



**Douglas
County**
School District

Learn Today, Lead Tomorrow

2021-2022 PROPOSED BUDGET

May 11, 2021

Agenda

- Proposed Budget Assumptions
 - State of the State and the School Finance Act
 - Budget Drivers
- 2021-22 Budget Priorities
 - Invest in schools through SBB and eLearning
 - Strategically re-invest in departments
 - Literacy curricular materials for READ Act support
 - Compensation adjustments
 - Transportation
- One-Time vs. Ongoing Revenue and Expense
- Budgeted Reserves
- Combined General Fund Three Year Forecast
- Summary of Other Funds Proposed Budget
- Next Steps

2021-22 Proposed Budget Assumptions

2021-22 Budget Assumptions

State of the State

- SB21-205: 2021-22 Long Appropriations Bill
 - Increase total funds for the State Share of Total Program by \$118M
 - Increase Categorical Programs by average of 2.0% plus increased \$10M for Tier B Special Education support (~\$425/pupil)
 - Buy-down budget stabilization factor (total of \$572M), increase to at-risk funding or other adjustments to Total Program to be determined by School Finance Act

School Finance Act

- Expect legislation to be introduced this week
- Most likely will be finalized around Memorial Day
- Buy-down budget stabilization factor (total of \$572M), increase to at-risk funding or other adjustments to Total Program to be determined by School Finance Act
 - Conversations regarding adding reduced lunch to free lunch for at-risk funding

2021-22 Budget Assumptions

Budget Driver		Assumptions 2021-22	Assumptions 2020-21
Enrollment	Per Pupil Revenue	\$8,349	\$7,850
	Enrollment	District: 64,289 Charter: 15,696 Non-Charter: 48,593	District: 62,979 Charter: 15,085 Non-Charter: 47,894
	Funded Pupil Count	District: 63,466 Charter: 15,502 Non-Charter: 47,964	District: 63,539 Charter: 14,840 Non-Charter: 48,699
Compensation	Benefits Premiums	\$0 increase to employee portion	premium increases on all Kaiser and Cigna/Allegiance plans
	Compensation Pool	2% equivalent	2 furlough days all staff, 5 furlough days directors and above
	PERA	0% increase to employer rate; 0.5% increase to employee rate	0.5% increase to employer rate; 1.25% increase to employee rate

SY2021-22 Budget Priorities

2021-22 Budget Priorities

The following priorities have been identified through a variety of feedback channels including school SACs, FOC, Board of Education and district leadership

- Invest in schools through SBB and eLearning
- Strategically reinvest in departments
- Literacy curricular materials for READ Act support
- Compensation
 - Restoration of full calendar (no furlough days)
 - No medical premium increases
 - Pay increase to base salary
- Transportation (addressed outside General Fund)

Summary of Budget Priorities

Budget Item	Description	Cost
Restore Full Calendars (no furlough days)	Cost to restore full calendar for all positions funded within General Fund	\$4.0M
Pay Increase	2.25% equivalent for all FTE funded by General Fund for targeted pay increases	\$8.5M
Reinvest in Site-Based Budget (through weighted student funding increase)	Using 100% of the amount cut from SBB in 2020-2021, increase SBB using current SBB weighted formula and 2021-2022 enrollment projections	\$3.5M
Department-Based Budget Non-Discretionary Increases	Fund 100% of increases to items paid by department budgets that are either required by law or contract renewals already negotiated	\$3.2M
Department-Based Budget FTE and Other Discretionary Increases	Fund 100% of requested increases to FTE or discretionary department items	\$3.9M
Restore Contingency to 1% of Operating Budget	Restore contingency to pre-COVID levels	\$0.6M
Enrollment Reserve for October Count	Set aside a reserve in case actual enrollment at October Count is lower than projected	\$1.4M
READ Act curriculum materials	Literacy materials for all neighborhood schools to support READ Act	\$4.5M
Total Budget Increases		\$29.6M

2021-22 Priority: Invest in Schools

Changes to the Site-Based Budget (SBB)

- DCSD Strategic Plan:
 - Strategic alignment and distribution
 - Essential resources to ensure student success
 - Fundamental opportunities and support
- Steering Committee met throughout 2020 as revising a funding model requires input and direction from diverse perspectives
- Key principles guiding Steering Committee's effort:
 - Increasing equity by supporting children who require additional resources to succeed
 - Allowing for principal discretion so that those nearest to schools can implement staffing and spending plans tied to the unique needs of each school community

2021-22 Priority: Invest in Schools

SBB Allocations: Before and After

- Color shading for allocations in the previous formula indicate which buckets those allocations map to in the revised formula - FTE Non-Discretionary (blue) or Per-Pupil Dollar Discretionary (yellow)
- Total dollars allocated to SBB remained flat at 2020-2021 allocation unless enrollment driven

REVISED FORMULA

FTE Non-Discretionary Allocations <ul style="list-style-type: none"> • Principal • SPED – Moderate Needs, Speech Language, Mental Health, SSN, Affective Needs, EAV, EAV • ELD • Counselors • Gifted and Talented • Career Tech • Custodial • Security • Reading Recovery • Discovery Program 	Per-Pupil Dollar Discretionary Allocations <ul style="list-style-type: none"> • SBB Formula Base • SBB Formula Weights
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PREVIOUS FORMULA

FTE Non-Discretionary Allocations <ul style="list-style-type: none"> • SPED – Moderate Needs, Speech Language, Mental Health, SSN, Affective Needs, EAV, EAV • ELD • Counselors • Gifted and Talented • Career Tech • Custodial • Security • Reading Recovery • Discovery Program 	FTE Discretionary Allocations <ul style="list-style-type: none"> • Principal • Athletic Director • Tech Teacher • Health Assistant • Assistant Principal • Librarian Volunteer Coordinator 	Per-Pupil Dollar Discretionary Allocations <ul style="list-style-type: none"> • SBBPA • SBB Kinder • Building Leadership Teams • Highly Impacted • Small School Factor • Strategic Planning Grant • Close-the Gap
	Per-Pupil Dollar Non-Discretionary Allocations <ul style="list-style-type: none"> • Substitute Teacher Dollars • Special Programming (IB, etc.) 	

2021-22 Priority: Invest in Schools

Per-Pupil Dollar SBB Discretionary Allocations

Summary of New Discretionary Allocation Allocation	Weight	Dollar	Note
Base	1	\$4,242.00	To support all children in a school and ensure that schools can provide minimum requisite programs and services for all students enrolled in a school
At-Risk: FRL	0.3	\$1,272.60	Dollars to every student identified as fee or reduced price lunch eligible
At-Risk: IEP/504	0.1	\$424.20	Dollars to schools who enroll students with IEPs or who have a Section 504 plan
At-Risk: Attendance	0.09	\$381.78	Dollars for the number of students identified as truant from the previous school year
At-Risk: Mobility	0.1	\$424.20	Dollars for the number of students identified as mobile/transient in the previous school year
Academic Intervention: PreK	0.11	\$466.62	Dollars for each student enrolled in elementary who did not attend a PreK program
Academic Intervention: K1 Supplement	0.1	\$424.20	Dollars for each student in kindergarten and first grade
Academic Intervention: ELL Support	0.1	\$424.20	Dollars for each student identified as emerging or below on the WIDA/ACCESS for ELLs assessment tool
Academic Intervention: I-Ready Reading and Math	0.12	\$509.04	Dollars for the count of students identified below grade level on I-Ready reading and math
Academic Intervention: Gifted and Talented and Advanced Placement	0.05	\$212.10	Dollars for each student identified as gifted and talented or enrolled in an Advanced Placement course
Small School Factor	0.04	\$169.68	Schools identified as "small" under 2020-2021 calculation methodology receive additional per pupil dollars for all students in the school

** Does not include proposed increases to total SBB of \$3.5M*

2021-22 Priority: Invest in Schools

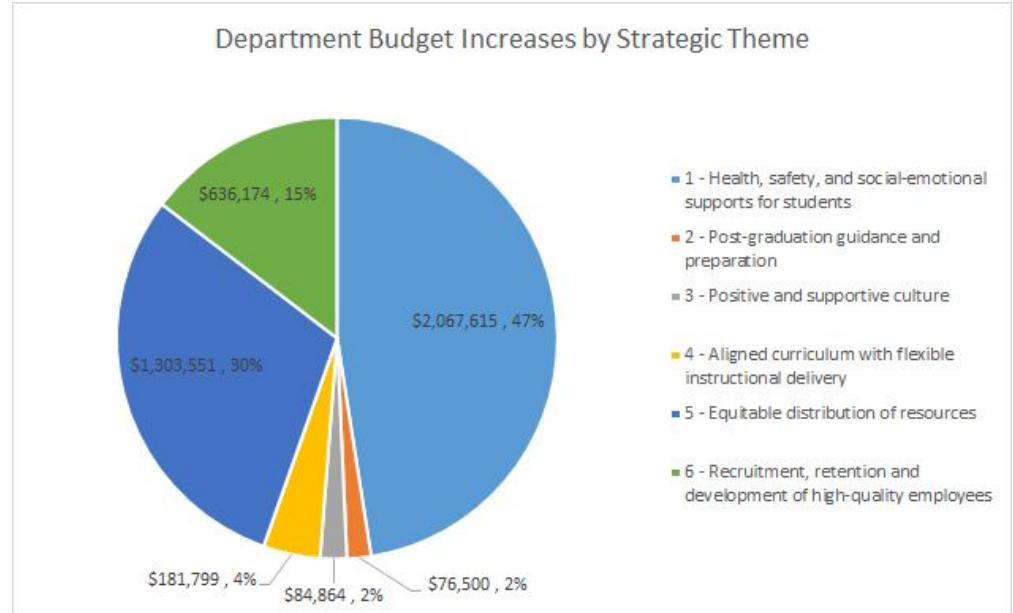
In addition to SBB formula revisions to drive equity, the Proposed Budget also calls for the following direct school-level investments:

- \$3.5M added to total SBB pool
 - Restores reductions made in 2020-21
 - Allocated through the new weighted formula
- \$1.4M reserve in the event October Count enrollment is less than projected (hold harmless)
- \$3.3M investment in schools through ESSER to support eLearning in 2021-22 and insulate against reductions to SBB

2021-22 Priority: Strategically Reinvest in Departments

Summary of Department Budget Requests

- Total Department Budget Request Increase from DBBs = \$5.6M
- Total District-wide Budget Request Increase = \$1.4M
- **Grand Total Department Budget Request Increase = \$7.0M**
- Of the \$7.0M requested, approximately \$3.2M has been identified as non-discretionary
- Proposed increase is 5% of overall department budgets



2021-22 Priority: Strategically Reinvest in Departments

Non-Discretionary Increases

Department	Budget Item	Explanation	Increase
Board of Education	election fees and financial audit	required by law to pay election fees to County and financial audit based on negotiated contract	\$ 275,120
Special Education	out of district tuition	required by law to pay at CDE set rates	\$ 754,677
Security	School Resource Officer contract	contract already negotiated with law enforcement agencies	\$ 162,395
Operations and Maintenance	custodial, asphalt/concrete repair and lawn care	contract already negotiated with 3rd party providers as cannot support in-house	\$ 602,207
Operations and Maintenance*	utilities (electrical, irrigation, natural gas, snow removal)	rates determined by utilities companies	\$ 1,000,000
Risk Management	insurance premiums	premiums increase annually and set by insurance company	\$ 73,349
Legal Counsel	outside legal services	align with historical spend covered through contingency in 2020-2021	\$ 347,462
Total Non-Discretionary			\$ 3,215,210

* managed by department, but budgeted as district-wide

2021-22 Priority: Strategically Reinvest in Departments

Departments by Cabinet Level	2020-2021 Adopted Budget	2021-2022 Proposed Budget	Year-over-Year Budget Increase/(Decrease)	Year-over-Year Percent Increase/(Decrease)
Board of Education	\$ 201,100	\$ 665,905	\$ 464,805	231%
Superintendent	\$ 559,728	\$ 901,796	\$ 342,068	61%
Assessment Officer	\$ 6,372,240	\$ 6,980,721	\$ 608,481	10%
Assistant Superintendent	\$ 14,508,155	\$ 15,698,861	\$ 1,190,706	8%
Personalized Learning Officer	\$ 41,969,247	\$ 42,558,350	\$ 589,103	1%
Chief Technology Officer	\$ 5,671,869	\$ 5,718,059	\$ 46,190	1%
Chief Operating Officer	\$ 33,674,608	\$ 34,970,461	\$ 1,295,853	4%
Chief Financial Officer	\$ 4,004,976	\$ 4,263,034	\$ 258,058	6%
Chief Human Resources Officer	\$ 3,081,108	\$ 3,260,951	\$ 179,843	6%
Communications Officer	\$ 757,354	\$ 741,048	\$ (16,306)	-2%
Legal Counsel	\$ 3,390,177	\$ 3,951,502	\$ 561,325	17%
District-wide	\$ 23,475,394	\$ 24,923,594	\$ 1,448,200	6%
Total Departments	\$ 137,665,956	\$ 144,634,281	\$ 6,968,325	5%

Department increases within the General Fund only

A portion of the increase in the Superintendent's line relates to a shift of FTE and not an overall increase

2021-22 Priority: Strategically Reinvest in Departments

Discretionary Department Budget Changes since April 20, 2021

Department	Budget Increase/(Decrease)	Explanation
Superintendent	\$136,839	add civic/legislative support
Business Services	\$155,545	add financial analyst for compensation work and convert senior buyer to strategic sourcing manager
Human Resources	\$49,067	add part time support for compensation work
Departments/District-wide	\$200,000/- \$200,000	shift professional membership dues from district-wide HR to individual departments

2021-22 Priority: READ Act Literacy Curricular Materials

- Set aside \$4.5M to purchase literacy curriculum materials for schools
 - Specific materials and vendors TBD
- Materials selected from CDE's Advisory List for approved core programming
- Implementation would begin spring of 2022

2021-22 Priority: Compensation

Compensation Commitments

- No furlough days for staff and SY2021-22 calendars will be fully restored
 - \$4.0M cost to General Fund
- No employee medical premium increases and no premium increases paid by schools or departments (all projected medical expense increases absorbed within the Medical Fund)
 - \$0.0M cost to General Fund
- Compensation pool for pay increases equivalent to 2.25% for all FTE funded by General Fund
 - Total compensation pool could be increased with additional revenue to provide larger increases

2021-22 Priority: Compensation

Distribution of Compensation Pool:

Pay ranges in DCSD have, in some cases, not been adjusted for cost of living (COLA) in as many as 6 years. The proposed compensation adjustments for SY2021-22 focus first on updating pay ranges (min-mid-max) for all positions based on annual cost of living; an important first step in developing a more comprehensive compensation strategy.

- Employees **below** the adjusted minimum will be brought to the minimum
 - Approximately 7% of employees in this category
 - 2.25%-12.62% base pay adjustment
 - Approximate cost of adjustment: \$600k
- Employees **within** adjusted ranges receive a 2.25% increase to base pay
 - Approximately 83% of employees in this category
 - 2.25% base pay adjustment
 - Approximate cost of adjustment: \$6.6M
- Employees **above** the adjusted maximum receive a one-time payment (2.25%) rather than an adjustment to base pay
 - Approximately 10% of employees in this category
 - Approximate cost of adjustment: \$1.3M

2021-22 Priority: Compensation

SY2022-23 Compensation Work Ahead

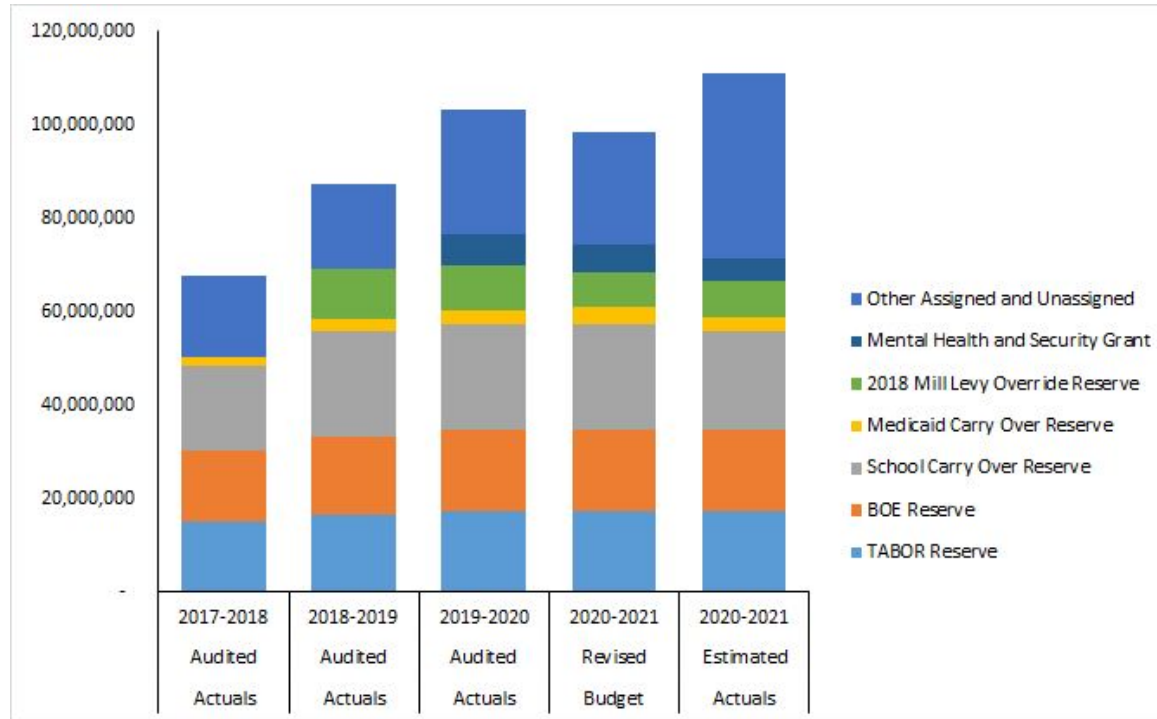
- Development of a compensation philosophy for DCSD with associated goals of salary schedule revisions
- In depth job description reviews, market analysis, and compression analysis for all employee groups as outlined in the Strategic Plan
- Development of licensed step and lane schedule(s) for review and feedback
 - Includes multi-year cost projections
- Evaluate feasibility of early retirement / separation options for June 30, 2022 effective date

One Time vs. Ongoing Revenue and Expense

Budgeted Reserves

General Fund Available Reserves (Fund Balance)

- Unassigned reserves have increased by \$22.4M since 2017-2018
- To maintain Aa credit rating with Moody's, available fund balance ratio must stay between 17.5-25% as one of the scorecard indicators
- DCSD calculation of 21.4% on 2019-2020 audit
- Ratio would remain above 17.5% without \$40M unassigned reserve



Other Fund Balance Considerations

- Fund Balance per Pupil
- Fiscal Health Analysis by Colorado Office of the State Auditor

Fiscal Health Ratio	Description	Benchmark	DCSD Ratio on 2020-2021 Projected Year End
Operating Reserve Ratio (ORR)	Fund Balance of the General Fund/General Fund Total Expenditures (Net of Transfers)	0.0192 (1/52 or one week of reserves for current expenditures and transfers)	0.182
Operating Margin Ratio (OMR)	General Fund Total Revenue - (General Fund Total Expenditures, Net of Transfers)/General Fund Total Revenue	>0 (revenue exceeds expenditures)	0.056
Change in Fund Balance Ratio (CFBR)	Current Year Fund Balance of the General Fund - Prior Year Fund Balance/Prior Year General Fund Balance	0 (fund balance does not change)	0.060

General Fund Assignments of Fund Balance in 2021-2022

Reserve Category	Assignment	Budget Amount
Restricted	TABOR	\$18,031,000
Committed	BOE Reserve	\$18,031,000
Restricted	Medicaid Carry Over	\$3,023,385
Assigned	School Carry Over	\$21,261,778
Assigned	Literacy Curricular Materials Reserve	\$4,500,000
Assigned	Mill Levy Override Reserve	\$6,674,763
Assigned	Enrollment Reserve	\$1,438,252
Unassigned	Unassigned	\$38,835,513

Combined General Fund Three Year Forecast

Assumptions - Revenue

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

- 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
 - Buy-down of \$50M annually statewide to the Budget Stabilization Factor
- Enrollment
 - Projections for neighborhood and charter schools provided by Planning Department
 - No new charters open
- No New Tax Revenue

Assumptions - Expense

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

- Compensation Increases
 - Annual cost of living adjustment (COLA) of 2.0%
 - Incrementally return nursing positions to General Fund beginning in 2022-2023
 - PERA employer rate increase of 0.5% in 2022-2023
- Other Expenses
 - Small increases only to purchased services, supplies, other expenses and BOE contingency from 2021-2022 Proposed Budget amount
 - Charter School Pass Through adjusted according to charter enrollment and Per Pupil Revenue
 - Interfund Transfers adjusted according to commitments in other funds

Three Year Forecast

	2021-2022 Proposed	2022-2023 Projection	2023-2024 Projection	2024-2025 Projection
Beginning Fund Balance	109,508,552	111,795,691	103,349,168	94,723,853
Local Tax Revenue	289,862,248	307,201,317	314,784,900	321,246,416
State Tax Revenue	349,172,959	335,174,335	344,332,127	353,668,787
Federal Revenue	2,806,237	3,074,078	3,118,677	3,118,677
Other Local Revenue	27,956,354	28,449,524	28,954,573	29,525,208
Total Revenue	669,797,798	673,899,255	691,190,277	707,559,089
Salaries and Benefits	414,642,739	426,254,018	436,620,593	447,194,501
Purchased Services	33,379,941	33,648,538	33,919,193	34,191,967
Supplies	39,263,439	39,263,439	39,263,439	39,263,439
Other	2,072,806	2,072,806	2,072,806	2,072,806
Charter School Pass Through	150,026,315	152,399,072	157,242,976	162,958,813
Total Interfund Transfers	22,115,086	22,721,239	24,556,313	24,554,313
BOE Contingency	6,010,333	5,986,666	6,140,273	6,285,687
Total Expenditures and Transfers	667,510,659	682,345,777	699,815,593	716,521,527
Net Income/(Loss)	2,287,139	(8,446,523)	(8,625,316)	(8,962,438)
Ending Fund Balance	111,795,691	103,349,168	94,723,853	85,761,415
TABOR Reserve	18,031,000	18,141,411	18,606,887	19,047,536
BOE Reserve	18,031,000	18,141,411	18,606,887	19,047,536
School Carry Over Reserve	21,261,778	20,656,705	20,505,991	20,303,857
Medicaid Reserve	3,023,385	975,853	-	-
Enrollment Reserve	1,438,252	-	-	-
Literacy Curricular Materials Reserve	4,500,000	-	-	-
Assignment of 2018 Mill Levy Override	6,674,763	4,713,932	2,690,666	-
Unassigned Reserve	38,835,513	40,719,855	34,313,422	27,362,485

- Draw fund balance (net loss) annually beginning in 2022-2023
- Maintain positive unassigned reserves in all fiscal years
- Does not include any increases in local taxes
- Does not include implementation of new licensed compensation structure

Proposed Budget: Summary of Other Funds

Other Funds in Combined General Fund

- Outdoor Education - assumes resume full programming in 2021-2022
- Capital Projects - assumes continue to receive revenue in lieu of land from developers, school-funded building modifications held in reserve and add funding for tenant finish for new Bridge Program location
- Transportation - restore reduced routes through exploration of options such as driver pay increases, changes to annually contracted hours, repurpose transportation educational assistant vacancies and adding drivers; able to fund increases from transportation reserves at no increased cost to General Fund

One-Time vs. Ongoing Sources and Uses: Transportation Fund

Incremental Changes to Transportation Fund for 2021-2022

Revenue Increases/(Decreases)	One Time	Ongoing	Notes
Transportation Unassigned Fund Balance	\$ 3,543,887		preliminary 2020-2021 Q3 after setting aside \$700K for prepaids and inventory

Expense Increases/(Decreases)	One Time	Ongoing	Notes
Transportation department		\$ 1,711,401	Transportation increase through exploration of options such as driver pay/repurpose TEA vacancies/add drivers

Source/(Use) of Fund Balance \$ 3,543,887 \$(1,711,401)

As an identified budget priority, transportation will continue to be an area of focus for 2021-22 and beyond

Special Revenue Funds

- Nutrition Services - assumes resume full, normal meal service in 2021-2022
- Grants - includes continuation of recurring local, state and federal grants plus one-time ESSER (federal stimulus) funds
- Athletics and Activities - assumes resume normal length seasons and participation levels in athletics and activities in 2021-2022; restore a portion of reduced coach/sponsor stipend amounts cut due to COVID-19
- Child Care - assumes resume full enrollment capacity with reduced program closures due to quarantines in 2021-2022
- Pupil Activity - reflects return to normal extra and co-curricular activities in 2021-2022

Other Funds

- Bond Redemption, COP Lease Payment, Short Term Disability Insurance and Trust funds have no material changes year-over-year
- Bond Building - reflects projected construction schedule with significant spend planned for summer 2021
- Medical and Dental - no premium increases for health or dental insurance for 2021-2022 and project relatively flat expenses year-over-year

Next Steps

Next Steps

- State Legislature will vote on School Finance Act – estimated early June
- Staff will request formal adoption by the Board of Education on 2021-2022 Adopted Budget at June 22 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 and Citizen's Guide to the Budget later this summer

Discussion and Questions