



2022-2023 Proposed Budget

Presentation to the Board of Education
May 24, 2022

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Agenda: 2022-2023 Proposed Budget

- Superintendent Overview: Priorities and Highlights
- 2022-23 Budget Assumptions
- Investments
 - Compensation
 - Our Schools
 - District Supports
- One Time vs. Ongoing Sources and Uses
- Combined General Fund Three Year Forecast
- Summary of Other Funds
- Next Steps



Superintendent Overview: Priorities and Highlights

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2022-2023 Budgeting Priorities

- Investing in our STAFF: Invest in our employees with the goal to be able to recruit, retain, develop and reward the best employees for our students
- Investing in our SCHOOLS: Continually refine Site-Based Budget (SBB) weighted student funding methodology for neighborhood schools and maintain school purchasing power
- Investing in our SUPPORT SYSTEM: Alignment of department budgets with priorities of the DCSD Strategic Plan through priority-based budgeting methodology

Highlights

Investing in our STAFF

- Licensed Compensation (average 8% increase)
- Non-Licensed Compensation (average 6% increase)
- Retention payment of \$2,000 for full-time and \$1,000 for part-time staff
- Investing \$15.3M one-time

Important Notes

- *Even after these investments, our staff will continue to be below market (we expect the market rates to continue to increase next year, exacerbating this challenge)*
- *The retention payment is a one-time stop gap as we work our way towards increasing our market competitiveness*

Highlights

Investing in our SCHOOLS

- Increases in funding for our small schools
- Increases in Site-Based-Budgets
- Investing in alternative education programming
- Using grant funding for additional mental health support

Investing in our SUPPORT SYSTEMS

- Increases were focused on impact on schools and students
- Investing in special education support
- Investing in additional alternative education and career and technical education programs that will occupy the former ACC Parker building and the former Wildlife Experience building
- Investing in extra activity pay (Schedule A) to provide opportunities for students in athletics, activities, music, performing arts, etc.

Risks and Opportunities

RISKS

- Under current budget assumptions, we can only draw on unassigned fund balance until beginning of 2026-2027
- Continued increases in special education costs
- Continued cost impacts due to inflationary pressures

OPPORTUNITIES

- Address ongoing investment in compensation with a potential mill levy override
- Address small schools by creating a long-term plan for our declining feeders
- Mitigate fund balance depletion by limiting salary schedule increases to available revenue in the same year and adjust staffing levels as needed

GOAL: Balanced Budget in 2025-2026



2022-2023 Assumptions

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Overview of Available Resources and Budget Assumptions

Budget Driver	Assumptions for 2021-2022	Assumptions for 2022-2023
Per Pupil Revenue	\$8,607	\$9,192
Enrollment	District: 63,876 Charter: 16,111 Non-Charter: 47,765	District: 64,034 Charter: 17,106 Non-Charter: 46,928
Funded Pupil Count	District: 64,035 Charter: 15,845 Non-Charter: 48,190	District: 63,659 Charter: 16,412 Non-Charter: 47,247
Compensation Pool	4% equivalent minimum (total \$15.7M)	new licensed compensation schedules (total of \$26.1M) plus compensation pool for non-licensed (total of \$10.5M)
Benefit Premiums	\$0 increase to employee portion; no plan design changes	\$0 increase to employee portion; expanded options with new Colorado Doctors Plan addition
PERA	0% increase to employer rate; 0.5% increase to employee rate	0.5% increase to employer rate; 0.5% increase to employee rate
Total Available Unassigned General Fund Reserves	\$23.1M + \$10.0M staff compensation reserve	\$56.0M + \$10.0M staff compensation reserve



Investing In Compensation

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Grounding the Work

Strategic Plan Theme: Positive and Supportive Culture

Initiative: Define and develop agreed upon core values, behaviors, and collective commitments.



Strategic Plan Theme: Recruitment, Retention and Development of High Quality Employees

Initiative: Develop and recommend a predictable compensation schedule for all employee groups that acknowledges experience/longevity, knowledge, and performance. In addition, it should be easily comparable to neighboring school districts, and progressively move toward a regionally competitive pay for all employees.

Licensed Compensation Investment

Full Implementation in Year 1	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027
Total Licensed Compensation	\$ 311,356,700	\$ 313,304,741	\$ 323,212,063	\$ 332,509,891	\$ 343,756,701
Cumulative Compensation Increase	\$ 26,096,274	\$ 31,162,703	\$ 39,853,857	\$ 48,788,952	\$ 58,014,294
Percent of Licensed Staff on Schedule	73%	77%	82%	86%	89%
Annual Schedule Increases	N/A	2%	2%	2%	2%

- Using the new schedules, individual salaries will be adjusted as follows based on education and years of experience:
 - Staff whose current salary is **below** their cell will receive an increase to place them on the schedule (73%*)
 - Staff whose current salary is **above** their cell will receive a one-time 2% PERA includable stipend (27%)
- Multi-year cost estimates assume annual schedule increases of 2% and employees receive steps
- Starting salaries for individual schedules:
 - General = \$43,680
 - Hard to Hire = \$48,160
 - Specialist/Extremely Hard to Hire = \$53,760
- Licensed salary schedules will continue to be evaluated for future enhancements based on employee feedback and available resources

Average salary for licensed staff will increase 8% from 2021-2022 to 2022-2023

**Staff whose salary is less than 2% below their cell will receive a one-time, PERA includable stipend for difference up to 2%*

Non-Licensed Compensation Investment

- Process: Individual job description review and revision and evaluate relevant market(s) for all non-licensed positions
- Identified positions below current market by greater than 5% and adjust ranges and employees appropriately (8% max)
- Established minimum pay increase for all non-licensed staff either ongoing or one-time depending on placement within salary range of position
 - Below Minimum: Brought to above minimum
 - In Range: Percent Increase (Admin - 3.5%, ProTech - 3.5%, Classified 4.0%)
 - Above Range: 2% one-time PERA includable stipend
- Non-licensed ranges will continue to be evaluated for future enhancements based on employee feedback and available resources to include additional recruitment incentives where necessary

Average salary for non-licensed staff will increase 6% from 2021-2022 to 2022-2023

(Administrators = 5.0% ---- Professional/Technical = 5.5% ---- Classified = 6.0%)

Additional Recognition: Retention Pay for Staff Returning in 2022-2023

- Current, regular 2021-2022 staff who return for 2022-2023 will be eligible for a one-time stipend to be paid in the fall (September payroll)
 - Full time positions with FTE equal to or greater than 0.75 = \$2,000
 - Part time positions with FTE less than 0.75 = \$1,000
 - Estimated cost of \$15M (accrued in 2021-2022)
- Eligibility Requirements
 - Regular employees plus 110s (excludes substitutes, seasonal and temporary workers, coaches)
 - Start date prior to 06/30/2022
 - Active employee as of 08/31/2022 (must continue to be employed with DCSD through at least 12/31/2022)
 - Employees on leave of absence who return to work prior to 12/31/2022 will be paid upon return

Adding retention pay into pay increase will increase the average salary increase to 10% for non-licensed staff and 12% for licensed staff



Investing In Our Schools

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Investing in Our Schools (SBBs)

- 2022-2023 will be the second year of the new weighted student funding formula for Site-Based Budgets
- Small school factor redesigned to benefit more schools (\$375K)
- Certified substitutes returned to non-discretionary allocation (\$3.1M)
- Neighborhood schools purchasing power held flat for compensation increases (\$9.8M)
- Increased mental health allocation for all schools to receive minimum of 1.0 FTE mental health which will be funded through ESSER (\$855K)
- Alternative school budgets increased \$1.4M for combination of position (FTE), pay and operational increases

Total Site-Based Budget proposed to be \$373.3M in 2022-2023 which is a 2% increase from 2021-2022 despite 837 student enrollment decrease



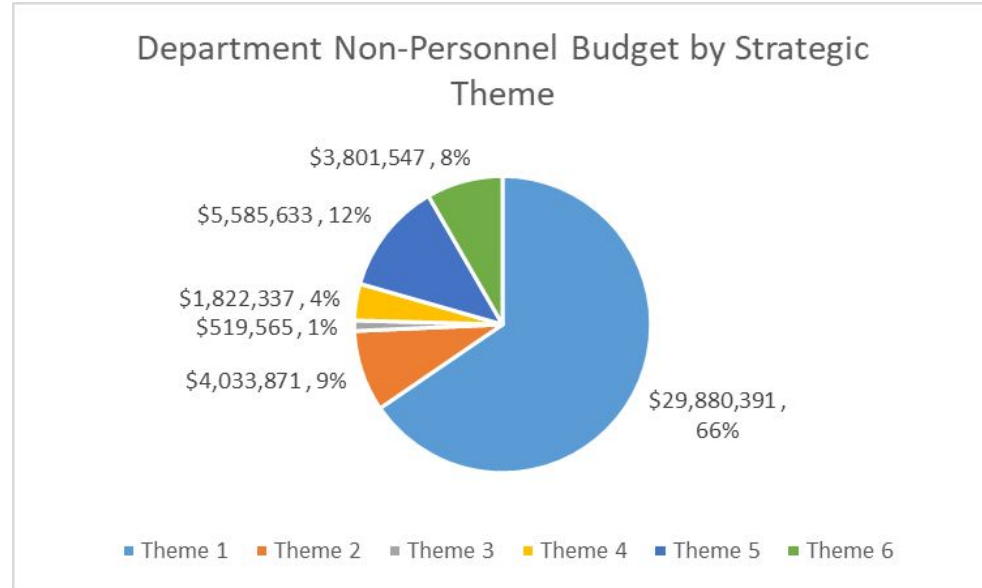
Investing in District Supports

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Summary of Department Non-Personnel Budget by Strategic Plan Theme

- Department budgets represent 24% of total General Fund expenses
- Department non-personnel (operations) budgets represent 8% of total General Fund expenses
- 66%* of department non-personnel budgets are for the health, safety, and social-emotional supports as self-reported by department directors

**Total department non-personnel budget is \$45.6M for 2022-2023 Proposed Budget*



Key: Theme 1—Health, safety and social-emotional supports for students; Theme 2—Post-graduation guidance and preparation; Theme 3—Positive and supportive culture; Theme 4—Aligned curriculum with flexible instructional delivery; Theme 5—Equitable distribution of resources; Theme 6—Recruitment, retention and development of high-quality employees

Summary of Department Budget Increases

	Description	Dollar Increase Year-over-Year (\$M)*	FTE Increase Year-over-Year	Budget Percent Increase Year-over-Year
BOE/Superintendent	One-time budget for survey/polling in 2021-2022 not budgeted in 2022-2023; Deputy Superintendent moved to School Leadership	\$ (0.2)	0.00	-12.98%
School Leadership	Start up programming and staff for (former) CU South building and Parker alternative education school; increase stipends for athletics/activities coaches	\$ 3.4	16.30	21.49%
Learning Services	Add attendance specialist and district registrar and increase literacy curriculum	\$ 0.5	0.47	7.72%
Student Support Services	Add staffing in Early Childhood, Health/Wellness, Mental Health and Special Education; increase out of district tuition for facility placement schools	\$ 2.7	8.03	6.95%
Information Technology	Add IT technicians and application support specialist	\$ 0.4	3.00	6.22%
Operations	Add apprentice programs, long range planner and facilities planner; purchase new buses; increase out of district transportation for Special Education services, custodial services and operations/maintenance repairs	\$ 5.4	5.50	12.36%
Business Services	Add assistant buyer, facility use coordinator and event coordinator for (former) CU South building offset by positions decreased within Medicaid budget; add purchasing and expense management software	\$ 0.5	1.00	5.00%
Human Resources	Add compensation analyst and increase displaced teachers	\$ 0.6	6.40	16.96%
Communications	No material changes year-over-year	\$ 0.1	0.00	6.28%
Legal Counsel	Consolidate 2 support roles into 1; increase property insurance premiums	\$ 0.2	-1.00	4.69%
District-wide	Increase utilities and operations and systems district-wide licensing software	\$ 1.2	0.00	4.67%
Total		\$ 14.6	39.70	9.41%

Department budgets as of April 22, 2022; changes to department budgets after April 22, 2022 will be reflected within the Adopted Budget to be presented to the Board of Education on June 21, 2022



One Time vs Ongoing Sources and Uses

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Summary of Priority Investments

The 2022-2023 budget proposal **invests over \$63M** in our district

- Licensed and non-licensed compensation investments plus enhancements to benefits = **\$44.1M**
- Investing in schools through Site-Based Budgets = **\$4.8M**
- Investing in support systems with increases focused on impact to schools and students = **\$14.6M**

One Time vs. Ongoing Sources and Uses

Revenue Increases/(Decreases)	One Time (\$M)	Ongoing (\$M)
2021-2022 State Supplemental	6.7	-
2021-2022 Unassigned Fund Balance Increase (after retention stipend payout)	26.6	-
2021-2022 Compensation Reserve	10.0	-
2022-2023 Per Pupil Revenue Increase	-	25.3
2022-2023 District-run Funded Pupil Count Decrease	-	(8.2)
2022-2023 Pass through to Charters of MLO per pupil Increase	-	(0.8)
2022-2023 Special Education State Categorical Revenue Increase (SB22-127)	-	6.2
2022-2023 Other Revenue Changes such as Indirect Cost Revenue and Specific Ownership Tax	(0.1)	(1.4)
2022-2023 Transportation Fund Balance Decrease	(5.1)	-
2018 MLO reserve in 2022-2023	(0.8)	-
Total Revenue Increases/(Decreases)	\$ 37.2	\$ 21.1

Expense Increases/(Decreases)	One Time (\$M)	Ongoing (\$M)
Benefit Increase	2.3	5.2
Neighborhood and Alternative School Discretionary and Non-Discretionary Increase	-	4.8
Licensed Compensation Schedules Implementation	1.9	24.1
Non-Licensed Compensation Increase	3.3	7.2
Department Personnel (FTE) and Non-Personnel (Operations) Increase	6.0	3.6
Schedule A Athletics and Activities Stipends Increase	-	1.0
Districtwide Budget Increases	-	1.2
TABOR, BOE and Contingency increases to reflect overall budget	-	1.9
Other Interfund Transfers for Commitments in Other Funds Increase	0.5	-
School Carry Over and Enrollment Reserves Increase	4.0	-
Total Expense Increases/(Decreases)	\$ 18.1	\$ 49.0

Source/(Use) of Fund Balance	\$ 19.1	\$ (27.9)
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Combined General Fund Three Year Forecast

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Assumptions - Revenue

- Total Program (School Finance Act) and changes in the Budget Stabilization Factor
 - Inflation to the base set by Denver-Aurora-Lakewood Consumer Price Index forecast from Legislative Staff Council (7.0% for 2023-2024, 3.8% for 2024-2025 and 2.4% for 2025-2026)
 - Buy-down of \$100M annually statewide to the Budget Stabilization Factor through 2025-2026 when there will no longer be a Budget Stabilization Factor
- Enrollment
 - Projections for neighborhood and charter schools provided by Planning Department and estimate to continue to decline minimally during the forecast period
 - No new charters open in 2022-2023 through 2025-2026
- No new tax revenue

These assumptions do not represent a recommendation from staff and are simply for financial modeling purposes

Assumptions - Expense

- Compensation increases
 - Implementation of new licensed compensation schedules and range changes for non-licensed staff in 2022-2023
 - Includes step increases for licensed staff, but does not include annual schedule increases or base increases for non-licensed staff
 - Incrementally return grant and bond funded positions to General Fund beginning in 2022-2023
 - PERA employer rate increase of 0.5% in 2022-2023 and 2024-2025
- Other expenses
 - Minimal increases to purchased services, supplies, other expenses and contingency
 - Charter School Pass Through adjusted according to charter enrollment and Per Pupil Revenue
 - Interfund Transfers adjusted according to commitments in other funds

These assumptions do not represent a recommendation from staff and are simply for financial modeling purposes

Three Year Forecast

	2022-2023 Proposed	2023-2024 Projection	2024-2025 Projection	2025-2026 Projection
Beginning Fund Balance	156,749,170	146,890,281	138,706,491	116,685,975
Local Tax Revenue	325,488,874	327,846,069	333,249,815	338,557,891
State Tax Revenue	385,751,172	429,472,585	446,069,106	457,972,372
Federal Revenue	2,624,930	3,354,362	3,580,181	3,580,181
Other Local Revenue	27,855,332	28,483,849	28,976,605	29,369,362
Total Revenue	741,720,308	789,156,865	811,875,707	829,479,806
Salaries and Benefits	474,106,669	511,818,438	537,964,673	552,820,819
Purchased Services	36,467,806	36,745,049	37,024,609	37,306,555
Supplies	36,567,300	36,567,300	36,567,300	36,567,300
Other	2,651,317	2,651,317	2,651,317	2,651,317
Charter School Pass Through	171,958,065	177,791,006	185,902,966	191,894,130
Total Interfund Transfers	23,785,740	25,338,811	27,171,550	27,173,000
BOE Contingency	6,042,300	6,428,734	6,613,809	6,757,218
Total Expenditures and Transfers	751,579,197	797,340,655	833,896,224	855,170,339
Net Income/(Loss)	(9,858,889)	(8,183,790)	(22,020,516)	(25,690,533)
Ending Fund Balance	146,890,281	138,706,491	116,685,975	90,995,442
TABOR Reserve	18,310,000	19,481,012	20,041,846	20,476,418
BOE Reserve	18,310,000	19,481,012	20,041,846	20,476,418
School Carry Over Reserve	22,458,498	22,353,043	21,821,794	21,513,098
Medicaid Reserve	2,078,724	359,275	-	-
Other Assigned Reserves	17,864,862	8,575,977	5,133,623	1,750,741
Unassigned Reserve	67,868,197	68,456,172	49,646,866	26,778,766

- Draw fund balance (net loss) annually beginning in 2022-2023
- Maintain positive unassigned reserves through 2025-2026
- Does not include any increases in local taxes
- Does not include annual schedule increases/increases to starting salary or increases to size (percentage) of step increases for licensed staff



Summary of Other Funds

Other Funds in Combined General Fund

- Outdoor Education Fund
 - Assumes resume full programming in 2022-2023
- Capital Projects Fund
 - Draw down ~\$4.5M in unassigned fund balance compared to 2021-2022 Adopted Budget due to planned completion of technology refresh/upgrades in addition to allocation from 2018 Bond
 - Cash in Lieu revenue largely dedicated to completion of renovation to (former) Wildlife Experience building
- Transportation Fund
 - Increase out of district transportation for Special Education services, purchase new buses and retain all budgeted driver and TEA vacancies
 - Use savings from one-time fund balance to offset increases and not increase transfer from General Fund

Special Revenue Funds

- **Nutrition Services Funds**
 - Will resume paid lunches for 2022-2023 with return to separate funds for schools on the National School Lunch Program vs schools not on the National School Lunch Program
 - Anticipate federal funding return to pre-COVID amounts and qualifications
- **Governmental Designated Purpose Grants Fund**
 - Overall grant budget ~\$10M less than in 2021-2022 Adopted Budget due to planned spend down of ESSER federal COVID related stimulus funds
 - ESSER grants intended to be fully spent in 2022-2023
- **Pupil Activity Fund**
 - Reflects return to normal extra and co-curricular activities in 2022-2023
- **Athletics and Activities Fund**
 - Includes increases to Schedule A athletics and activities stipends and increased participation from students
- **Child Care Fund**
 - Before and After School Enterprise (BASE) was recipient of Childcare Operations Stabilization and Workforce Sustainability Grants to help offset tuition and provide support to individual programs and their staff

Other Funds

- Bond Redemption
 - Principal and interest payments in 2022-2023 will be lower due to early payoff of 2010 bond series in June 2022
- COP Lease Payment Fund
 - no material changes year-over-year
- Bond Building Fund
 - Draw down ~\$31M in reserves due to planned completion of most projects by summer 2023
 - Plan to fully spend 2018 Bond by December 2023
- Trust Fund
 - No material changes year-over-year
- Short Term Disability Fund
 - No material changes year-over-year
- Medical and Dental Fund
 - Increase to health insurance premiums will be fully absorbed by District with no premium increases passed on to employees
 - Savings anticipated with implementation of new Colorado Doctor's Plan through United Healthcare in order to build up contingency reduced in 2020-2021 and 2021-2022



Next Steps

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Next Steps

- Staff will request formal adoption by the Board of Education on 2022-2023 Adopted Budget at June 21 Board of Education meeting
- Approval of all budget-related resolutions including appropriations, use of beginning fund balance and participation in the State's interest free loan program
- Build and publish the District's Adopted Budget Book later this summer
- Collaborate with Fiscal Oversight Committee for creation of Citizen's Guide to the Budget next fall



Appendix

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Licensed Salary Schedule Framework

- 3 Schedules - all structurally the same, but with different starting salaries
- 9 Lanes (BA, BA+15, BA+30, MA, MA+15, MA+30, MA+45, MA+60, PHD/EDS)
- Maximum of 25 steps (varying by lane)
- Overall range (\$43,680 - \$114,999)
- Higher percentage steps in years 5 - 10
- 7 years of non-DCSD licensed years of service given for placement on schedule
- Employees who are “under cell” to be brought to cell designation - Given full amount to be brought to cell in SY 22-23. All licensed employees will receive a minimum 2%, however, a portion may be paid as one-time.
- Employees who are “above cell” for their credentials - Will remain at their “above cell” designation. Increases will be applied in one-time pay until schedule catches up or employee earns matching credentials.

Department Budget Request Changes

February

Departments build initial budget request with assistance of budget analyst
Total Requested Increases = \$17.0M+

March

Budget Director reviews initial budget request and recommends department requests to Cabinet for initial review and approval
Total Requested Increases = \$15.0M

April

Cabinet reviews recommended department requests and denies select items for additional review and approval
Total Requested Increases = \$11.1M

Discretionary vs Non-Discretionary Budget Increases

Non-Discretionary may refer to pre-negotiated, finalized contract renewals and other items the district is obligated/committed to pay, or prescribed staffing allocations or per pupil dollars to align with federal, state or local regulations

Area of Budget	Discretionary (\$M)	Non-Discretionary (\$M)	Explanation
Site-Based Budget	3.41	1.35	neighborhood and alternative school SBB increases excluding 21-22 pay increases
PERA Rate Employer Share Increase	-	1.61	rate increasing from 20.9% to 21.4% on 7/1/2022
Medical Benefit Increase	-	5.91	increase to Kaiser, implementation of UHC and Colorado Doctors Plan and HSA paid by General Fund
Licensed Compensation Schedules Implementation	-	24.47	as approved by Board of Education in March 2022 subject to Superintendent review and recommendation to Board of Education
Non-Licensed Compensation Increase	10.00	-	examples of non-discretionary include SPED out of district tuition, School Resource Officer contracts, custodial services contracts and insurance premiums
Department requested budget increases	7.66	1.95	examples of non-discretionary include utilities and district-wide software
District-wide requested budget increases	0.01	1.18	add district-funded stipends to elementary schools and restore reduced stipends at middle and high schools
Schedule A coach and activity sponsor compensation	1.02	-	
Total	22.11	36.47	

One Time vs. Ongoing Sources and Uses (Detail)

Revenue Increases/(Decreases)	One Time (\$M)	Ongoing (\$M)
2021-2022 State Supplemental	6.7	-
2021-2022 Unassigned Fund Balance Increase (after retention stipend payout)	26.6	-
2021-2022 Compensation Reserve	10.0	-
2022-2023 Per Pupil Revenue Increase	-	25.3
2022-2023 District-run Funded Pupil Count Decrease	-	(8.2)
2022-2023 Pass through to Charters of MLO per pupil Increase	-	(0.8)
2022-2023 Special Education State Categorical Revenue Increase (SB22-127)	-	6.2
2022-2023 Medicaid Federal Reimbursement Revenue decrease	-	(0.1)
2022-2023 Transportation Fund Balance Decrease	(5.1)	-
2018 MLO reserve in 2022-2023	(0.8)	-
2022-2023 recycling revenue decrease	(0.1)	-
Specific Ownership Tax Out of School Finance Act	-	0.9
Indirect Cost Revenue from Grants	-	(2.2)
Expense Increases/(Decreases)	One Time (\$M)	Ongoing (\$M)
PERA Rate Employer Share Increase	-	1.6
Medical Benefit Increase (with UHC and CDP)	-	3.6
HSA paid by General Fund	2.3	-
Neighborhood School Discretionary SBB Increase	-	2.1
Neighborhood School Non-Discretionary SBB Increase	-	1.4
Alternative School SBB Increase	-	1.4
Licensed Compensation Schedules Implementation	-	26.1
Non-Licensed Compensation Increase	-	10.0
DBB Non-Personnel	6.0	-
DBB New FTE	-	3.6
Schedule A athletics and activities stipends	-	1.0
Districtwide Budget Increases	-	1.2
TABOR, BOE and Contingency increases to reflect overall budget	-	1.9
Increases to other interfund transfers for commitments in other funds	0.5	-
Increase to school carry over reserve	3.0	-
Increase to enrollment reserve	1.0	-
Source/(Use) of Fund Balance	\$ 24.3	\$ (32.7)