

DAC Meeting

Wednesday, November 17, 2021

6:30 p.m. - 8:30 p.m.

Boardroom

Attended:

DAC

Robert Beauchamp

Heather Alderman

Dana Gaines

Katie Cook (Teams)

Marcy Lewis

Rachel Olsen

Scott Schoenbauer

Candace Martin-O'Connor

Norma Huerta-Kelley

Ashley Anderson

Joe Gawronski

Dave Montoya

Clare Barquero

Angela Lindquist

Jennifer Keeton

Susan Sasson

DJ Anderson

Brett Parsons

Minutes

Welcome and Introductions

Robert welcomed everyone and introduced the new member.

Approval of Minutes

October 2021 meeting minutes were reviewed and approved with a few corrections.

Budget Development Process

Dave Montoya, Executive Director of Finance, and Brett Parsons, Budget Director, provided an overview of the budget development process, updates on school budgets, and challenges presented by the COVID-19 pandemic.

2020-21 school year was very challenging financially.

- Spring of 2020 we went through budget cuts related to the state's reduced resources due to COVID. We had a plan in place in June 2020, many changes occurred by the start of school year.
- PSD Virtual online school had a big impact on the budget. It became the largest school in our system (3000 students), which put a lot of financial pressure on everything we already had set in place as far as budget, school budgets, etc.
- The outcome of that was we had to make more budget adjustments in September of 2020. Making adjustments midyear is very uncommon for us. We have reserves set aside and typically are well prepared to weather those kinds of storms outside of having to impact day-to-day operations.

By November when the Governor's budget came out (September 2020 economic forecast), many signs indicated that the economy was headed back to where it was originally, notwithstanding COVID, labor market issues, etc.

In addition, we started a school budget redesign that kicked off in earnest in October/November 2020 facilitated by Dave Montoya.

- The Design Team was made of up District Administration, Cabinet, Elementary and Secondary Principals as well as other stakeholders in the district, i.e., Learning Services Team, Operations, and IT.

- Our last real budget analysis on the school level was around 2008-2009 when Student Based Budgeting (SBB) was implemented. The SBB model does very well responding to inputs, both increases and decreases. It's reactive and can make changes quickly as far as adding and removing resources from the system.
- SBB is intended to put resources into the system based on need.
- Sub-committees were put together to find what was needed for staffing and operating resources to maintain schools at Poudre School District standards. The committee identified base staffing/operating levels and then what was needed beyond that for each school.

Previous SBB model factors:

- Per student allocation is between 4k - 5k regardless of what grade they were in.
- All schools had the same factors; 20% for at risk identified as free lunch, 10% for Gifted and Talented, and other factors outside of students, i.e., geographic factors for the Mountain Schools, alternative schools, K-3, and a size factor for cognitive skills.

In considering an updated model, the team modeled about 10-12 iterations. Changes identified:

- Not all grades are created equal. Base funding is now split among levels. A different base level is now used for Elementary, Middle, and High Schools.
- In the new model, base funding was significantly raised for Elementary schools, moderately for Middle Schools, and remains stable at the High School level.
- We did away with the K-3 size factor. Found that it wasn't being used to reduce class sizes in primary grades and instead was used in the large pot of money for compensation, etc. So, all Elementary base funding was increased.
- The data shows that as the base funding increases, the percent of funding for risk factors doesn't need to be as high. We ultimately went with 15% for at risk (still identified as free lunch), decreased Gifted and Talented from 10% to 8%, and added another risk factor at the secondary level called Levels of Support (additional funding regardless of economic at-risk factor).
- Factors outside of student demographic data: School size - still have a school size adjustment.
- Other updates included:
 - 100 % mental health coverage under 4a in all Elementary schools
 - Some funding was moved around i.e., Health Techs used to be under Integrated Services and this year that funding was moved to the base budget so the schools can hire their own Health Techs.
 - Specials: With a couple of unique situations, all buildings have 80% specials in place now.
 - Standardized Assistant Principal support. All Elementary schools get .5 district funding, schools with over 400 kids get .75, over 500 kids get full funding.

- Current year allocations are intended for current year students. Historically, we have allowed carry over budget. With the change in funding, the allocation is to be used for current students in the current year with minimal carry over.
- Only other change is that we found alternative schools (PCA, PGA, Options, Polaris, Centennial) don't fit into the Student Based Budgeting model. We started doing zero-based budgeting for those. Those Principals and Assistant Principals come in and meet with HR, Finance, and Assistant Superintendents for budget planning conversations.
- Ultimately put \$8 million of new money into school allocations for 21-22 school year.
- PSD is not immune to labor shortages and hiring issues facing all businesses so we can't really get a good sense of the accuracy of the funding just yet.
- The vast majority of the new money for 21-22 school year went to this project. SBB allocations first, then to negotiated salary increases. The rest of the new money (less than 1 million) went to several targeted improvements like FTE for critical areas.
- Still don't know the long-term impact of operational and staffing budget cuts from Spring of 2020 because we only have 3 months of being in school like normal. It'll be Spring before I hear from budget managers in the system about how those cuts 24 months ago impacted them.
- The Budget Design Team has reconvened in October this year (2021) with the goal of getting started on the non-school areas and do work around that for preparation of the 22-23 school year. The group is more robust. All employee groups are now a part of the team (Operations, HR, etc.). Timeline for the current year:
 - Review data provided by non-school departments (Nov 2021). Departments submitted budgets organized in a tiered system. Tier 1 is the base or bare minimum needed to provide support. Tier 2 is the desired service level (if money were no object). Tier 3 is the top-of-the-line service level (the best, most robust service and what that would look like).
 - December - Breaking into sub-committees this year (Learning Services Team, Operations, HR, Finance, Communications, and IT) for greater understanding of the data/process.
 - January/February - Teams will break out the data onto forms. The subcommittees will then make recommendations to the Budget Design Team as far as accepting/rejecting modifications to Tier 1, 2 and 3 allocations and the alignment of these to the district's vision.
 - March/April - Economic forecast comes out in March, Joint Budget Committee releases the Long Bill in March or April, School Finance comes at the end, combination of recommendations to the Superintendent, Budget Design Team, plus the Long Bill, plus School Finance, plus Negotiations, all dovetail together very rapidly. In April we work toward a proposed budget to the Board of Education. Our statutory requirement is to have a proposed budget to the Board of Education by May 31.
 - Budget priorities include Mental Health, Early Literacy, Graduation Rates, Post-Secondary Readiness, and Equity. One of the big drivers is prioritization

of staff; 85% of budget is spent on Compensation and Benefits. 3 drivers:
District Ends, Prioritizing Staff, Equity.

- State Forecast: September 2020 came back better than the previous quarter and so has every quarter since then. We are now back to pre-pandemic state revenue levels and in excess of the Tabor cap. Looking at the Governor's proposed budget released on November 1, it looks pretty advantageous to K-12. Included inflation rate of 3.7% (probably on the low side of what it will be) as well as a buy down of the negative factor of 150 million dollars.

Discussion:

- If Integrated Services has about 10% or more of the number of kids, and those kids are in general education first, then how does the separation of budgets work and how does it meet District Ends if it's separated? Answer: The way our budget works is Integrated Services funding is layered on top of regular Student Based Budgeting.
- We do a market analysis across school districts for pay. Historically, it's been done on a 3-year rotating pattern. We have found that we need to do it annually. While we compare favorably to other school districts, for whatever reason in the last 18 months, that benefit to us in hiring has evaporated. Part of the problem is that the business world has started paying 1 to 2 dollars an hour more for our comparable Classified positions. We are starting Negotiations early this year to collaborate on a solution. 3 issues:
 - How do we retain our current highly qualified staff?
 - How do we recruit new people to the district in the short term to address that issue without breaking everything else in the system?
 - How do we, as quickly as possible, get approved pay scales for the 22-23 school year out to facilitate Spring hiring?
- Recap of Negotiations (last May)
 - Gave a step for Licensed
 - 2.2% for other employees (Administrators and Classified)
 - 2% of salary in December one time payment for all employees (funds come from the adopted budget)
 - Lane changes for Licensed and majority of market adjustments for Classified
- There is a long-term labor shortage of credentialed people. There are staff who are interested in getting more education to gain these credentialed positions but don't have the financial resources to do it. Is there any opportunity to use some of the one-time funding to support growing our own employees? Answer: DJ Anderson has heard of a bill at the state level to try to address this issue. It talks about helping Para-professionals and other Classified staff to train to be teachers. But I wonder about those other specialties? We can take this offline, and I can go back to who's doing the bill and make sure we're getting all the different staff that we need.

DAC submits Budget Recommendations

- Robert handed out a draft version of the recommendation resulting from our September/October conversations. Members reviewed this final draft. Committee discussion to identify edits and corrections; the committee then finalized the recommendation.
 - Themes presented are not identified by priority.
 - Paid time for educators to engage in Professional Development and resources to provide it. Does that mean paying classroom teachers additional funding to lead the classes as it takes 2 to 3 hours of planning time?
 - Data supports additional time for teachers to train, collaborate, etc. Can the calendar be updated to support that?
 - Elementary and Secondary are clumped together in certain areas like Mental Health where there might be a need for funding to train a current counselor in Trauma Informed but another school might need a staffing unit. There are differences of need and shouldn't be lumped into a theme of "Staffing".
 - Are there metrics we can put in place to see if progress is being made on the recommendations year over year? Answer: The Monitoring Report provides some metrics. Could possibly write into our Unified Improvement Plans what we were able to address in a year and also put in "adjustments" to say what still needs addressed and why.

Closing

Next meeting: January 19, 2022

Adjourned

2021-2022 Meeting Dates:

- August 18, 2021
- September 15, 2021
- October 20, 2021
- November 17, 2021
- December 15, 2021
- January 19, 2022
- February 16, 2022
- March 2022 (TBD)
- April 20, 2022
- May 18, 2022