



**Douglas  
County**  
School District

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# DCSD BUDGET 101

Employee Council  
March 9, 2020

# AGENDA

- School Finance Act Overview
- School District Funding Comparisons
- Enrollment: District-run vs Charter
- 2019-2020 Budget Priorities
- Compensation Over Time
- School Budgeting
- Summary





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# SCHOOL FINANCE ACT OVERVIEW

# HOW ARE SCHOOLS FUNDED?

The 1994 School Finance Act determines how much funding each school district will receive (“Total Program” and “Per Pupil Funding”)

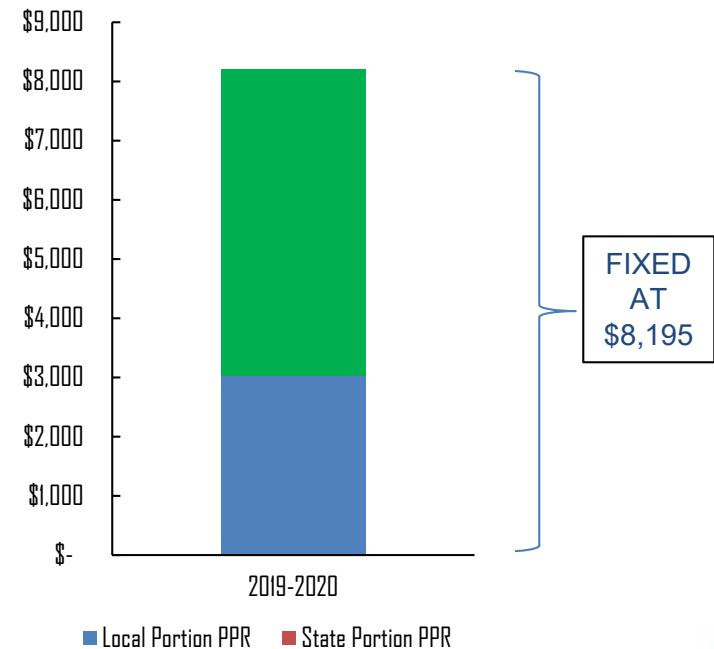
The funding is a mix of State and Local sources

**Local = Fixed tax rate set by State of Colorado applied all to DCSD taxpayers – 25.440 mills**

**State = Funding from State Income Tax and Sales Tax allocated by Legislature (39% of State’s General Fund)**

**Additional local funding (new growth or property value increases) does NOT provide DCSD with additional revenue – it just saves the state money! More Local = Less State**

DCSD Per Pupil Revenue 2019-2020



# SCHOOL FINANCE ACT OVERVIEW

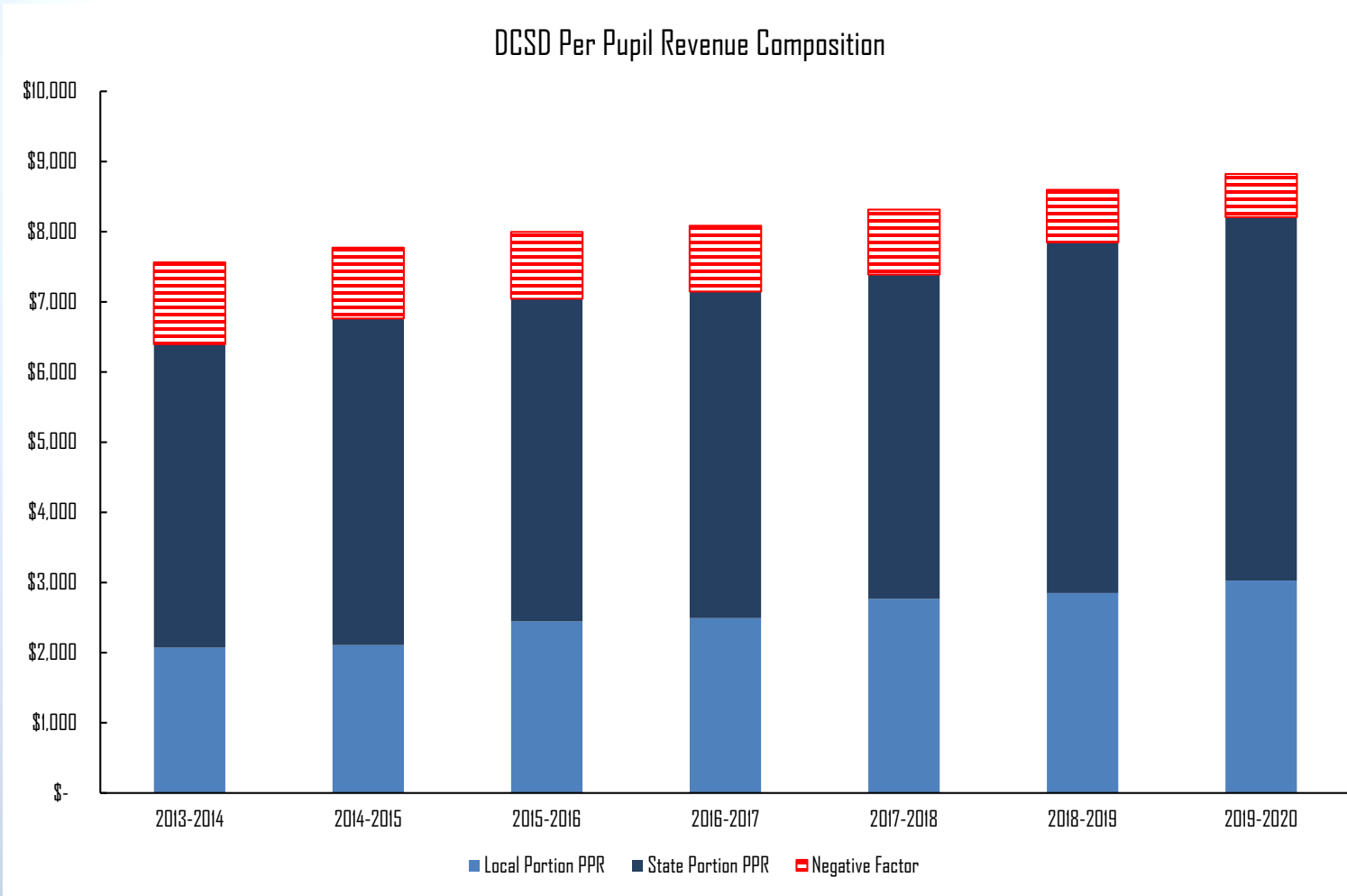


# SCHOOL FINANCE ACT OVERVIEW – AFTER BUDGET STABILIZATION FACTOR



- 2019-2020 Budget Stabilization Factor (Negative Factor) of \$41.0M for DCSD
- DCSD's Cumulative share of Budget Stabilization Factor is over \$570M since 2010-2011

# PER PUPIL REVENUE OVER THE YEARS





# MILL LEVY OVERRIDE VS BOND

- Mill Levy Override (MLO) is a voter-approved tax to fund the operating budget of the school district and exists within the General Fund
  - MLO is generally used for operating expenses such as salaries and benefits, instructional programs and classroom technology
  - DCSD's MLOs exist in perpetuity (amount approved by voters collected annually)
- General Obligation Bond is a voter-approved measure to fund capital expenditures for the school district and exists within the Bond Building Fund
  - Bonds can only be used for capital such as major repairs, renovations, new construction, vehicles and infrastructure
  - DCSD's debt service on voter-approved bonds is through the bond redemption property tax as allowed by statute



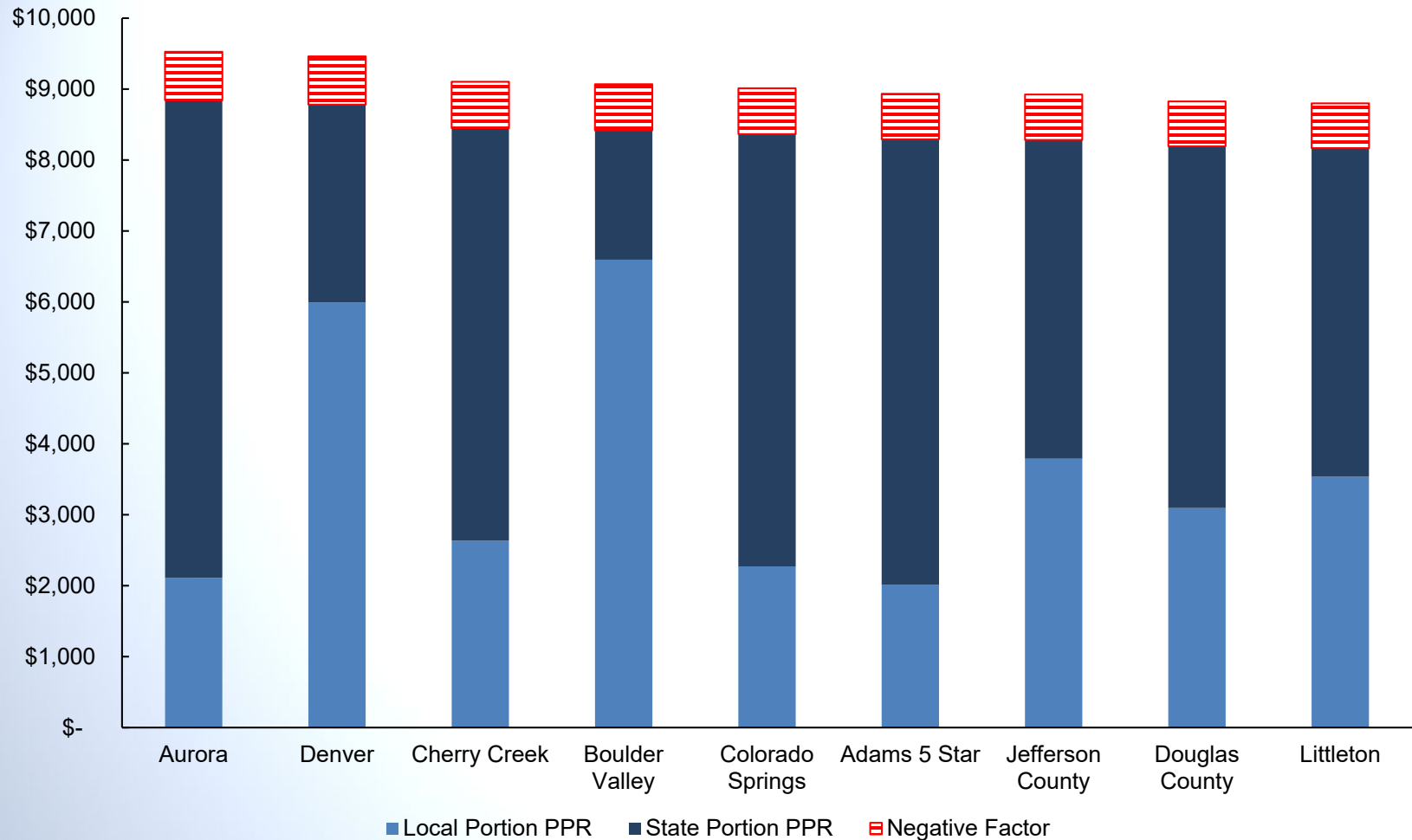


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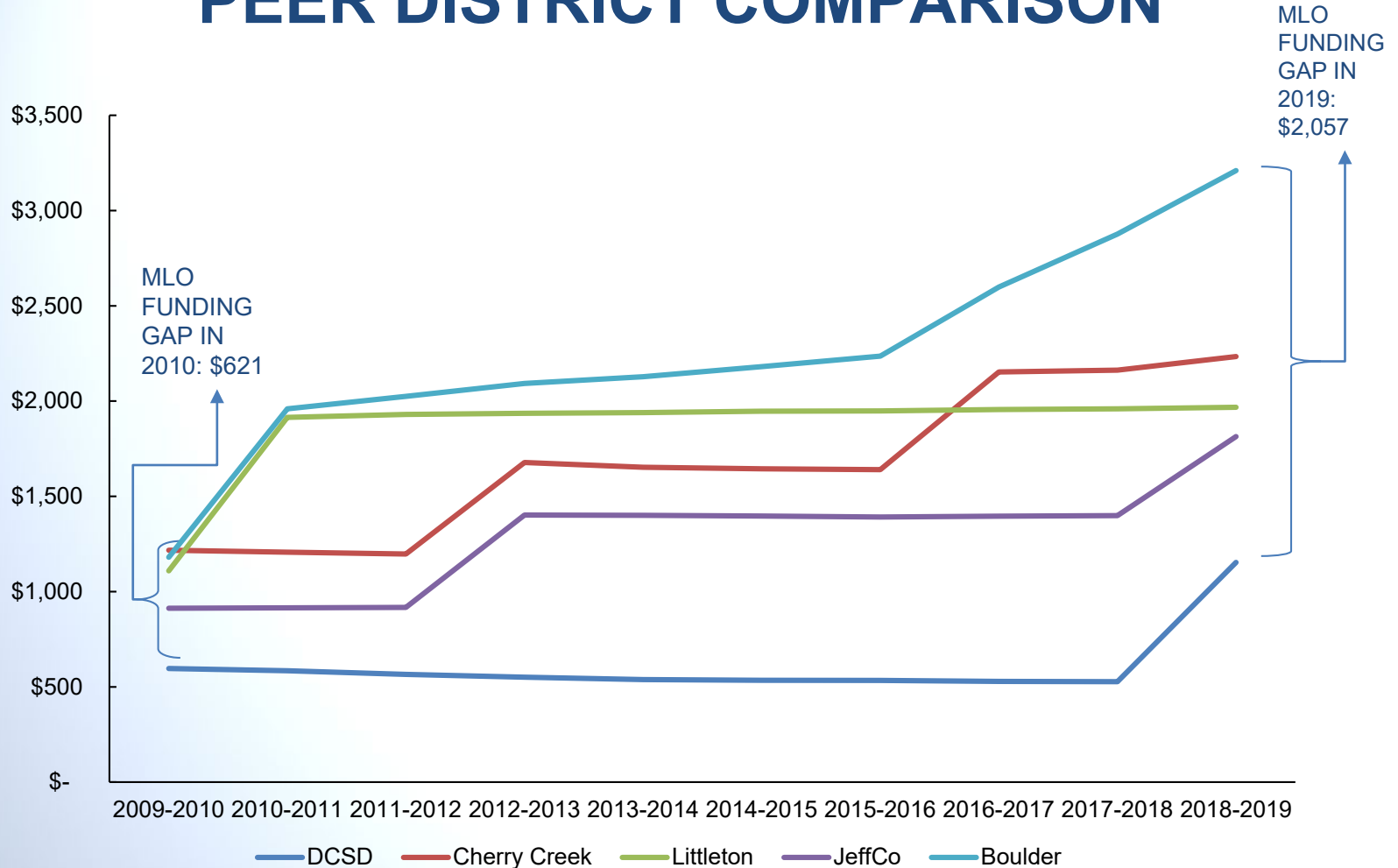
**SCHOOL  
DISTRICT  
FUNDING  
COMPARISONS**

# COMPARATIVE 2019-2020 PER PUPIL REVENUE



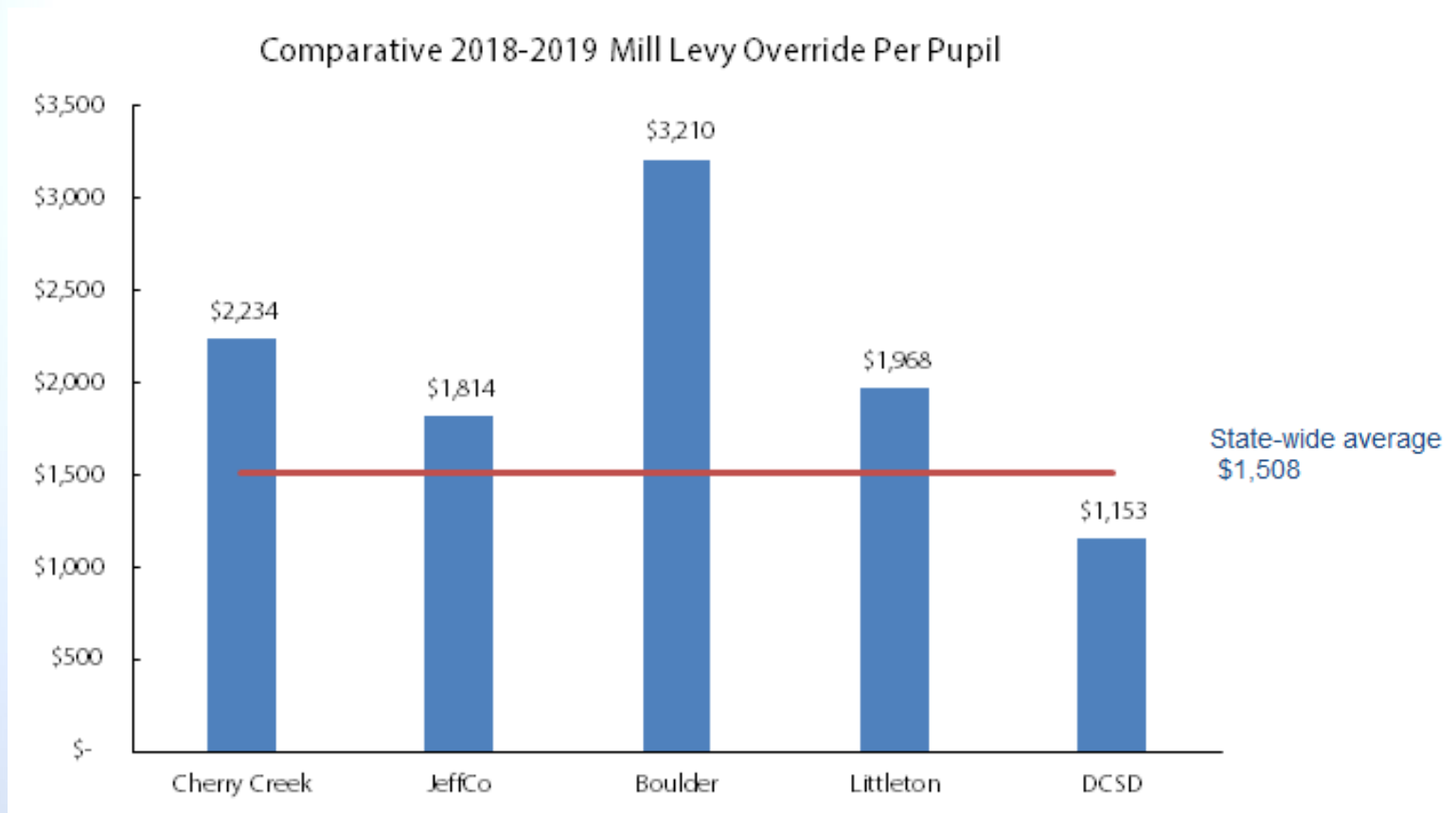
Source: Colorado Department of Education, <http://www.cde.state.co.us/cdefinance/sfdetails>

# HISTORICAL MILL LEVY OVERRIDE PER STUDENT PEER DISTRICT COMPARISON



Source: Colorado Department of Education, <http://www.cde.state.co.us/cdefinance/sfmilllevy>

# COMPARATIVE MILL LEVY OVERRIDE FUNDING

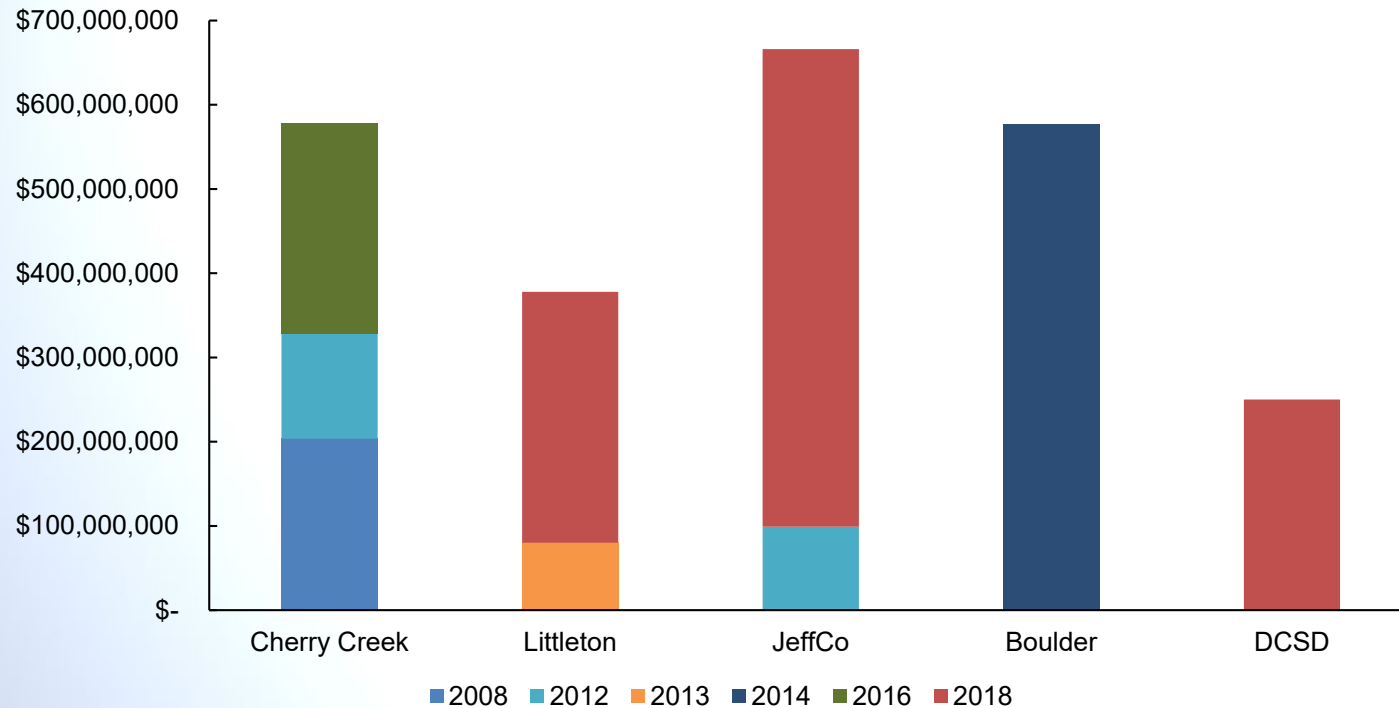


If DCSD were to have the MLO per pupil of Cherry Creek, DCSD would have an additional **\$69M** annually

Source: Colorado Department of Education, <http://www.cde.state.co.us/cdefinance/sfdetails>



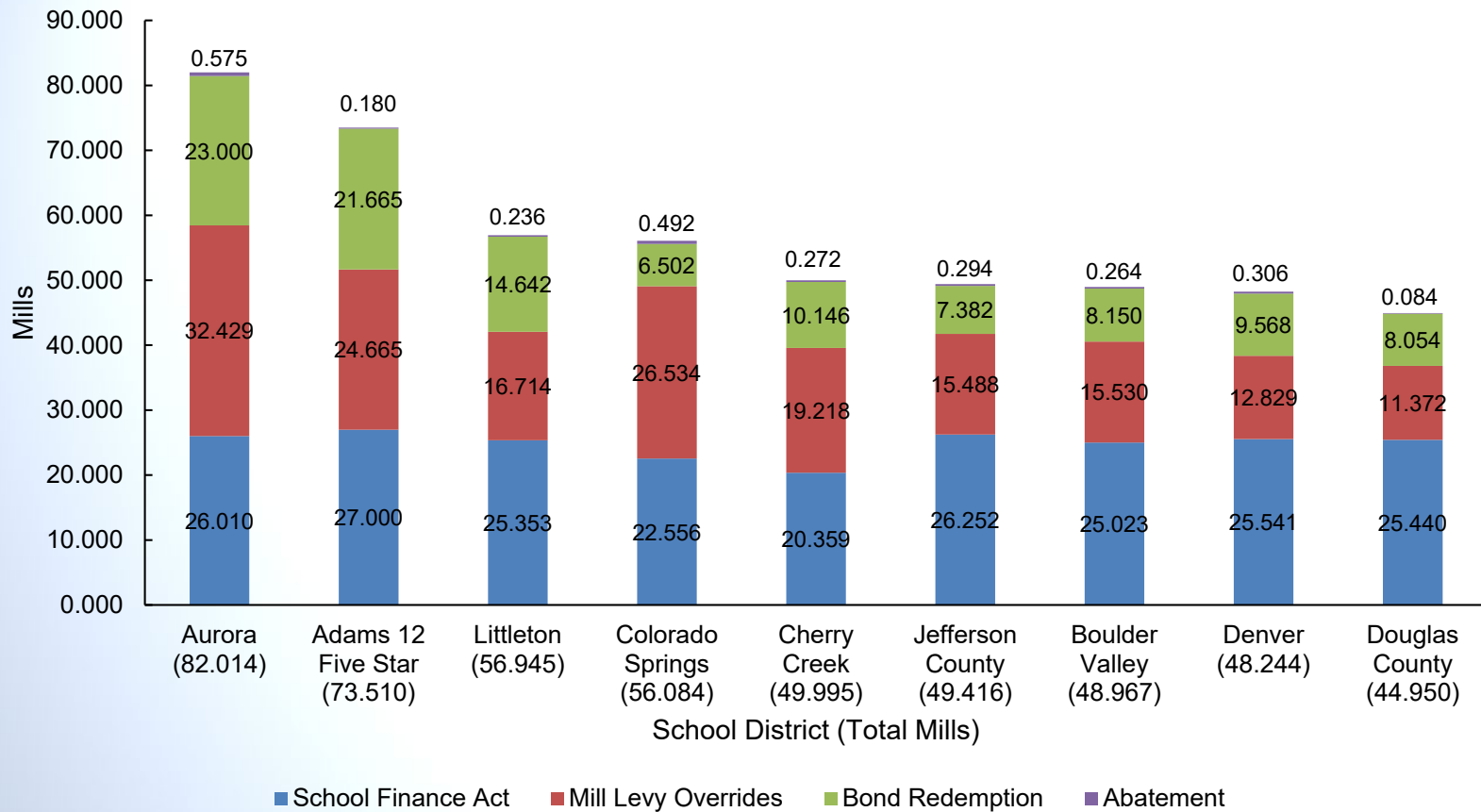
# NEW BOND AUTHORIZATION OVER TIME



Source: Colorado Department of Education, <http://www.cde.state.co.us/cdefinance/bonddebt>

# 2018-2019 SCHOOL DISTRICT MILLS

## School District Tax Rate Breakdown



2018-2019 Mill Levy data per Colorado Department of Education. Mill Levy Overrides include hold harmless, excess hold harmless, voter approved, transportation and other mills.

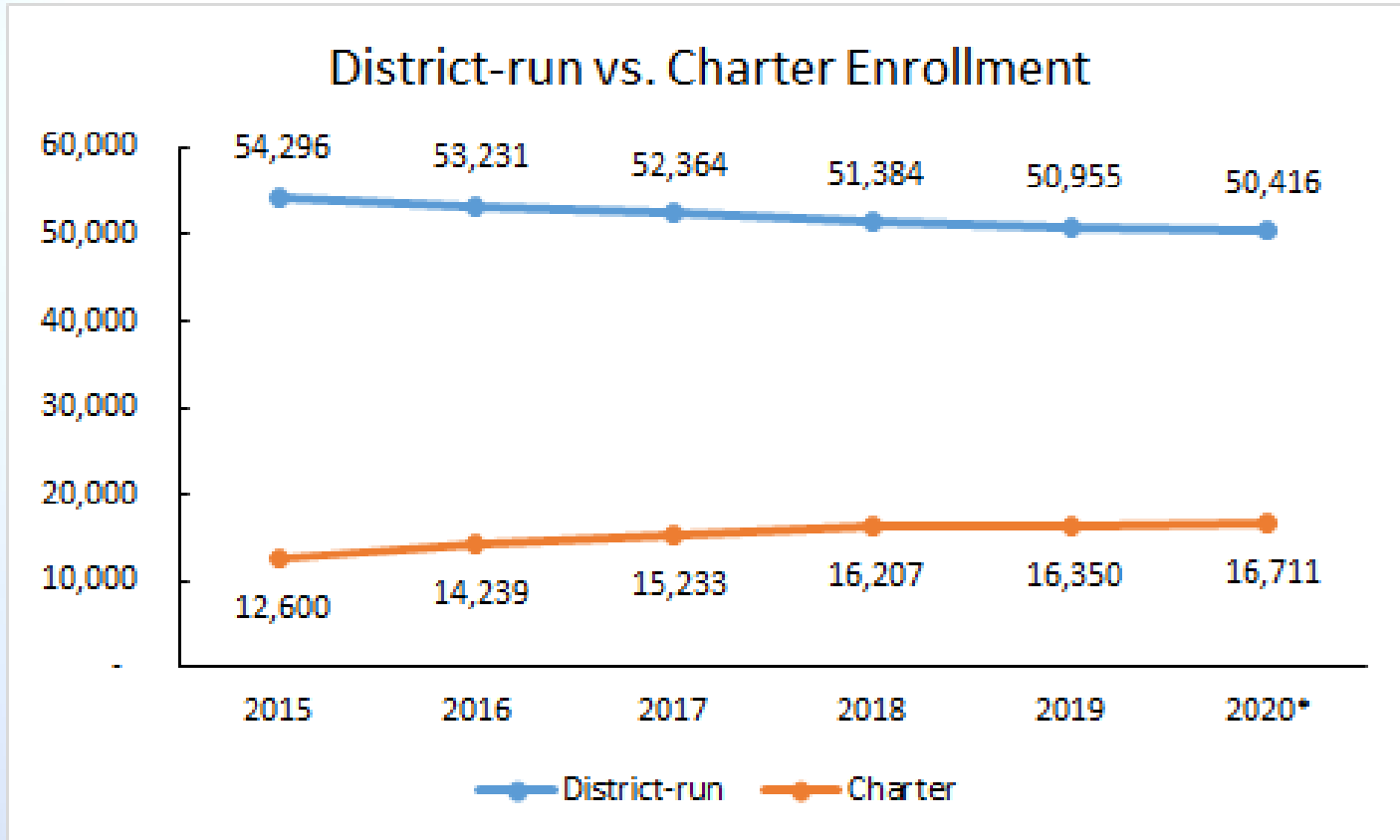


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**ENROLLMENT:  
DISTRICT-RUN  
VS CHARTER**

# ENROLLMENT BY SCHOOL TYPE



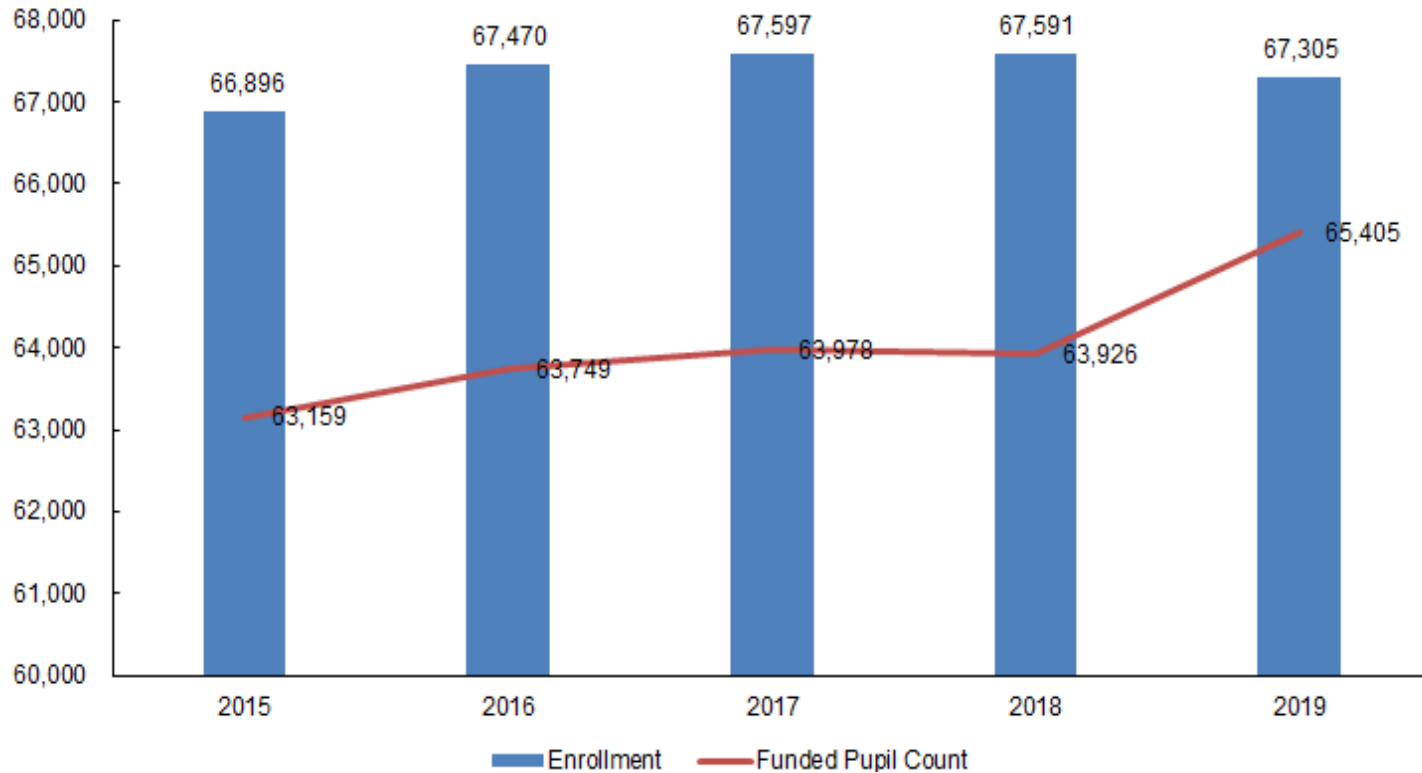
District-run enrollment decreased 3,880 from 2015-2016 to projection for 2020-2021 while charter enrollment increased 4,111 during same time period

*\*2020 enrollment is projected as funded through the SBB*



# ENROLLMENT VS FUNDED PUPIL COUNT

## DCSD Total Enrollment vs Funded Pupil Count



Funded Pupil Count is grades 1-12 enrollment plus 0.58 kindergarten enrollment\* and 0.5 Colorado Preschool Program and ECE students with Special Education needs enrollment

\*With state-funded Full Day Kindergarten (FDK), FDK is now counted at 1.0 while in prior years it was counted at 0.58 kindergarten enrollment, Half Day Kindergarten funding remains at 0.58 of enrollment



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**2019-2020  
BUDGET  
PRIORITIES**

# NEWLY AVAILABLE FUNDS (NON-2018 MLO)

Budget Item	Dollars (\$M)	Notes
Increase Per Pupil Revenue	\$16.67	\$347 per pupil increase for neighborhood school funded pupil count
Reduce Neighborhood School Enrollment	(\$1.93)	Reduction due to change in neighborhood funded pupil count
Increase to Other Projected General Fund Revenue	\$1.26	Specific Ownership Tax, preschool tuition, Facility Use rental revenue, E-Rate revenue
Fund Benefit Increases out of Medical Fund fund balance	\$1.50	Fund Health Savings Account district contribution directly from Medical Fund using fund balance
Increase to concurrent enrollment tuition	\$1.13	Tuition received from community colleges to offset costs of participation
Defeasance of Certificates of Participation	\$1.06	Reduce annual principal and interest expense due to payoff of COP for gross savings of \$3.8M and NPV savings of \$972K
Increase to SPED Tier B	\$1.00	Estimated District-share of statewide \$22M SPED Tier B increase
Increase charter school purchased service revenue	\$0.91	Increase due to increased charter funded pupil count and increased rates to reflect actual cost of services
Fund Medicaid increases out of Medicaid assignment of fund balance	\$0.86	Add 2.0 FTE nurses and receive Personalized Learning director from Title II
Reduce General Fund Budget for Capital Projects	\$0.47	With bond and Cash in Lieu of Land reserves, able to reduce General Fund budget held for capital projects
<b>Total Newly Available Funds</b>	<b>\$22.93</b>	

# SPENDING PRIORITIES (NON- 2018 MLO)

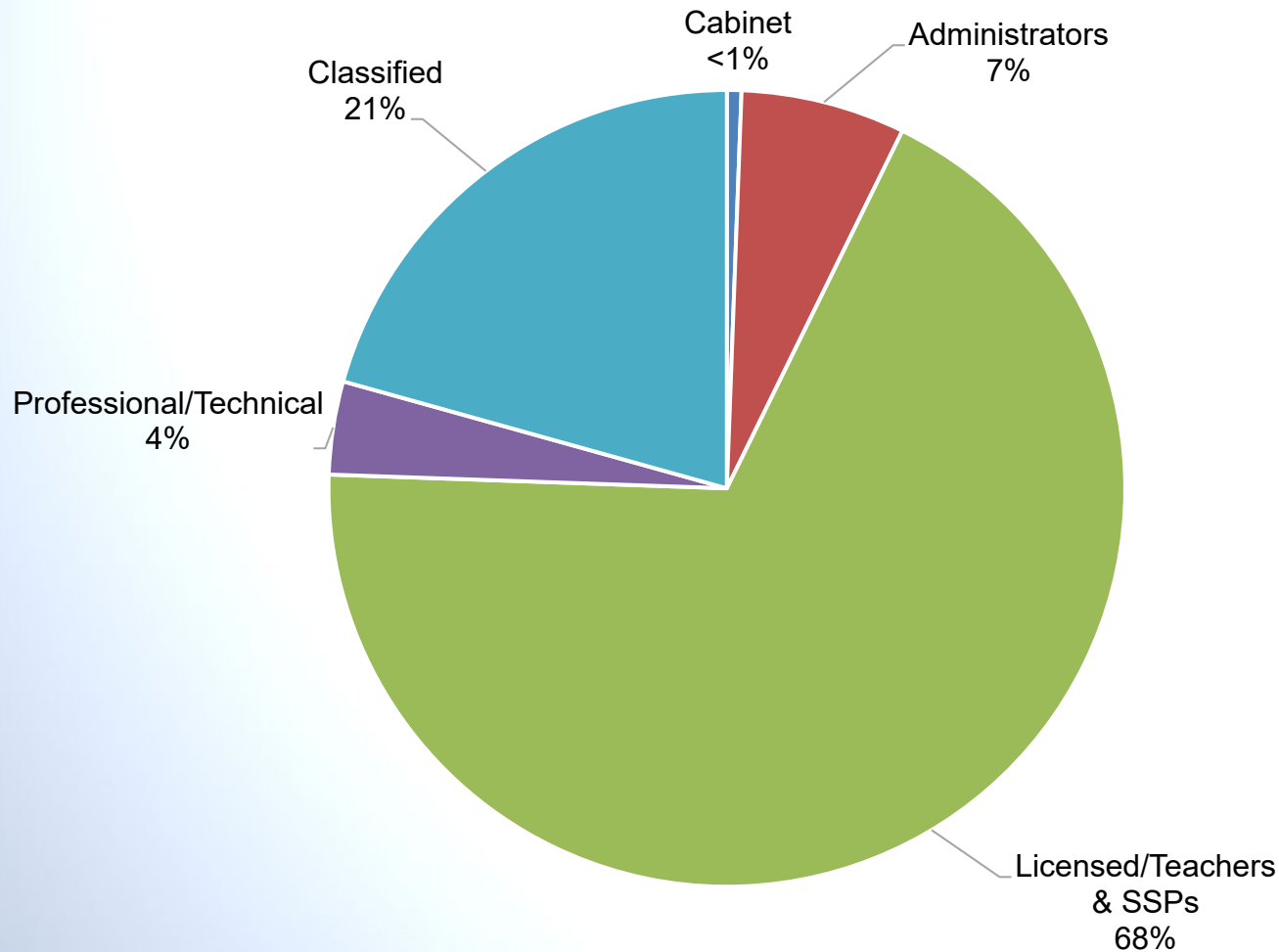
Budget Item	Dollars (\$M)	Notes
Transportation	\$1.35	Add 8 FTE and \$2M for student transportation for riders requiring special transportation through outside vendors; Total increase of \$3.26M presented 4/16/19 offset by use of vacancy savings from 2018-2019
Career and Technical Education	\$1.13	Increase to concurrent enrollment tuition paid not funded through 2018 MLO
Special Education	\$1.20	Dollars directly in school-managed budgets and Personalized Learning department not funded through 2018 MLO
Additional SBB Funding	\$0.93	Additional school-based FTE and resources not funded through 2018 MLO for ESL teachers and alternative school support
Risk Management	\$0.88	Increase to property and liability insurance premiums
PERA Contribution Increase	\$0.80	PERA rate increases to 20.40% of all salaries
Increase to Charter School Share of MLO	\$0.67	Increase charter share of all mill levy overrides (not only 2018 MLO) based on increase to charter funded pupil count
Implementation of Free Full Day Kindergarten	\$0.60	Funding through School Finance Act less than funding collected through tuition
Operations and Maintenance	\$0.51	Increase to contracted services
All Remaining Departments	\$1.96	See April 16 Board of Education work session
Ongoing Pay Raise for All Staff	\$12.90	3.5% pay raise for all regular staff
<b>Total Non-MLO Funded Spending Priorities</b>	<b>\$22.93</b>	



# 2018 MLO SPENDING PRIORITIES

Budget Item	Revised Budget (\$M)	Notes
Salaries and Benefits for Existing Employees	\$ 16.9	pay increases as outlined by Human Resources department and approved by the Board of Education
Elementary School Counselors	\$ 3.5	
Middle and High School Counselors	\$ 3.6	DCSD has begun the process to recruit and hire approximately 80 new school counselors
Additional Highly Impacted (Equitable School Funding)	\$ 2.4	additional funds added to existing SBB formula at all neighborhood schools to be spent at the discretion of school
Additional SBB Allocations (Equitable School Funding)	\$ 4.1	double current per pupil funding for free and reduced lunch students at all neighborhood schools to be spent in support of at-risk students
Additional Special Education Support	\$ 1.3	
Career Tech Programming	\$ 1.6	
Charter School Pass Through	\$ 8.9	100% equal, per pupil share of MLO based on charter schools' October Count funded pupil count
<b>Total</b>	<b>\$ 42.2</b>	

# DISTRIBUTION OF \$12.9M (3.5% FOR ALL EMPLOYEES) OF COMPENSATION INCREASES



# SCHOOL VS. SCHOOL SUPPORT VS. CENTRAL

## Per Pupil Expense: Neighborhood School Only

ILLUSTRATIVE EXAMPLE ONLY

Expenditures	2018-2019 Final Revised Budget		2019-2020 Adopted Budget	
	Per Pupil Amount	Percent of Total Expense	Per Pupil Amount	Percent of Total Expense
<b>Direct School Expenditures</b>				
SBBPA	\$ 3,981	42.1%	\$ 4,306	42.4%
Mill Levy (SBB Allocation) <sup>1</sup>	60	0.6%	-	0.0%
Discretionary (SBB Allocation) <sup>2</sup>	765	8.1%	715	7.1%
Non-Discretionary (SBB Allocation) <sup>3</sup>	1,592	16.8%	1,949	19.2%
Alternative School Allocation	153	1.6%	169	1.7%
Utilities	240	2.5%	221	2.2%
Technology Device Refresh <sup>4</sup>	12	0.1%	-	0.0%
Department Head Pay	8	0.1%	8	0.1%
<b>Total Direct School Expenditures</b>	<b>\$ 6,810</b>	<b>72.1%</b>	<b>\$ 7,368</b>	<b>72.6%</b>

<sup>1</sup> Mill levy SBB Allocation consolidated with SBBPA in 2019-2020

<sup>2</sup> Secondary school counselors moved from Discretionary SBB Allocation to Non-Discretionary SBB Allocation in 2019-2020

<sup>3</sup> Non-Discretionary Allocation increase includes counselors and Special Education staffing

<sup>4</sup> Technology Device Refresh in Bond for 2019-2020

# SCHOOL VS. SCHOOL SUPPORT VS. CENTRAL

## Per Pupil Expense: Neighborhood School Only

ILLUSTRATIVE EXAMPLE ONLY

Expenditures	2018-2019 Final Revised Budget		2019-2020 Adopted Budget	
	Per Pupil Amount	Percent of Total Expense	Per Pupil Amount	Percent of Total Expense
<b>School Support Expenditures</b>				
Non-SBB Special Education	\$ 580	6.1%	\$ 611	6.0%
Transportation Transfer	379	4.0%	398	3.9%
Operations and Maintenance <sup>5</sup>	314	3.3%	356	3.5%
Personalized Learning (non-SPED)	292	3.1%	271	2.7%
Athletics and Activities	119	1.3%	115	1.1%
Security	85	0.9%	87	0.9%
Post Secondary Education <sup>6</sup>	54	0.6%	100	1.0%
Curriculum, Instruction and Professional Growth	45	0.5%	58	0.6%
Internet and Phones Service	42	0.4%	42	0.4%
Assessment	40	0.4%	42	0.4%
Planning and Construction and Chief Operating Officer	27	0.3%	25	0.2%
Classroom Applications Licensing and Support	11	0.1%	9	0.1%
<b>Total School Support Expenditures</b>	<b>\$ 1,987</b>	<b>21.0%</b>	<b>\$ 2,114</b>	<b>20.8%</b>

<sup>5</sup> Operations and Maintenance increase primarily contractual increases to custodial and lawn contracts

<sup>6</sup> Post Secondary Education includes 2018 MLO related career tech programming and increased concurrent enrollment



# SCHOOL VS. SCHOOL SUPPORT VS. CENTRAL

## Per Pupil Expense: Neighborhood School Only

ILLUSTRATIVE EXAMPLE ONLY

Expenditures	2018-2019 Final Revised Budget		2019-2020 Adopted Budget	
	Per Pupil Amount	Percent of Total Expense	Per Pupil Amount	Percent of Total Expense
<b>Central Expenditures</b>				
Information Technology	\$ 127	1.3%	\$ 134	1.3%
Business Services	97	1.0%	97	1.0%
Human Resources	81	0.9%	85	0.8%
Workday, Infinite Campus and Other Systems Licensing and Support	76	0.8%	63	0.6%
Worker's Compensation	48	0.5%	48	0.5%
Risk Management <sup>7</sup>	38	0.4%	53	0.5%
Firewall, Servers, Other Operations Licensing and Support and Data Center	37	0.4%	37	0.4%
School Leadership	29	0.3%	33	0.3%
Choice Office and Home Education Partnership	26	0.3%	27	0.3%
Legal	26	0.3%	26	0.3%
Communications	16	0.2%	17	0.2%
Superintendent	16	0.2%	13	0.1%
Board of Education <sup>8</sup>	14	0.2%	9	0.1%
Sick Leave Severance	14	0.2%	9	0.1%
Mobile Moves	5	0.1%	11	0.1%
<b>Total Central Expenditures</b>	<b>\$ 651</b>	<b>6.9%</b>	<b>\$ 663</b>	<b>6.5%</b>
<b>Total Per Pupil Expenditures</b>	<b>\$ 9,448</b>	<b>100.0%</b>	<b>\$ 10,146</b>	<b>100.0%</b>

<sup>7</sup> Risk Management increase for property and liability insurance increases in 2019-2020

<sup>8</sup> Board of Education decrease reflects lower election fees due to no TABOR election in 2019-2020



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# COMPENSATION OVER TIME

BOARD SPOR  
TEAM

# \$60M ADDED TO TOTAL COMPENSATION SINCE JULY 1, 2017

## 7/2017

*Increases based upon evaluation ratings for all employee groups*

Health insurance premium increases absorbed by the district and not passed to employees.

- 2.3% Highly effective
- 2% Effective
- .5% Partially effective
- 0% for Ineffective

## 7/2018

*Increases based upon flat rate, pay freeze adjustments and/or evaluation ratings*

Health insurance premium increases absorbed by the district and not passed to employees.

- 3.2% flat increase for CITE/LEAD evaluations
- Licensed staff pay freeze adjustments (2%/yr)
- All other employee groups receive evaluation-based raises (3.2%, 2.8% and 0.75%)

## 1/2019

*Mill Levy Override Targeted Compensation Adjustments*

\$14 Million of the MLO was used to address compensation (General increases and Pay Freeze Adjustments)

- Up to 6% for Licensed staff
- 3.5% for Administrators and Admin/Protech
- Pay freeze adjustments (1.5%/yr) and 5% and higher for Classified including hard to fill areas

## 7/2019

*Increase based on a flat percentage increase for all employee groups*

Health insurance premium increases absorbed by the district and not passed to employees.

- 3.5% flat increase for all employee groups
- Not based upon evaluation ratings
- Excludes ineffective ratings





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# SCHOOL BUDGETING



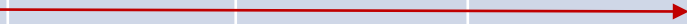
# NEIGHBORHOOD SCHOOL FUNDING

- Utilize SBB (Site-Based Budgeting) where dollars are allocated to schools based on combination of student count and student and school specific characteristics
- Separate discretionary and non-discretionary allocations
- Schools budget on average salaries of a position instead of actual salaries of staff in order to hire the best teacher/employee for students and not make hiring decisions based on salary
- Schools permitted to carry over unspent discretionary funds into next school year for schools to decide the best use of carry over funds

# CHARTER SCHOOL FUNDING

- Charter schools are authorized by the Board of Education and enter into contract with the District
- Revenues passes through District to Charter
  - 100% equal per pupil share of Per Pupil Revenue (PPR) and Mill Levy Override (MLO)
  - Charter schools have discretion on how to spend PPR and MLO dollars
- Services purchased back from District by Charter
  - Required services charged based on number of students and includes services
  - Optional services charged based on actual cost or based on number of students

# SPECIAL EDUCATION FUNDING

Expense Item	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	Notes
Maintenance of Effort (MOE)	\$62.2 million	\$73.0 million	\$81.1 million	\$84.7 million (estimate)	\$95.1 million (estimate)	Reported Special Education costs for IDEA federal funding eligibility
 <p>Estimated increase to MOE of 50% in four years</p>						
Transportation for Special Education	\$2.4 million	\$5.3 million	\$6.4 million	\$8.3 million (estimate)	\$9.1 million (estimate)	Transportation Educational Assistants, Bus Drivers for Special Education and Out of District Transportation
Tier A Student Count	5373	5517	5706	5901	6018	Students with Special Education Needs (high incidence disabilities)
Tier B Student Count	1419	1489	1595	1681	1800	Students with Special Education Needs (low incidence disabilities)

Transportation for Special Education expenses also include special transportation for homeless and foster care students. Eligible Special Education costs are included within Maintenance of Effort.

# SCHOOL BUDGET INCREASES

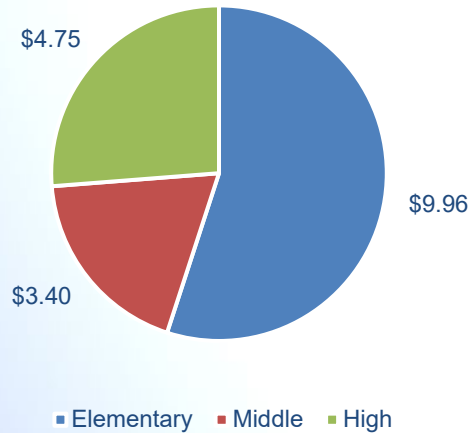
- Average neighborhood elementary school will see **12%** increase in site-based budget (SBB) from 2018-2019 to 2019-2020
- Average neighborhood secondary school will see **11%** increase in site-based budget (SBB) from 2018-2019 to 2019-2020
- Increase assumes flat enrollment and includes increases to:
  - Counselors
  - Special Education staffing
  - At-risk and small school funding
  - Pay increases for existing staff
  - Per pupil dollars to be budgeted at the school's discretion
  - Highly impacted funding based on need



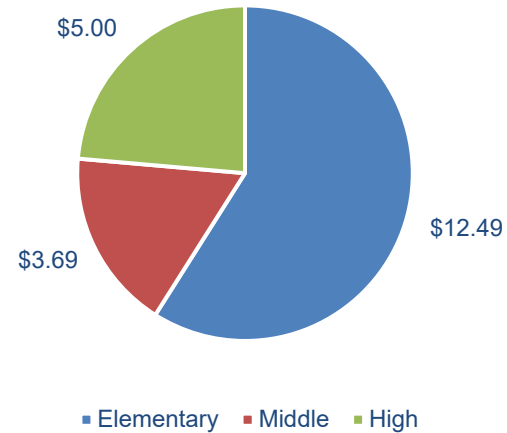
# SCHOOL CARRY OVER – GENERAL FUND ONLY

- School carry over in General Fund increased \$3.1 million from 2017-2018 to a total of \$21.2 million in 2018-2019
  - Represents SBB (\$13.1M), Principal Discretionary (\$7.8M), Other Misc. Programs (\$0.3M)

2017-2018 Carry Over (\$M)



2018-2019 Carry Over (\$M)



- Total School Carry Over = \$26.4 million
  - Comprised of General fund (above), FDK (\$1.3M), Clubs (\$1.2M), Athletics and Activities (\$1.6M), Capital Projects (\$1.1M)



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# SUMMARY

# AUDITED FINANCIALS

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Salary	276,103,300	283,477,066	291,222,596	309,956,416
		2.67%	2.73%	6.43%
Benefits	89,769,428	94,291,385	99,455,440	113,608,440
		5.04%	5.48%	14.23%
S&B	365,872,728	377,768,451	390,678,036	423,564,856
		3.25%	3.42%	8.42%
GF Revenue	547,008,428	561,430,528	582,417,295	662,363,402
		2.64%	3.74%	13.73%
Charter pass through	91,493,127	105,366,488	116,696,635	140,793,998
		15.16%	10.75%	20.65%
Revenue less Charter	455,515,301	456,064,040	465,720,660	521,569,404

# FINANCIAL TRANSPARENCY

- Transparency Website:  
<https://www.dcsdk12.org/cms/One.aspx?portalId=220484&pageId=5759766>
- Budget Book
- Board of Education Presentations
  - Quarterly Financial Reports
  - Proposed, Adopted, Revised and Final Revised Financial Plan and Budget
  - Mill Levy Certification
  - Audit
  - Purchasing Threshold approvals
  - Use of Contingency approvals
- Comprehensive Annual Financial Report



Financial  
Transparency

