owens (R), the bill failed by one vote in the Senate Education Committee. The next year, when it was introduced by Representative Peggy Kerns (D) and Senator Bill Owens, it eked out of the Senate. It then eventually passed 41-23 in the House before being sent back to the Senate where it passed 23-11 the night before the last day of the 1993 legislative session.¹⁰

Charter schools are public schools that are approved by an “authorizer,” either a local school district board or the Colorado Charter School Institute. These schools are operated by organizations that can be made up of groups of educators, community members, or families, rather than the local school district. Charter organizations can be approved to run either single schools (single-site charters), or multiple sites, making them charter management organizations (CMOs). Because charter schools are, by law, public schools, they are tax exempt; charter schools generally also establish a separate nonprofit structure. When they are created, charters automatically waive certain requirements that the state outlines for traditional district-run public schools. Generally, these waivers allow for charters to hire, train and manage staff directly, create their own schedule, choose and implement their own curriculum and pedagogical approach, amongst others.

The number of charter schools in Colorado grew from two in 1993, opened in Pueblo 70 and Academy 20, to 260 in 2019, 60 of which are in Denver Public Schools. In the 2018-19 school year over 20,000 students, constituting 22% of all DPS students, attended a charter school.¹¹

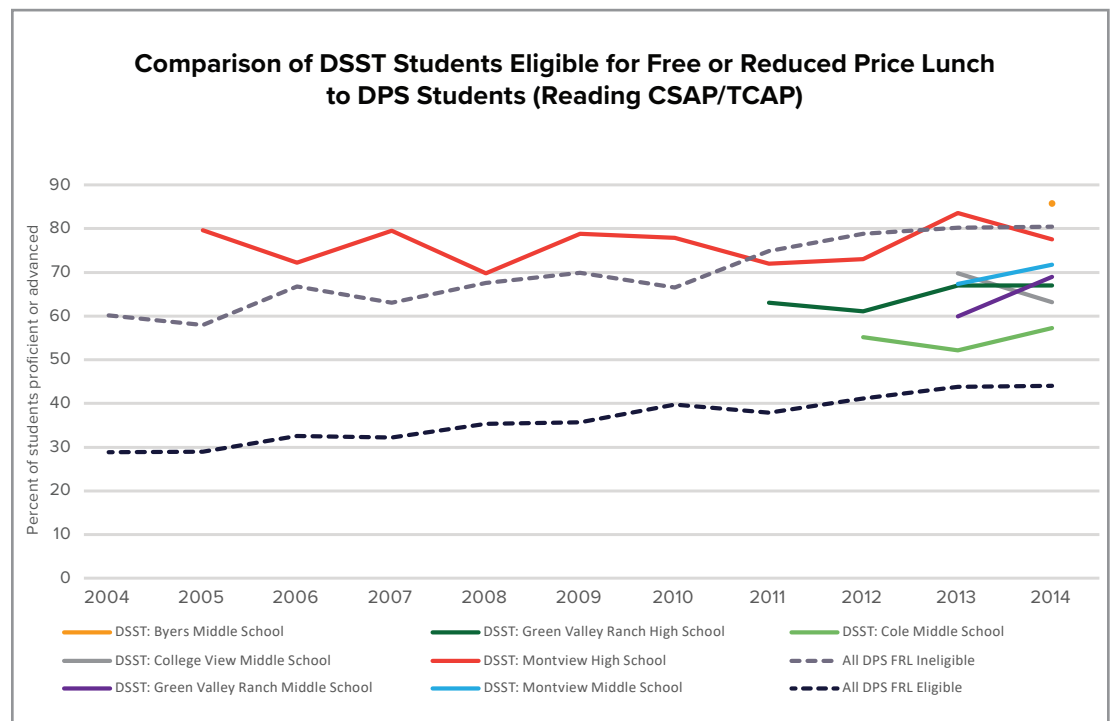
How Denver Uses Charter Schools

In Denver Public Schools, charters were initially approved to operate single schools. The first charter school in DPS, founded in 1995, was P.S. 1, a middle and high school that was designed to be a progressive school that used the city as the classroom. It mostly served students who struggled in traditional schools. After that, just a few charters were added in the late nineties, including Wyatt Edison Charter School (now Wyatt Academy) and Odyssey Charter School. Single-site charters multiplied more rapidly as Denver undertook a broader “new schools” strategy to offer alternative learning environments, replace closed schools, and keep up with growing enrollment (see *Denver’s Next Journey: Start with the Facts* and *Denver’s Next Journey: School Improvement*). These initial charter schools offered a broad array of educational programs including pathways for students who had struggled in traditional programs, specific school models like expeditionary learning, and college prep programs like KIPP.

As some charter schools started to produce strong results in academic outcomes for students, a few of those schools sought to expand and serve more students. For example, Denver School of Science and Technology’s (DSST) opened as a single high school in 2004-05. On standardized measures students at the school outperformed other students across the district. For example, at its start between 70-80% of DSST students at DSST: Montview (previously Stapleton) High School who qualified for free or reduced price lunch scored at a proficient or advanced level on CSAP or TCAP, the state standardized assessment at the time, in reading, compared to 30 to 40% of their peers in the district, a trend that continued. Indeed, a larger proportion of students who qualified for free or reduced price lunch at DSST earned a proficient or advanced score than did DPS students who did not qualify for free or reduced price lunch.

Just the Facts:

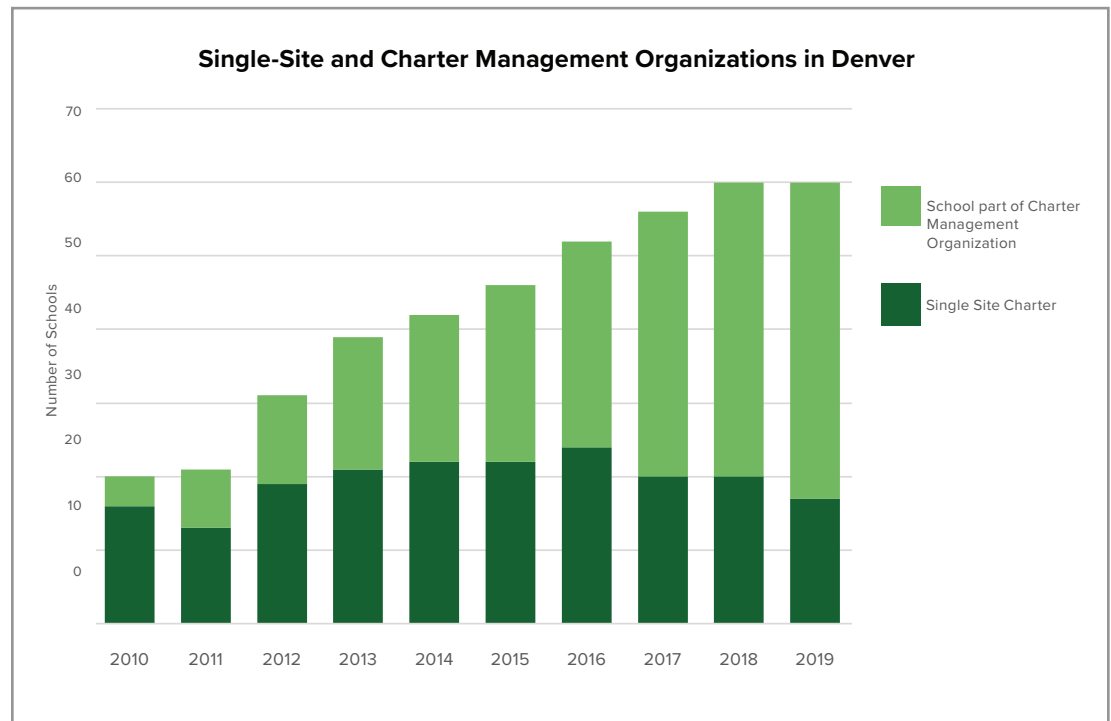
From 2005 to 2014, a higher proportion of students eligible for free or reduced price lunch at DSST: Montview High School (previously Stapleton) were proficient in reading than their peers across the district including students eligible and ineligible for free or reduced price lunch.



In an effort to both expand access to a program that was getting clear academic results for students and to reward strong school performance, DPS authorized more DSST schools. The charter expanded geographically from a single site to multiple campuses, and expanded grade bands serving both middle and high school students. Similarly, KIPP and West Denver Prep, which later changed its name to STRIVE Prep, were authorized to start multiple schools. These authorizations resulted in a proliferation of schools that were operated by CMOs, rather than as single-site charters.

Just the Facts:

The proportion of charter schools being governed by a CMO expanded significantly from 2010 to 2019.



Charters and the District Collaborate on Policy

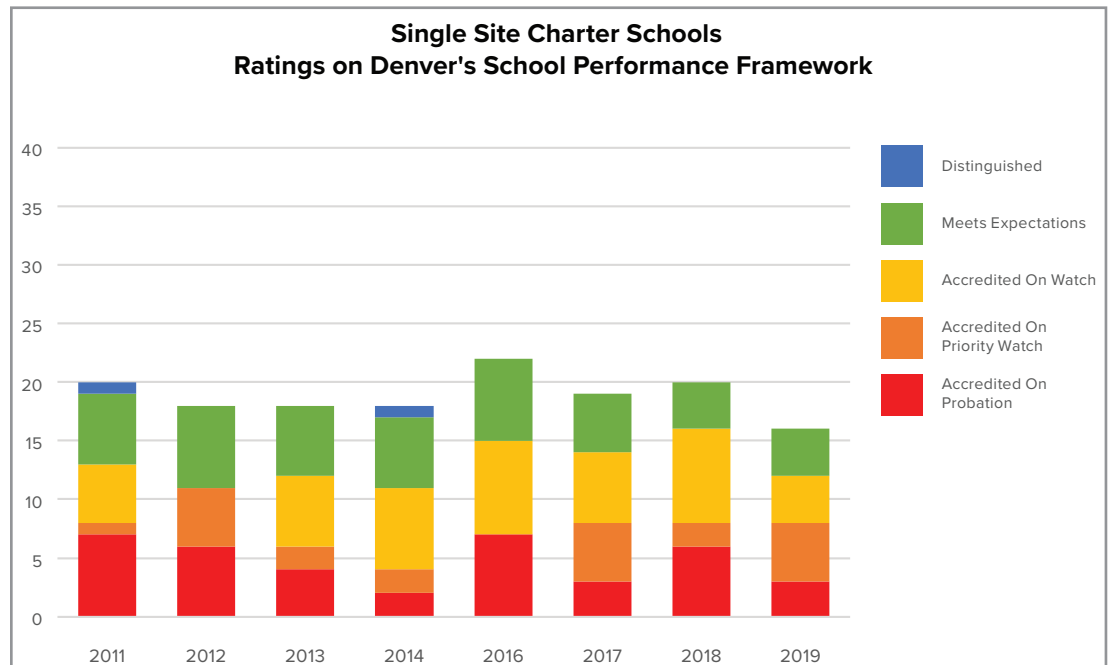
To manage the expansion of charters and the relationship between district administrators and charter administrators, in 2010 the district created the District-Charter Collaborative Council. Through this council, important policies and practices were articulated and agreed upon:

- **Participation in Choice:** Charters must participate in unified enrollment. This both simplifies the process, broadening access to schools of choice, and ensures that all schools “play fair,” enrolling all students assigned through the DPS lottery.
- **Enrollment Zones:** As DPS shifted from single-assignment boundaries to enrollment zones where students are guaranteed a seat within a certain set of schools, but not any one school, charters were asked and agreed to participate. This meant that some charters were no longer solely “schools of choice” and would serve neighborhoods like district-run schools do.
- **Facility Allocation Policy:** As space in DPS became scarcer, charters wanted a fair way to access district facilities for the programs they were operating. The district and charters agreed upon a set of rules that would direct district staff and the school board in assigning programs to available space.¹²
- **Providing Special Education:** All schools, including charters, are required to serve students with mild/moderate needs. Students with more significant disabilities are served through center-based programs that are targeted to those students’ needs. As agreed upon by the Collaborative Council, both district schools, and charters host these center-based programs, and charters pay \$300/student to DPS to fund these programs.¹³

As many of the most successful charters in terms of academic outcomes for students expanded and became CMOs, the variability within single site charters has remained variable; in 2018 only 20% of single-site charters received a Green rating on the district's School Performance Framework and no schools received a Blue rating. (For more about the SPF, see *Denver's Next Journey: Communicating "Good Schools" to Families*). Additionally, as the number of charters that were part of CMOs increased, so too did the variability of academic results in CMOs. In 2012, all schools that were part of CMOs were rated Blue and Green, the highest ratings on the district's School Performance Framework. In 2013, 83% received that rating. Yet in 2018, 58% received one of the two highest ratings, and 35% received a Red or Orange rating, the two lowest ratings on the SPF.

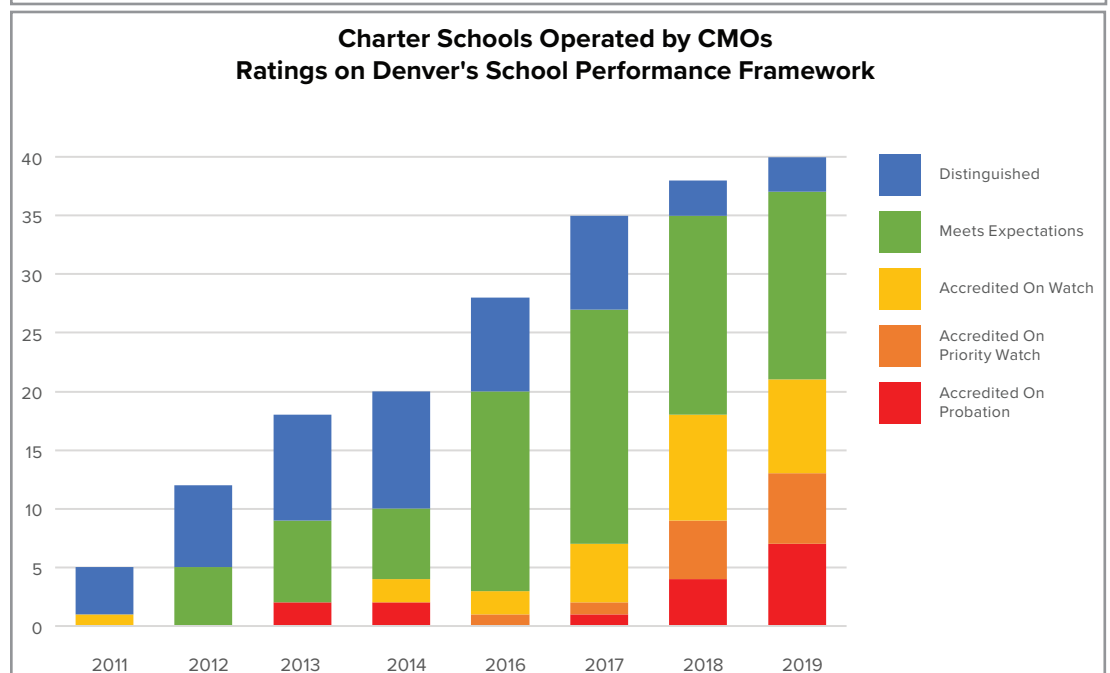
Just the Facts:

SPF ratings of single site charter schools have been variable since the district started rating schools in 2011.



Just the Facts:

SPF ratings of charter schools operated by CMOs was consistently high from 2011 to 2016, with 80–100% of schools earning a blue or green rating. Performance and ratings have been more variable more recently; in 2019 less than 50% of CMO operated schools earned a blue or green rating.



Innovation Schools

When people hear “innovation” schools it may spark visions of technology-enabled learning or wholly new educational or pedagogical models. Yet innovation status has little to do with a specific learning model, and instead is a legal way for schools to waive certain requirements from state and district policy. In 2008 the Colorado General Assembly passed the “Innovation Schools Act” which created a new type of school governance model, different from either a traditional district-run public school or a public charter school. The legislation stated that “in tailoring the delivery of educational services, it is also important that the persons delivering those services, the principal of the public school and the faculty employed at that school, have the maximum degree of flexibility to determine the most effective and efficient manner in which to meet their students’ needs.”¹⁴ In effect, the Innovation Schools Act gave school districts the ability to change how some schools could use time, staff their schools, and spend money.

Innovation schools are operated by the school district; staff within innovation schools are employed by the school district, and the school district has much more direct control over the operations in the school than within a charter school. However, similar to charters, each school can choose and approve which requirements around time, staffing, or budget they want to waive.

The policies and practices that schools can waive are located in local collective bargaining agreements, district policies, and state policies. For example, a collective bargaining agreement could outline the maximum class size, which an innovation school could waive for either a lower or higher maximum class size. District policy may set the teacher hiring process; an innovation school could waive that and develop their own hiring process, and reject direct placements. In terms of district and state policy, an innovation school could outline that it would exceed statutory minimums for teacher-pupil contact hours.

Innovation schools in Colorado currently waive or amend anywhere from one policy or requirement to 30.¹⁵ Importantly, schools must demonstrate support for becoming and remaining an innovation school: 60% of school-based administrators, 60% of teachers employed at the school, and 60% of the school accountability committee members, which include parents and staff, must consent to be an innovation school.

How Denver has used Innovation Schools

In 2009 Manual High School, Montclair School of Academics and Enrichment, and Cole Academy of Science and Arts became the first three schools in Denver and in Colorado that were approved as innovation schools. Manual’s 2009 innovation plan serves as a good example of the types of policy and practice changes that schools tend to seek through innovation status. Manual’s innovation allowed the school to: conduct its own hiring and on-boarding preventing any direct placements; put teachers on annual contracts; staff teachers in non-traditional roles like advisors; and conduct its own professional development. Manual also had waivers that allowed them to use trimesters rather than semesters, have block scheduling, and longer school days. The innovation plan allowed the school to budget on actual, rather than average salaries. Because the staff at Manual tended to be less experienced than the average teacher across the district, the money Manual actually spent on teacher salaries was less than what was budgeted through average district salaries. Manual then budgeted on the real cost of the school’s staff, received the “extra” money, and used it in other parts of their budget.¹⁶

DPS expanded the number of innovation schools quickly after that first year. Innovation status was used in a diverse set of schools in terms of school design, and was used for different purposes including turnaround and new schools. Indeed, unlike the first three innovation plans that were approved in already existing schools, DPS opened a number of new

schools with innovation plans. Many of these schools were in Far Northeast Denver, and were started as part of the Montbello turnaround (see *Denver's Next Journey: School Improvement* for an in-depth look at turnaround in Far Northeast), opening as replacement schools or new programs with innovation status.

The union challenged the practice of opening new schools as innovation schools in the courts. According to statute, schools must demonstrate that a majority of teachers, administrators, and school accountability committee support the school's innovation plan. In new schools there was no staff to vote on the innovation plan, so the DPS School Board would approve the plan and hire the principal who would then subsequently hire staff. During the first week, schools would ask their teachers to vote by secret ballot to support the innovation plan.

The legal battle went back and forth. In 2013 a Denver district judge held that the district's process of having newly hired staff approve an innovation plan was allowable when schools were being restructured through turnaround processes or were part of a larger effort at improving the neighborhood's educational offerings (like the high schools that replaced Montbello High School), but was not allowable if it was not part of an improvement strategy (like at McAuliffe or Swigert which were opened in Stapleton to address growing enrollment rather than school improvement).¹⁷ In the Colorado Court of Appeals two years later that decision was reversed.¹⁸ The case was finally settled by the Colorado Supreme Court after DPS appealed the second decision. In a 4-3 opinion the state high court decided that districts could in fact start new schools, not just in turnaround or replacement situations, as innovation schools.

With the legal standing of innovation schools confirmed, the district continued to expand these schools. The current mix of innovation schools is varied. Some schools with innovation status, like Schmitt Elementary, use waivers as part of a clear turnaround

strategy. Others like Denver Junior/Senior Montessori are leveraging innovation to implement unique school models, like dual-language or Montessori programs. Still others like Morey and Merrill Middle Schools have been traditional-district run schools for years and have more recently pursued innovation waivers to support new structures, policies, or practices at the school. Some innovation schools serve boundaries; others are choice-in only schools. For this reason, grouping these schools together as a distinctive model can be misleading, and can overstate similarities.

The Rise of Innovation Zones

In their earliest years, innovation schools principals reported to an instructional superintendent who oversaw just innovation schools. In 2014 DPS changed the management structure and innovation schools were incorporated back into networks that included both innovation and traditional district-run schools overseen by an instructional superintendent. This meant that instructional superintendents may have been less familiar with the individual flexibilities that schools' innovation plans approved. Things like centralized professional development, that schools had waived in favor of running their own, were often required again as instructional superintendents managed their network of schools.

In 2015 a group of innovation school principals stepped forward to create a different relationship with the district that would restore the school-level autonomy and flexibilities outlined in their innovation plans. In a letter to the district the principals requested the ability to hire their own network leader, receive additional per-pupil funding when they opted-out of district provided services, create their own hiring systems, and form an accountability committee to take on some governance of the schools.¹⁹ The idea was that innovation schools could be able to carve out additional autonomy over school decision-making and resources through what would become

known as an innovation zone. Over the course of several months, school principals and external partners worked alongside district leaders to create a new governance pathway to further develop and realize this vision.

Innovation zones were not a new idea in Colorado or nationally. For example “pilot” schools were established in Boston in 1994 with similar autonomies as Colorado Innovation schools. The Innovation Schools Act defines innovation zones as a “group of schools of a school district that share common interests.”²⁰ Innovation zone plans require a description of how schools will work together to implement their plans, what economies of scale are achieved by coordinating on replaced policies and practices through individual schools innovation plans, and how schools within the zone solicited input from staff, families, and communities around the zone plan.²¹

But beyond these requirements the law is fairly vague around what an innovation zone can look like. The state’s first innovation zone was in Kit Carson, a small district on the eastern plains, where all 130 students are served by the district’s innovation elementary and secondary school. Falcon 49 in Colorado Springs first created an innovation zone within the district in 2012, bringing together five schools that were geographically proximate. The schools reported to a zone leader who served as a liaison between the schools and the district and local board. The innovation zone was also used as a lever to restructure the district’s central office which was more clearly split between work overseen by a Chief Education Officer and a Chief Business Officer.²²

The Luminary Learning Network (LLN), Denver’s first innovation zone, draws some parallels. Starting as a group of four schools, the zone is overseen by a nonprofit with its

own board who can direct hiring and firing of principals, and is staffed by an executive director who serves as liaison to the district and Denver school board. A key part of the innovation zone was about school-level control over decisions, including instructional and operational decisions, as well as resource allocation.

Since the inception of the LLN, Denver has continued to explore and expand innovation governance structures. In 2018-19 a fifth school joined the LLN. That same year four schools in a feeder pattern in northeast Denver came together around aligning their International Baccalaureate curriculum across elementary, middle and high school, creating the Northeast Denver Innovation Zone (NDIZ) which also has a separate board and an executive director who serves as liaison to the district and Denver School Board. Two schools in southwest formed the Beacon Schools Network, an innovation management organization, which differs slightly from the LLN or NDIZ structure in that it does not set up a separate nonprofit, but where the two schools are overseen by an executive principal and have a board of directors. In the northwest in 2018-19, a single principal oversaw Lake and Skinner Middle Schools, but neither school has innovation status; the Lake-Skinner Partnership has faded back to a more traditional structure as both schools are now overseen by the district’s regional instructional superintendent.

There seem to be a few objectives that these different governance structures fulfill. One is around creating space for principals to implement their school models with fidelity. Another is around increasing access to and school-level control over dollars (more on that later). Yet another is seemingly to provide a different career pathway for experienced principals to stay connected with schools they have led, but to have new growth opportunities.

How Do Innovation Schools Affect Teachers?

Some of the most widely used waivers in innovation schools are around staffing, including teacher licensure, pay, and renewal of employment contracts.²³ In Denver, where innovation status has also been used in turnaround schools, innovation schools have also seen many teachers either involuntarily or voluntarily turn over. School administrators may have found that innovation status provides them the ability to implement longer school days, and to have greater control over their hiring processes. This enables schools to get out of some employment conditions and requirements set forth through the collective bargaining agreement.

In a three year evaluation of early innovation schools, University of Colorado Denver compared innovation schools to similar schools in DPS. The researchers found that teachers in innovation schools had a greater sense of empowerment than other schools; were, as a group, less experienced and had lower levels of educational attainment than the average teachers in the comparison schools; and saw higher rates of turnover.²⁴

Top Ten Requested Waivers from All Colorado Innovation Schools <i>(shaded waivers relate directly to teacher contract)</i>		
Description of Waiver	# Schools with Waiver	% of All Innovation Schools with Waiver
Related to adoption of district calendar	87	85%
Related to adoption of school calendar	85	83%
Related to determination of teacher-pupil contact hours	83	81%
Related to teacher licensure	80	78%
Related to selection of staff and pay	74	73%
Related to performance evaluation of licensed personnel	74	73%
Related to the transfer of teachers	73	72%
Related to paying licensed teachers	73	72%
Related to determination of educational program and prescription of textbooks	72	71%
Related to probationary teacher status and to renewal and nonrenewal of employment contracts	72	71%

Source: List of Approved State Waivers-Innovation Schools, CDE's Schools of Choice Unit²⁵

Making School Approval Transparent

Charters can only operate if they have the approval of their authorizer, and in Denver's case this is the Denver School Board. Innovation schools, once voted on by their staff, must also be approved by the School Board. Both charters and innovation schools have to renew their contracts or status; charters are up for renewal as stipulated in their contract and innovation schools are reviewed every 3 years.

As Denver approved more schools, there was an increased need for transparency around the process. To clarify how and why schools were approved or renewed, Denver created "The Call for New Quality Schools." A document, "the Call," outlined what and

where the district's educational needs were. While originally created as a tool for charter authorization, in 2016 Denver started to support "internal applicants" as well for new district-run school options that could also address the district's educational needs.

"The Call" along with a set of criteria and rubrics created by the district helped to identify and clarify what DPS required for new schools and for existing schools to continue to operate. Additionally, the School Performance Framework was first created as a tool to guide this work before being expanded districtwide (see *Denver's Next Journey: Communicating "Good Schools" to Families*).

How are families engaged in decision-making?

By Colorado law, every school, including district-run and charter schools, must have a School Accountability Committee. In DPS, School Accountability Committees are called Collaborative School Committees (CSC).²⁶ These committees are required to be made up of parents, staff, and community members with parents making up the largest group. CSCs weigh in on decisions, and make recommendations to the principal, about how the school spends its resources; the development of the school's Unified Improvement Plan; principal evaluation; and family engagement.²⁷

Schools engage their Collaborative School Committees in different ways. Some innovation schools' plans also combine CSCs with other committees that involved families in decision-making like English Language Acquisition Parent Advisory Councils, which are required by the Consent Decree.²⁸ While CSCs are statutorily required, and schools are required to post minutes and agendas publicly, it is difficult, publicly to understand how compliant and meaningful many CSCs are. It takes buy-in and commitment from school leaders, staff, and district staff to prioritize the CSC and to open decision-making to include families.

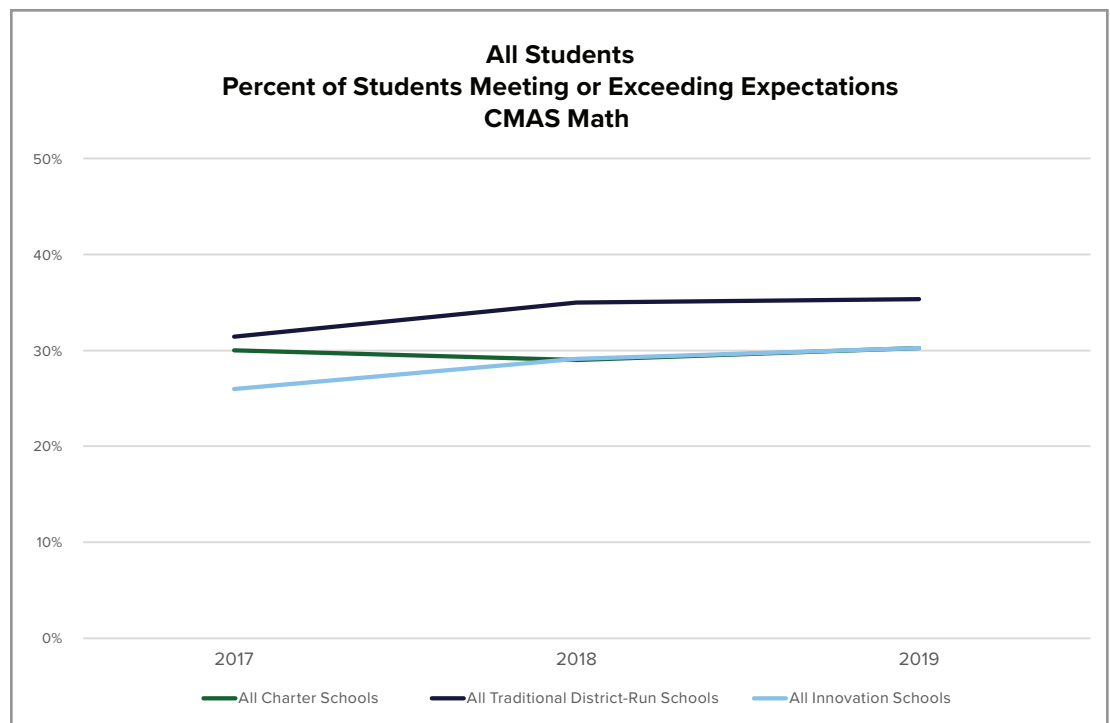
Student Performance in Schools with Different Governance Models

Does governance matter for student outcomes? This has been the key question as Denver has expanded schools with different governance models. Certainly, as *Denver's Next Journey: Start with the Facts* explores student outcomes including student performance on core academic subjects and graduation rates have improved across the district as a whole as the strategy has been rolled out. Some of these improvements have been driven in particular schools, including charters, as this report has explored.

A report by CREDO that explored learning gains in core academic subjects in 2014-15, 2015-16, and 2016-17 showed that in Denver, the study's most recent data, students are learning about 60 more days than the average Colorado student in reading, and 40 more days in math. While in 2014-15 students in charter schools in Denver were learning more than their peers in traditional and innovation district-run schools in reading, that had declined as other learning in traditional and innovation schools grew, such that the difference was negligible in 2016-17.²⁹ Looking at 2017 to 2019, this trend seems to continue with achievement in charter schools as a whole remaining fairly stagnant, and some improvement in innovation and traditional district-run schools.

Just the Facts:

Over the past three years, when looking at all students, achievement increased in traditional district-run schools and innovation schools, and was flat in all charter schools.

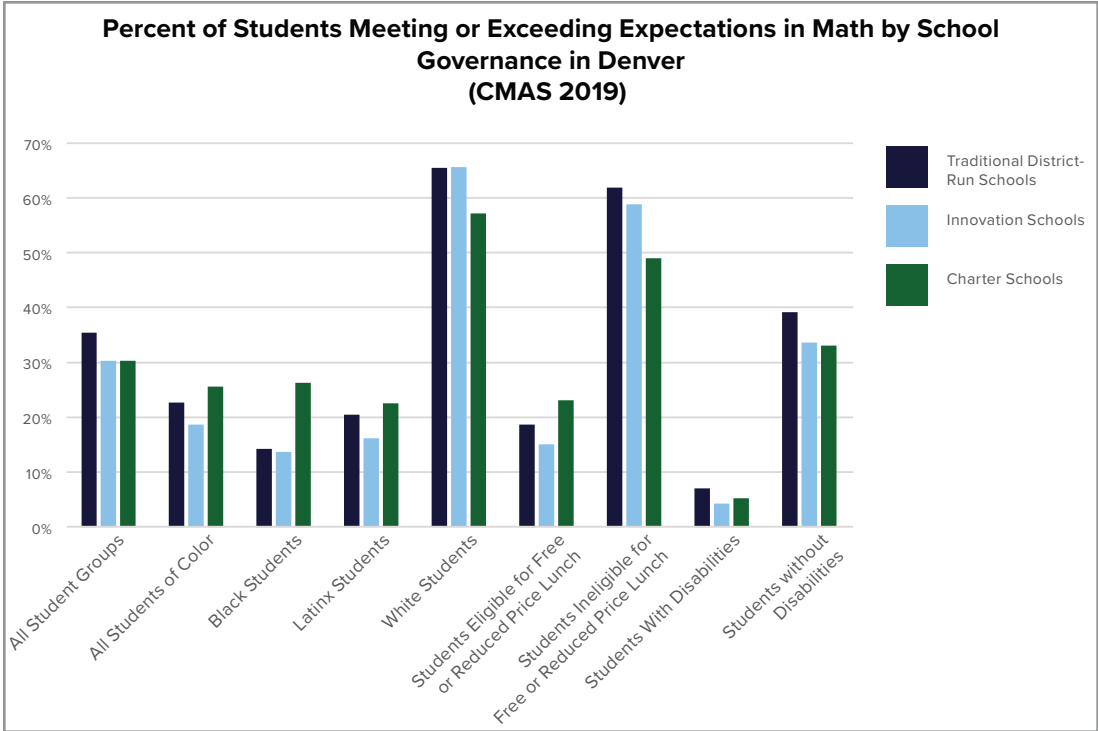


Denver's Next Journey: Start with the Facts looked at improvements in student achievement in math; since 2005 student performance in math in DPS improved from nearly the worst in the state to above average. Yet this progress was uneven for different groups of students. When looking at student achievement in math across governance models, there is some convergence, and some striking observations.

White students and students ineligible for free or reduced price lunch met or exceeded grade level expectations at higher rates in traditional district-run schools than in innovation district-run schools and charter schools. Latinx students met or exceeded expectations at higher rates in traditional

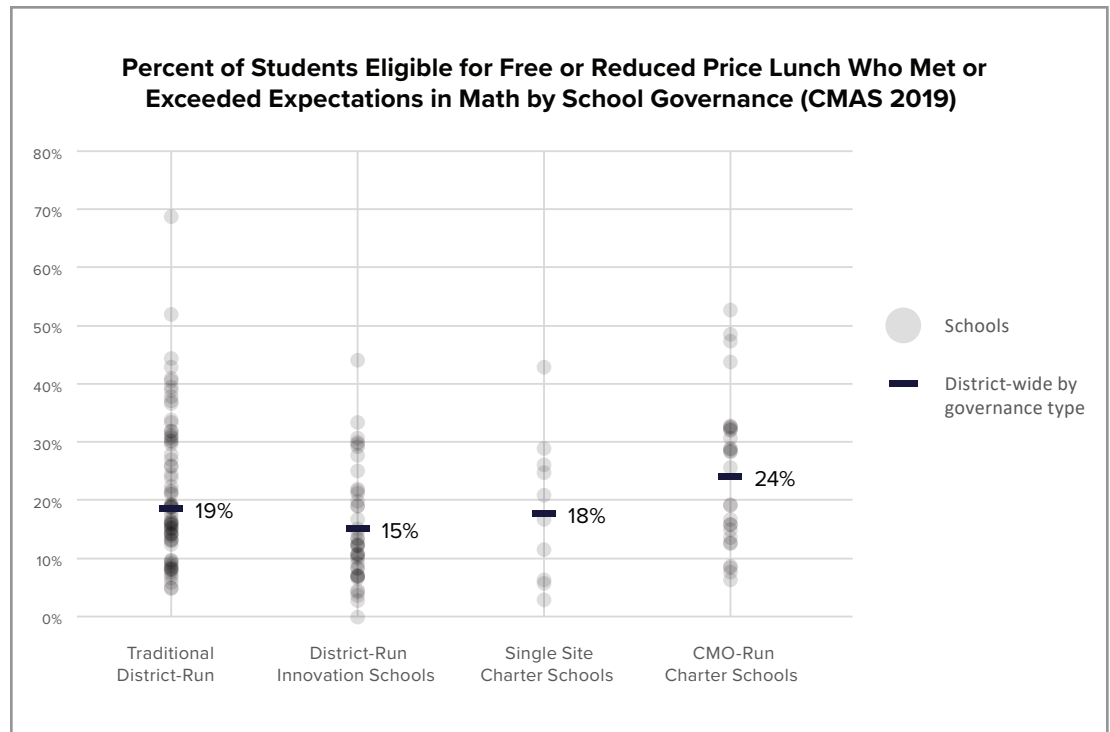
district-run and charter schools than in innovation schools. Black students and students eligible for free or reduced price lunch met or exceeded expectations at higher rates in charter schools. Charter management organizations in particular have higher proportions of students eligible for free or reduced price lunch meeting or exceeding grade-level expectations in math than schools with other governance models including single-site charters, innovation schools, and district-run schools. However, there is huge variability in schools across all governance types, meaning that it is more valuable to look at schools themselves, rather than just the governance model to understand how schools are serving students.

Just the Facts:
There is some variability in performance for different groups of students across governance models. In 2019 white students did better in math in traditional district-run schools and innovation schools. Higher proportions of black students met or exceeded expectations in charter schools, and Latinx students did better in traditional district-run schools and charter schools than in innovation schools.



Just the Facts:

The proportion of students eligible for free or reduced price lunch who met or exceeded expectations was variable across and within governance models.



“In order for the potential of innovation zones and zone schools to be realized, there must be a very high bar to justify a school district retaining and centrally managing per pupil dollars instead of allowing those to be directed at the school level. The burden should be on the district to prove its services and programs are effective and necessary.”

Mary Sewall, Former DPS School Board President

All About the Benjamins

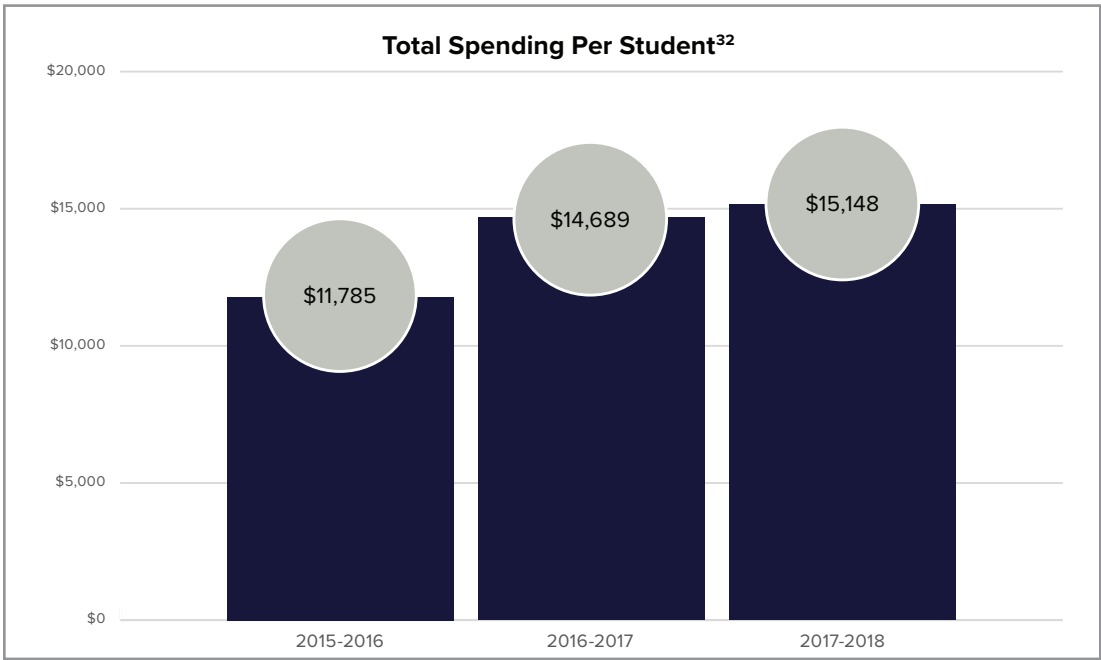
The ability to make different school-based decisions than the district makes costs money. Want to use a different curriculum than the district purchases through its own procurement process? You'll need funding for that. Want to have more paraprofessionals to work with students significantly behind or ahead the class? You'll need to find money for additional employees. For DPS to truly push decision-making to the school-level, school finance had to be part of the equation.

The flexibility to make different decisions, which is what the push toward different governance models effectively tried to do, without the ability to pay for alternatives is not real autonomy. Spending discretion is, therefore, key to ensuring that schools can act on the flexibilities afforded to them. While this is particularly poignant in charter schools and innovation schools, who are required to have replacement plans for the policies and practice they waive out of, it has become increasingly critical for district-run schools. Funding and resources play a significant role in program implementation and student experience.

Funding School Districts

One in ten Colorado students attend Denver Public Schools. Each year DPS spends about \$1.1 billion on the direct costs of educating students, and another \$600,000 on construction and debt, including pension liabilities.³⁰ Denver receives funding from federal, state, and local sources. These dollars are distributed according to a formula based on the number of students in the district and other factors like cost of living in the district, whether students qualify for free lunch or are emerging multilingual students. In 2009-2010, Denver and school districts across the state faced a significant drop in the funding as the state introduced a "Negative Factor", now known as the "Budget Stabilization Factor" to balance the state budget during the recession. Funding levels inched up to pre-recession amounts in 2016 and have increased since.³¹ In 2017-18 Denver's budget reflected spending \$15,148 per student in total.

Just the Facts:
The per-pupil funding DPS has received and spent has increased in the past three years.



Funding Schools

How these dollars are spent is a big question. In most school districts, including Denver until 2008, districts allocate resources to schools based on the program, in what is known as a resource allocation model. So an elementary school with 50-60 students per grade might get two teachers per grade, and a few specials teachers and other predetermined supports. Under this model this meant, by and large, schools received the same resources. It also meant that the central office was the biggest decision-maker of what resources and supports, including staffing, schools had.

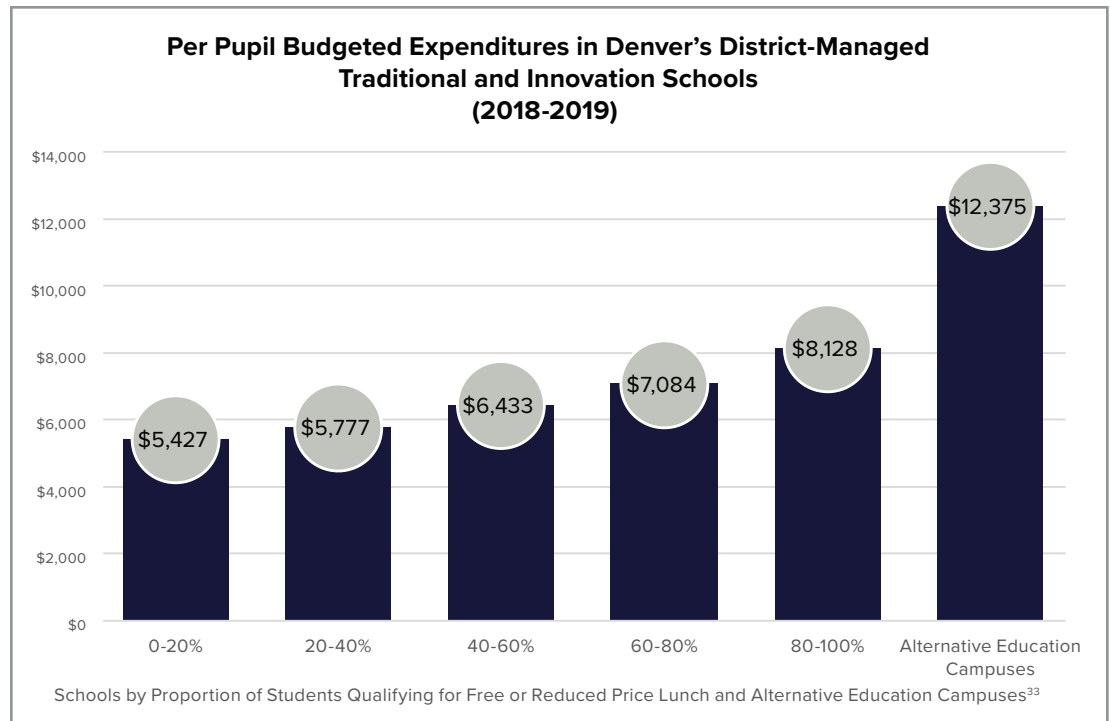
In 2009-10 Denver shifted the way it funded schools, instead using student-based budgeting (SBB). Under the SBB model instead of the central office determining the resources each school would get based on the educational level and program, the district allocated a certain amount of money per student that the school was serving. In 2009 schools received about \$3,335 for each enrolled elementary student, and slightly more for middle and high school students. Then schools would get additional dollars based on student and school community need. For example, schools received additional dollars for enrolled students who qualified for free lunch.

Over the years more resources were shifted into the student-based budgeting formula that allocated funds from the district to schools. In 2010 the budget for substitute teachers was distributed to schools and managed at the school level rather than centrally. In 2011 schools received additional dollars through the SBB formula for students qualifying for not only free lunch, but reduced price lunch, and these dollars have increased. In 2009 schools received \$256 for elementary students eligible for free lunch (more for secondary students); in 2019-20 elementary schools received \$518 for free and reduced price lunch eligible students, an additional \$83 for direct certified students, and additional student-based dollars if more than 60% of the students in the school qualified for free or reduced price lunch. In 2013 dollars allocated for emerging multilingual students were distributed through student-based budgeting for the first time.

For the district overall, this has driven a more equitable allocation of resources, where schools with higher proportions of students from lower-income families receive more per-pupil funding from the district relative to schools serving more affluent families. In 2019 the average school serving 80-100% students eligible for free or reduced price lunch received nearly 50% more per student than the average school where 0-20% of students were eligible for free or reduced price lunch.

Just the Facts:

DPS budgets more per pupil in schools serving higher proportions of students eligible for free or reduced price lunch, and in pathways schools.



Philanthropy and School-Based Fundraising

While the district can raise private philanthropy through grants, and avenues like the Denver Public Schools Foundation, schools can also raise private funds on their own. This is true in schools of any governance type—district-run schools, single-site charters, and charter management organizations. A recent national study by the Center for American Progress highlights that PTAs' revenues nation-wide have almost tripled since the mid-1990s, reaching over \$425 million in 2010, and are concentrated in affluent schools.³⁴

Schools with wealthier families are able to raise more money from those families. These funds can directly supplement the resources they receive from the district. For example, at Bromwell Elementary School, whose boundary includes some of the wealthiest census tracts in the city, the PTA has a goal of raising \$1,000 per student annually.^{35,36} The school chooses to target these dollars to pay for additional paraprofessionals, specials classes, and materials. Raising these funds is simply not possible in most DPS schools serving less affluent communities; the median DPS schools serves a student body where 80% of students qualify for free or reduced price lunch.

One of the biggest challenges with school-based fundraising is that the dollars are not well tracked. Understanding which schools have access to what resources, and the true scope of fundraising for schools, would require much more robust reporting. It would also shed light on the equity of actual resources different schools can access.

Expanding Student-Based Budgeting in Innovation Schools and Zones

For schools, student-based budgeting has opened the doors for more school-based decision making. Instead of the central office determining how resources and personnel were allocated to schools, principals have more discretion about what resources and personnel make most sense for the school. A school leader may use SBB dollars to hire another teacher, or paraprofessional, or school counselor. Many innovation plans also delineate how schools use budget differently than other schools.

This shift to and investment in student-based budgeting has also led to conversations about what resources are held at the central office, and are not pushed to schools directly. For better internal and public understanding of what money supported at the central office, the district published a Budget Transparency Guidebook that outlines the total budget and per-pupil expenditures of all teams in Denver Public Schools. For example, the Guidebook for 2018-19 outlines that DPS spends about \$3.3 million centrally, or \$35.49 per student, on Career and College Readiness programs that include AP, Concurrent Enrollment, ASCENT, and Future Centers.³⁷

Part of the impetus to cost out all district services came from a push in the district's innovation zone. In their agreement with the district, the Luminary Learning Network is able to opt-out of centrally provided services and to leverage the resources at the zone level to provide their own services. These resources—the cost of district services that zone schools (currently the Luminary Learning Network, the Northeast Denver Innovation Zone, and the Beacon Schools Network) can opt-out of to provide their own at the school site—is called SBB+.

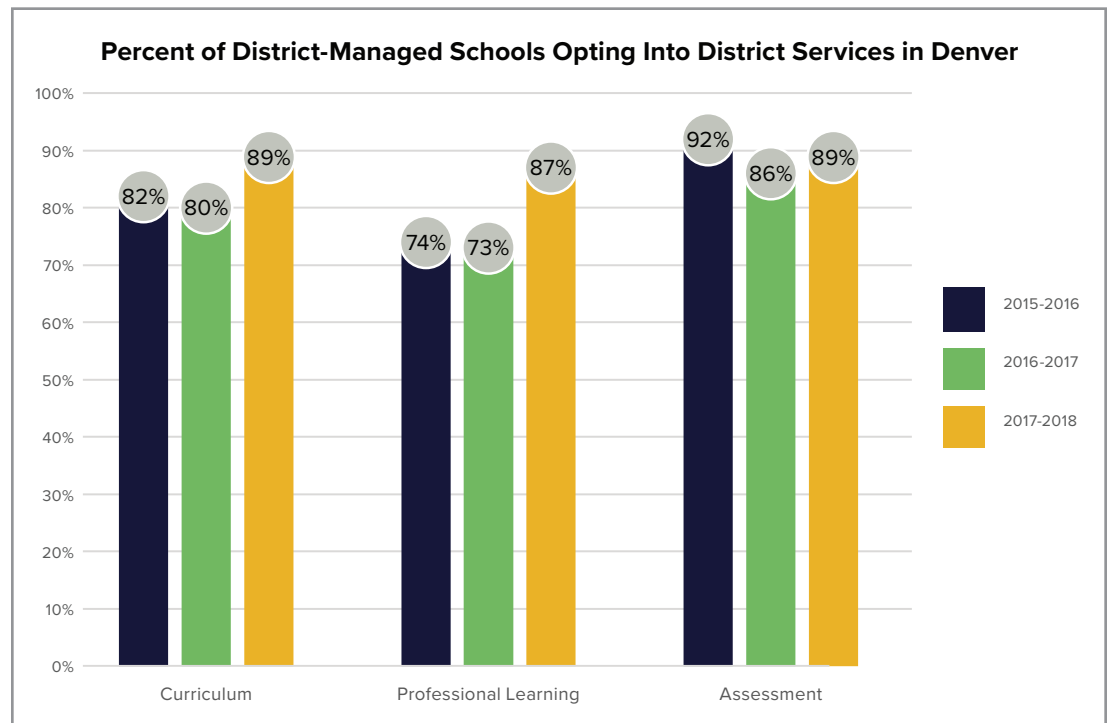
Yet understanding what services zone schools can opt out of is challenging, and district talk about extending SBB+ to all innovation schools, has been rolled back. For one, there are real tradeoffs about holding resources centrally, versus releasing them to schools. For example, the salary for a literacy specialist who works with ten schools would come out of a central budget. If schools were to opt out of that service, the district would still be responsible for paying the literacy specialist even though they committed the money to the school to use in a different way.

Second, the district benefits from economies of scale. For the same reason it is cheaper to buy 500 trashbags at Costco than 50 at Target, it is often less expensive for the district to buy products or services in bulk, than it would for each school to buy the same amount. This means that as schools opt-out of district services and receive the money instead, it is unlikely schools could afford a similar service for that amount of money.

Additionally, there are big questions of whether principals and school-based staff have the capacity and time to not only decide to opt-out of a district service, but to find and purchase or create a replacement service. These might be key reasons that, even when all schools are able to opt-out of district services and use the funds to buy their own, few schools take advantage. For example, in 2017 DPS allowed schools to opt-out of district curriculum, professional learning, and assessments, the vast majority still opted-in to those district provided resources.

Just the Facts:

The vast majority of district-run schools opt-in to district services.



The result has been a piecemeal expansion of resources and decisions that are based at the school-level. Further, the district reorganization in Spring 2019 that reallocated funds to teacher salaries have changed the services and supports centrally provided to schools. From a school-based funding perspective this has likely been most impactful for innovation zone schools as it changes what services they can opt-out of or into through SBB+.

Funding Charter Schools

Charter schools receive funding from the state that passes through the district. The state allocates a per-pupil amount to Denver Public Schools; DPS then passes that per-pupil amount to charter schools, including proportional funding that targets specific demographics like Title I money for students qualifying for free lunch, and Title III and state funding for emerging multilingual students. DPS is legally able to keep 2.5% to 5% of per-pupil revenue to cover their administrative costs.

In Denver, charters also can “buy back” other services from the district like transportation and food services. Charters and the district have also agreed that the district should retain additional funds to support tiered and intensive supports across the district (in charters or otherwise), center-based special education programs, unified enrollment, and the school performance framework.

Supporting Small Schools

Student-Based budgeting can help ease financial cliffs that schools might see in a program based allocation model, where schools might unexpectedly drop off a resource allocation amount because of losing a few students. Yet when schools are very small, student-based budgeting does not provide enough resources to adequately staff the school. DPS has identified 215 students at the elementary level as the bare minimum to staff one classroom teacher per grade, provide limited supports and limited administration. DPS therefore funds all elementary schools that are fewer than 215 students at that level, effectively subsidizing the student-based budgeting formula. In 2019-20, nine schools were projected to enroll fewer than 215 students.³⁸ These programs are not financially stable at that size. The district and these schools face real questions about whether they can continue to subsidize small schools, and whether schools can continue to operate on such a slim budget.

“In my experience as a parent, the structure, college readiness, and organization that exists within DSST Charter Schools are providing children within our community outstanding opportunities.... it goes to show what different options can do to help create opportunities.”

Amanda Davis, DSST @ Noel parent

Looking to the Past, Present, and Future

Denver faces big questions about whether to continue down the path of decentralization or to pull a more centralized system. The pendulum between centralization and decentralization often swings back and forth; this is not a tension that is unique to education but true across sectors. There are advantages and disadvantages to both approaches, and the real question is how to make sure the strategy is most helpful for schools and their students to be successful. DPS must manage the strategy it chooses, to leverage the benefits and mitigate or address the challenges.

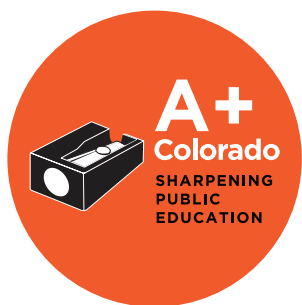
Essential Questions for Denver's Next Journey

- What about different governance models most matters? If there is variability in performance between schools with the same governance model, what should we learn from the best schools in terms of how they make decisions at the school-level across governance types?
- How can communities be empowered to impact school decision making?
- How can the district better communicate what governance models actually mean to families and communities?
- What are adequate resources for schools? And what are adequate resources for centrally provided services?
- Schools are held accountable for the effectiveness of their program. How is the district held accountable for the effectiveness of central services that support schools?
- Are flexibilities equitably provided?
- How will future demographic trends impact school funding? How will the district and schools manage declining enrollment?

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