

2023-2024 Proposed Budget

Presentation to the
Board of Education
May 23, 2023



Policy End Statement: Financial Well-Being

Policy End - V. Financial Well-Being

A. The Board of Education and all district employees are good stewards of the financial resources belonging to the district on behalf of students and taxpayers.

B. All district funds and expenditures are handled equitably, efficiently, transparently, responsibly, and purposefully to maximize the benefit for all students.

C. All district fiscal transactions are legal, ethical, and appropriate in keeping with district regulations and goals.

D. Long-term financial stability and accountability has been established, maintained, and actively monitored in order to accomplish Board of Education End Goals

Agenda

- Superintendent Overview
- School Finance Act and Revenue Assumptions
- Compensation Increases for Staff
- Summary of Combined General Fund Expenditures
- Budget Increases to Schools and Departments
- One-Time vs Ongoing Total Sources and Uses
- Combined General Fund Three Year Forecast
- Summary of Other Funds
- Unknowns in the Proposed Budget
- Timeline through June 30th

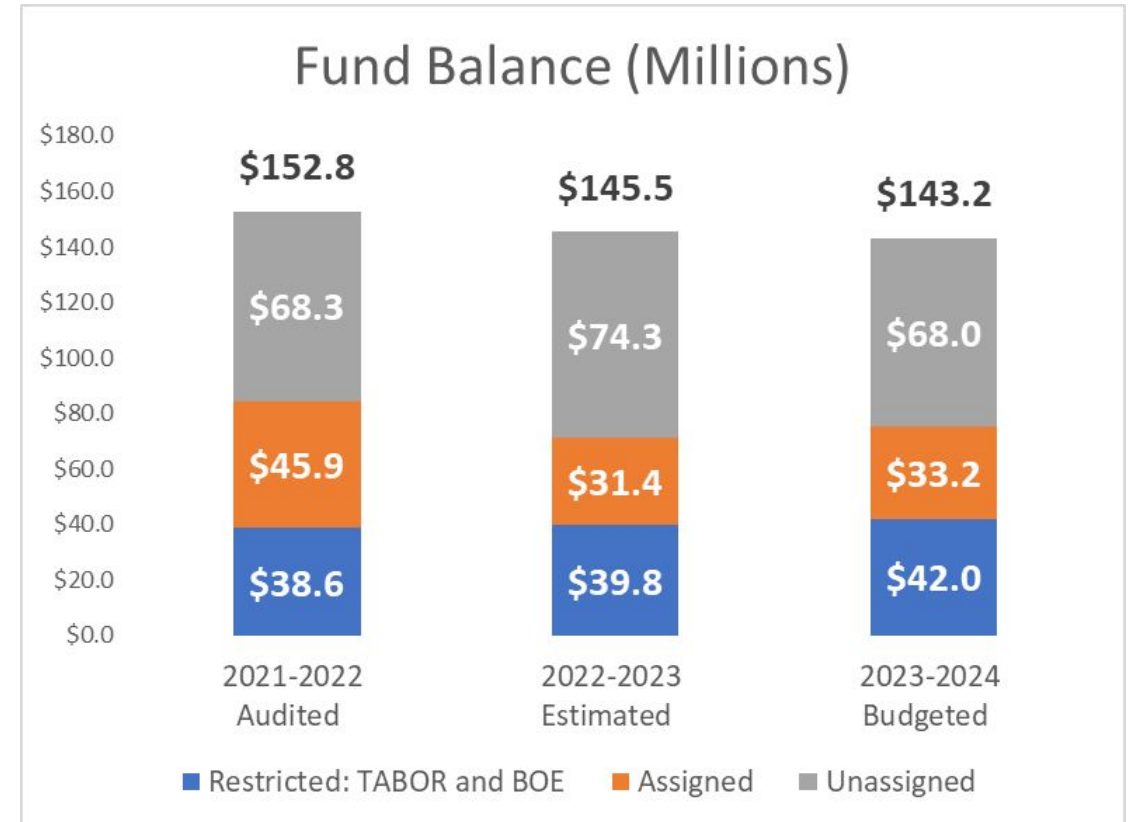
Superintendent Overview



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2023-2024 Budget Overview

- Per Pupil Revenue is increasing by 8%; as all districts receive the increase, ***DCSD's comparative position with other districts remains unchanged.***
- Overall expenses increase of 7%.
- We will be strategically drawing down unassigned fund balance.



2023-2024 Budgeting Priorities

2023-2024 Proposed Ongoing Investment of \$50 Million or 7%

- **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 Superintendent Priorities through priority-based budgeting methodology

Highlights: Investing in STAFF

We are investing a total of \$25 Million in STAFF

- **Compensation Increases:** Licensed staff will receive an average of 6% (step plus 3.5%), Classified staff will receive 6%, Other staff will receive 5%
- **Benefit cost to employees will remain FLAT:** Benefit cost increases are being absorbed by the district.
- **Retention Payment:** Returning employees will receive a \$2,000 (full-time) or \$1,000 (part-time) in September*.
- **Personal Day:** Employees will receive have one personal day added to their balance on July 1.

** the retention payment was part of the 2022-2023 budget.*

Highlights: Investing in SCHOOLS

We are investing a total of \$9 Million ongoing in SCHOOLS

- **Mental Health:** Additional mental health support for Affective Needs programs.
- **Special Education:** Increased Educational Assistant hours.
- **Gifted and Talented:** Increased interventionist allocation.
- **Purchasing Power:** Increased school budgets in order to keep purchasing power flat.

Highlights: Investing in SUPPORT SYSTEMS

We are investing a total of \$16 Million ongoing in SUPPORT SYSTEMS

- **Special Education and Student Services Support:** Increases in special education and mental health staffing and training, physical security infrastructure, curriculum and literacy materials.
- **Post-Secondary Readiness and Student Programming:** Expansion of Career and Technical Education programming through Legacy Campus, VALE, and other student programming investments.
- **Transportation:** Increased fuel costs and increased special education transportation costs.
- **Learning Services:** Alternative licensure and educational pathways implementation support.
- **System-wide Supports:** Operations and maintenance repairs and service contracts; increased costs in utilities, district-wide software licenses, etc.

Risks and Opportunities

RISKS

- Under current budget assumptions, we can only draw on unassigned fund balance until beginning of 2025-2026.
- 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.

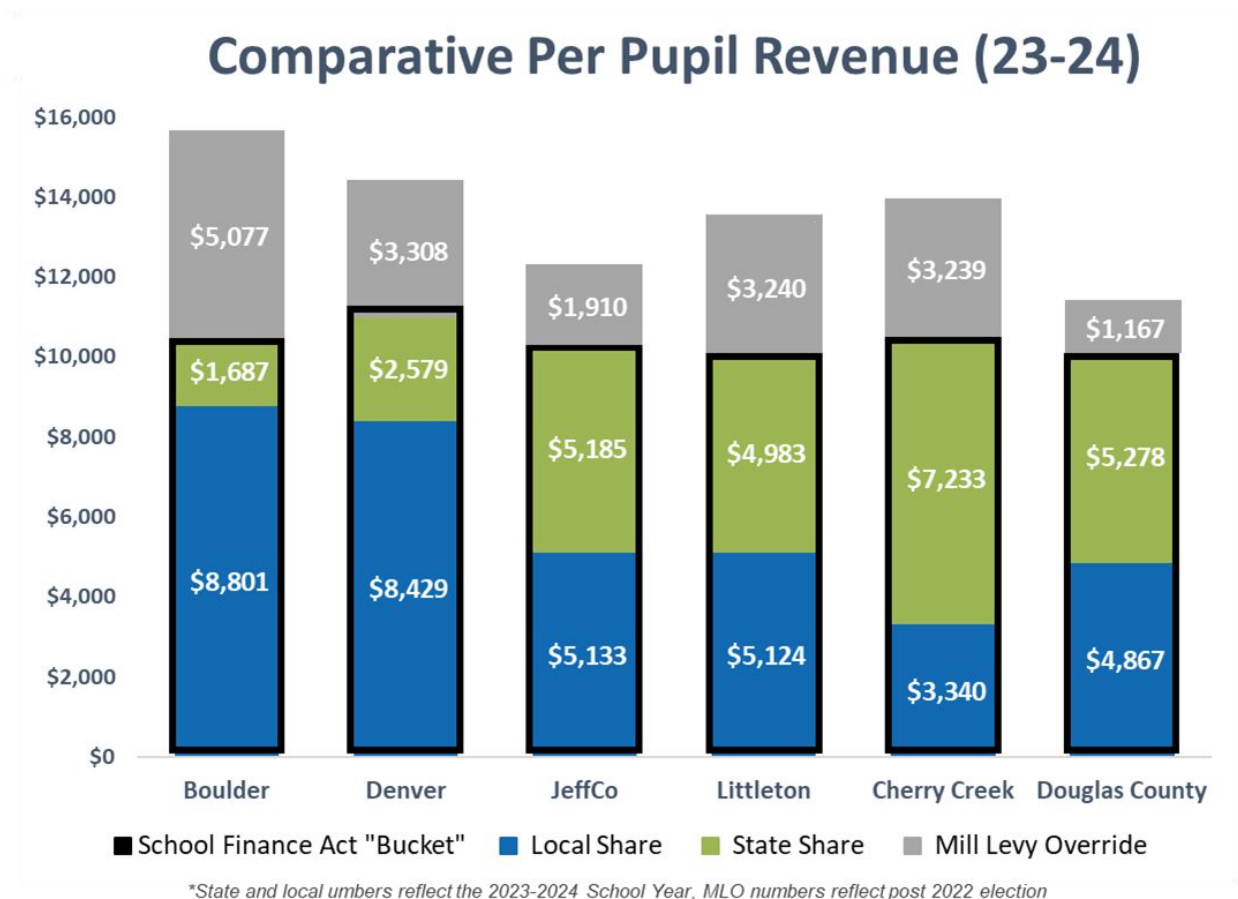
GOAL: Balanced budget by 2025-2026

2023-204 Proposed Budget



2023-2024 School Finance Act

- Base per pupil increased by inflation (8.0%)
- Budget Stabilization Factor buydown of \$180M from \$321M statewide or 3.7% per district to \$141M statewide or 1.5% per district
- Repeals Budget Stabilization Factor effective July 1, 2024
- Increase in Per Pupil Revenue for DCSD by \$954 to \$10,145



School Finance Act Revenue Assumptions for DCSD

	2022-2023 Revised Budget	2023-2024 Proposed Budget	Increase/(Decrease)
District-run Enrollment	47,085	46,590	(495)
Charter Enrollment (non-HOPE)	14,035	15,105	1,070
Charter Enrollment (HOPE)	1,752	2,200	448
Total Enrollment	62,872	63,895	1,023
Per Pupil Revenue*	\$9,191	\$10,145	\$954
Funded Pupil Count	63,158	62,736	(422)
Total Program Formula	\$580.5M	\$636.4M	\$55.9M
District-share Total Program	\$437.2M	\$469.6M	\$32.4M
Charter-share Total Program	\$143.3M	\$166.8M	\$23.5M



*updated after 4/25 Board of Education presentation

Other General Fund Revenue Changes

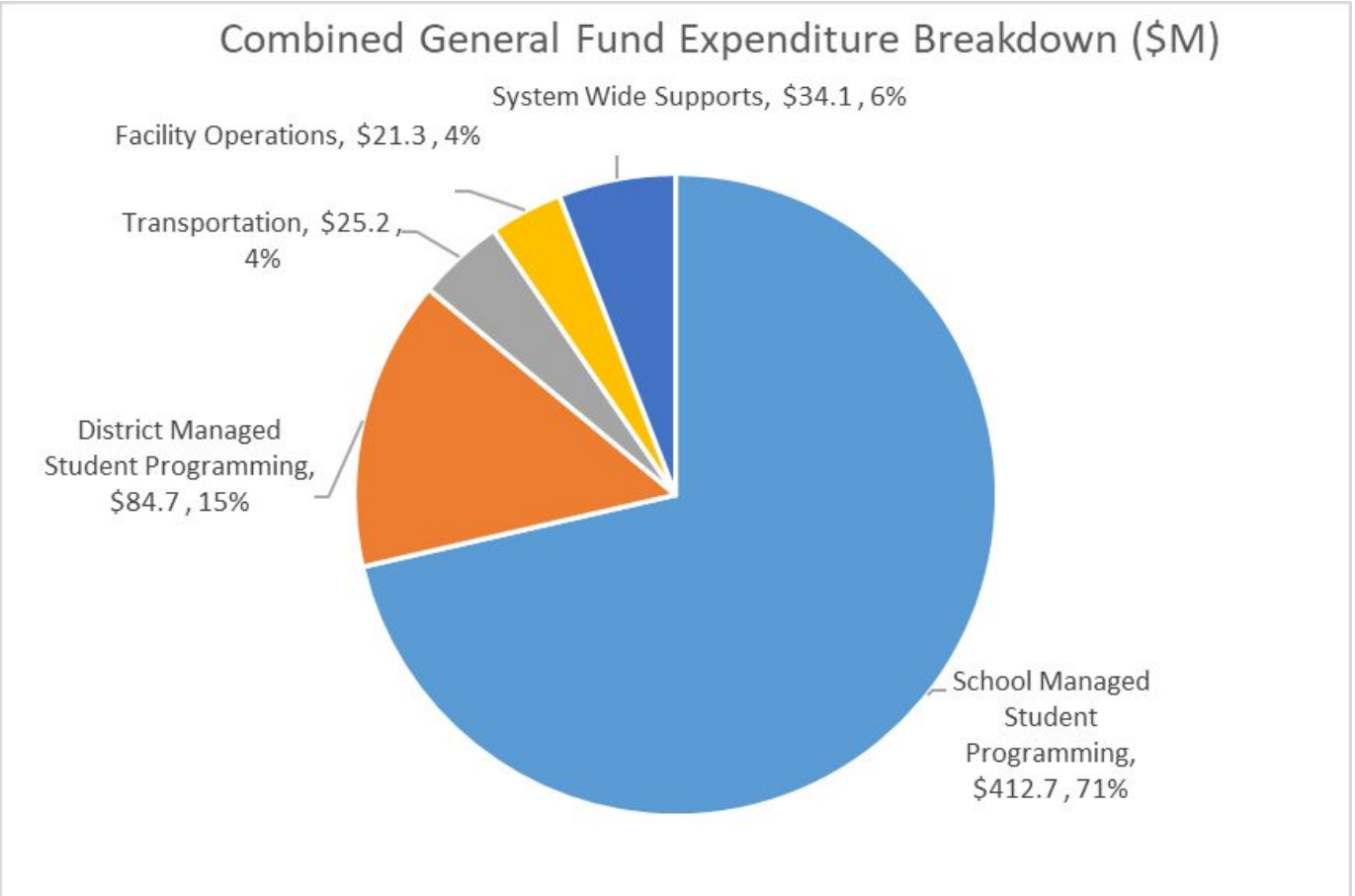
- School Finance Act Property Taxes increasing 33% year-over-year and local share increasing from 41% to 49% of Total Program formula due to assessed valuation (property value) growth
- Special Education categorical revenue increase \$3.1 M for SB23-099
- Proposed Budget includes implementation of Universal Preschool (UPK) in increase to other intergovernmental revenue and decrease to preschool tuition

Compensation Increases for Staff

- Licensed Staff will receive ongoing increase to base of 3.5% and steps of 2.0-2.5% based on years of service
 - Estimated cost of \$15.0M
- Classified Staff will receive ongoing increase to base of 6%
- Admin/Professional Staff will receive ongoing increase to base of 5%
 - Estimated cost (classified and admin/professional) of \$7.5M
- Zero increases to employee paid portion of medical benefit premiums
 - Estimated cost for District to absorb premium increases of \$3.0M
- **Overall investment of over \$25M in current employee compensation in 2023-2024***

Summary of Combined General Fund Expenditures

71% of the Combined General Fund will be budgeted within schools and only 6% will be budgeted in system wide supports excluding charter school pass through and contingency reserve

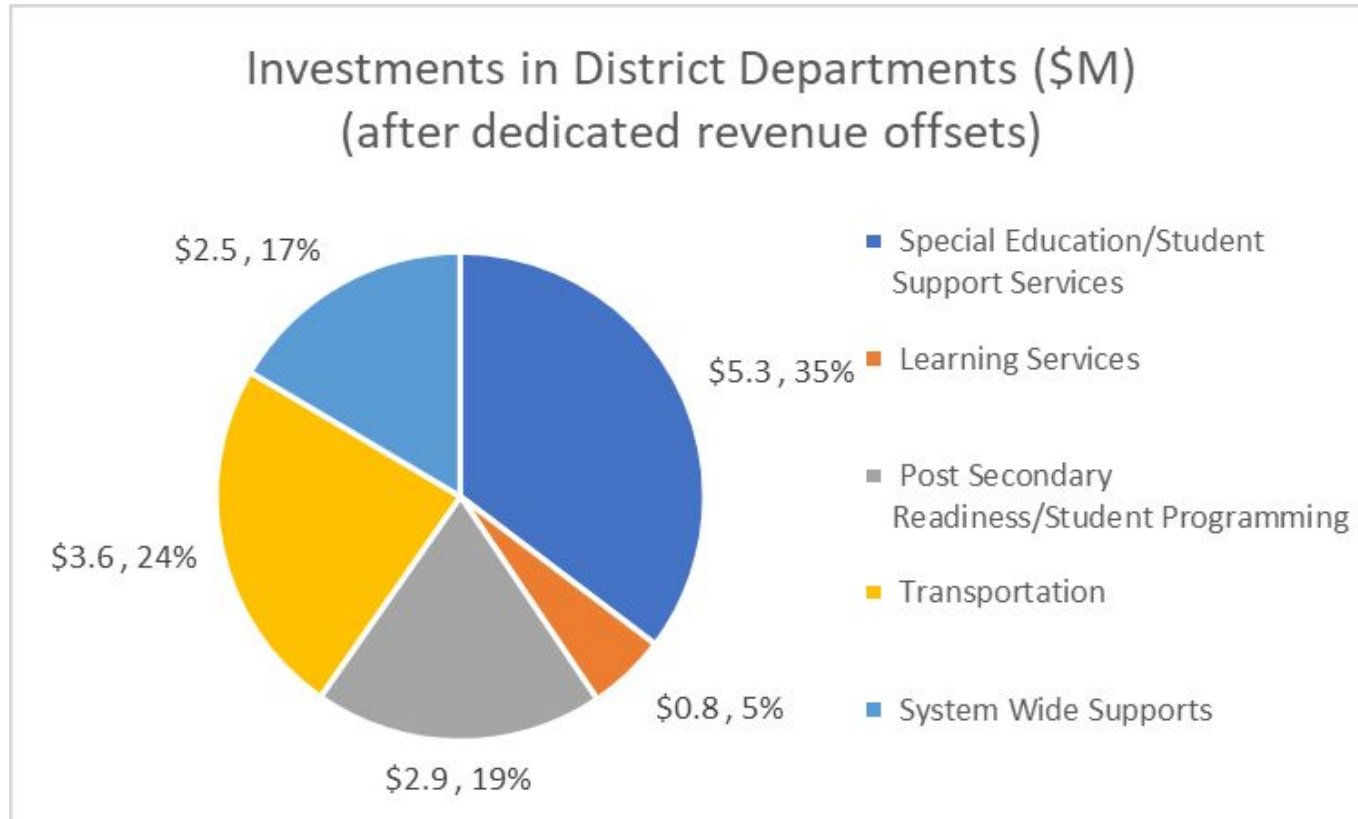


Budget Increases to Schools

- Invest within Student Support Services non-discretionary allocations (~42 FTE or \$4.3M)
 - Increase Mental Health FTE support for schools with Affective Needs programs
 - Increase hours for EA IV positions by 30 minutes a day
 - Increase Gifted and Talented Interventionists at more elementary schools
 - Increase Campus Security Specialists at middle and high schools
- Increase base per pupil discretionary allocation to cover increase in average salaries and benefits for school-based staff in order for schools to maintain current purchasing power (\$11.5M)*
 - 8% increase for elementary
 - 5% increase for middle
 - 4% increase for high

Department Budgets Overview

- Increases to department-managed budgets of \$15M after offset of dedicated revenue
- Increase of central budgets of \$2.5M (17% of department budget increases) exclusively related to employee retention or inflationary increases



One-Time vs Ongoing Total Sources and Uses

Revenue Increase/(Decrease)	One Time (\$M)	Ongoing (\$M)
Total	\$22.1M	\$38.3M
Expense Increase/(Decrease)	One Time (\$M)	Ongoing (\$M)
Total	\$13.2M	\$49.5M
Available Balance	\$8.9M	(\$11.2M)

USE OF \$2.3M FUND BALANCE IN GENERAL FUND FINANCIALS

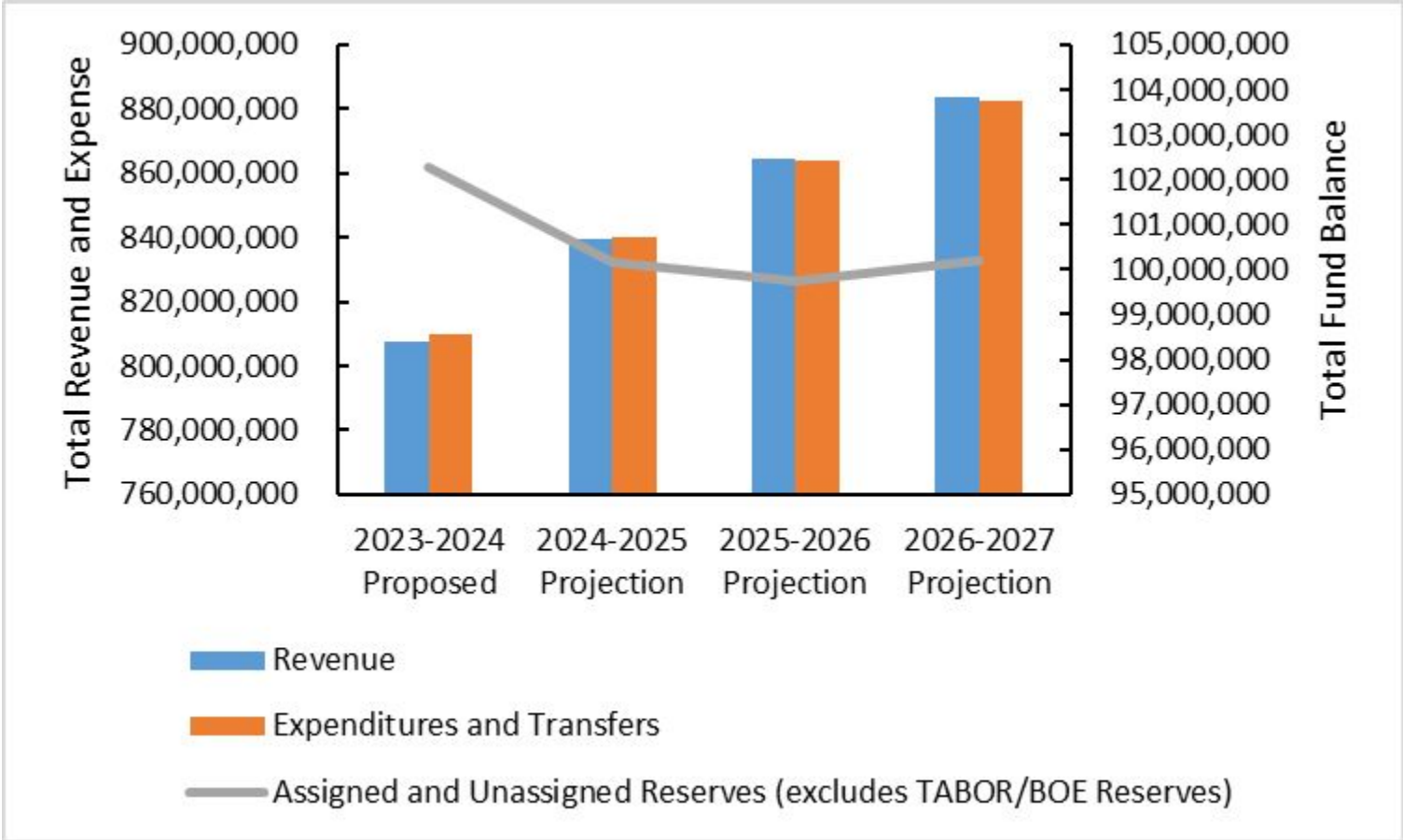


Combined General Fund Three Year Forecast Assumptions

- Revenue
 - Total Program (School Finance Act) assumes elimination of Budget Stabilization Factor in 2024-2025 and Per Pupil Revenue (PPR) increasing by inflation annually
 - Enrollment projections for neighborhood and charter schools provided by Planning Department with no new charters open in 2023-2024 through 2026-2027
 - No new tax revenue or changes to law on property value
- Expense
 - Compensation increases reflect annual step increases and 2.0% increases for non-licensed
 - Increases to purchased services, supplies, benefits and other expenses reflect historical trends or projected inflation
 - Charter School Pass Through adjusted to reflect enrollment and PPR projections
- These assumptions do not represent a recommendation from staff and are simply for financial modeling purposes

Combined General Fund Three Year Forecast

forecast includes modest compensation increases but does not close the compensation gap with neighboring school districts



Summary of Other Funds: Special Revenue

- Nutrition Services Funds
 - With implementation of Healthy Meals for All, consolidate all financials within Nutrition Services National School Lunch Program (NSLP) Fund 21 and will not use non-NSLP Fund 28
- Governmental Designated Purpose Grants Fund
 - Reduce overall appropriation \$7M due to spend down of ESSER federal COVID stimulus funds in 2022-2023
- Pupil Activity Fund
 - Eliminate fund and move elementary clubs and activities to General Fund 10 and secondary clubs and activities to Athletics and Activities Fund 26
- Athletics and Activities Fund
 - With elimination of Pupil Activity Fund, all secondary clubs and activities will be in the Athletics and Activities Fund

Summary of Other Funds: Capital Projects and Bond Building

- Capital Projects Fund
 - Draw down \$5.3M in unassigned fund balance compared to 2022-2023 projected year end
 - At June 30, 2024 anticipate \$0 remaining balance in unrestricted Cash in Lieu of Land reserves as remaining balance will be spent on Legacy Campus renovation
- Bond Building Fund
 - Draw down \$5.1M in reserves due to planned completion of most projects by summer 2023
 - Plan to fully spend 2018 Bond by January 2024
- All other funds proposed to have no material changes year-over-year

Unknowns in the Proposed Budget

Upside

- Universal Preschool matching fills most available DCSD slots
- Actual enrollment **greater** than projected at October Count
- Budgeted positions are filled resulting in **less** use of more expensive contracted services

Downside

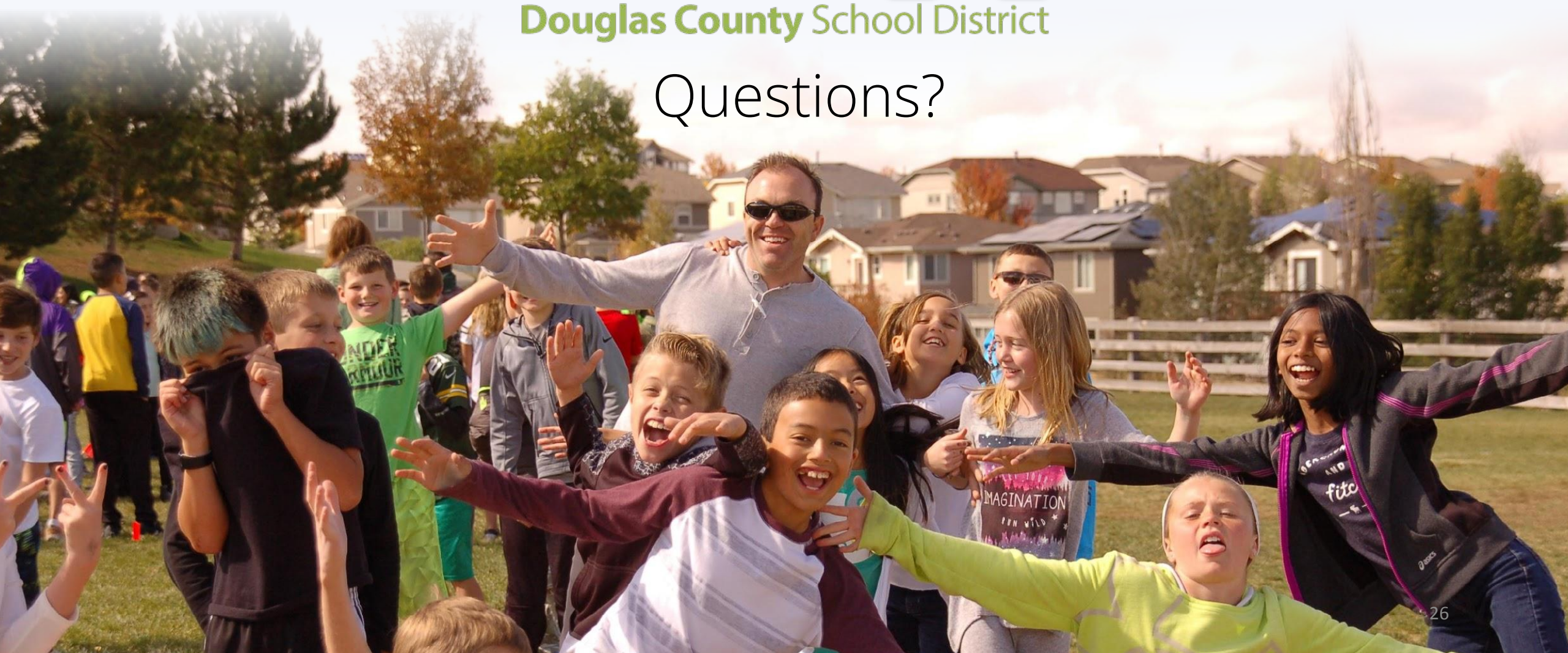
- Universal Preschool matching does not fully utilize available space to match staffing
- Actual enrollment **less** than projected at October Count
- Budgeted positions are **not** filled resulting in **greater** use of more expensive contracted services

Timeline through June 30th

- May 23rd - present 2023-2024 Proposed Budget to Board of Education which will include full financial schedules for all District funds, charter schools, summary of District-run schools, summary of departments, 3-Year forecast
- May 31st - legal deadline for public notice on 2023-2024 Proposed Budget
- June 20th - present 2023-2024 Adopted Budget to Board of Education
- June 30th - legal deadline for budget adoption



Questions?



One-Time vs Ongoing Sources: Combined General Fund

Revenue Increase/(Decrease) Category	One Time (\$M)	Ongoing (\$M)
Use of 2022-2023 Unassigned Fund Balance	\$18.2	
Per Pupil Revenue Increase		\$44.2
District-Run Funded Pupil Count Decrease		(\$11.8)
Special Education and Other State/Federal Revenue increase		\$6.0
Interest earnings increase	\$1.6	
Universal Preschool state funding increase compared to CPP and tuition		\$0.8
Other Local Revenue decrease		(\$0.9)
Career Technical Education, Concurrent Enrollment and Legacy Campus	\$2.3	
Total	\$22.1M	\$38.3M

One-Time vs Ongoing Uses: Combined General Fund

Expense Increase/(Decrease) Category	One Time (\$M)	Ongoing (\$M)
Licensed staff steps on salary schedule (2.0-2.5%)		\$3.8
Licensed staff salary schedule increase of 3.5%		\$11.2
Non-Licensed staff salary increase (5.0-6.0%)		\$7.5
Medical benefit premium increases absorbed by District	\$3.0	
Add VALE school budget		\$1.9
Neighborhood and alternative school non-discretionary allocation increase		\$6.0
Neighborhood school discretionary allocation increase (not base per pupil related)		\$1.2
Department increases in staffing and operations (before offset of dedicated revenue)	\$5.0	\$13.4
Additional transfer to Transportation Fund for drawdown of fund balance	\$5.2	
TABOR/BOE/Contingency reserve increases		\$4.5
Total	\$13.2M	\$49.5M