



**Douglas  
County**  
School District

*Learn Today, Lead Tomorrow*

# BUDGET UPDATE FOR BOARD OF EDUCATION

April 20, 2021

# Agenda

- Legislative Updates
  - Updated Revenue Scenarios
- Department Budget Requests
  - Overview by DCSD Strategic Plan theme
  - Non-discretionary Department Requests
  - Discretionary Department Requests
- Overview of Reserves
- One-Time vs. Ongoing Revenue and Expense
- Staff Recommendation

# Legislative Updates

- 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%
  - Buy-down budget stabilization factor, increase to at-risk funding or other adjustments to Total Program to be determined by School Finance Act

# Revenue Scenarios for 2021-2022

*2020-2021 Supplemental sets a favorable starting point for 2021-2022 funding*

Option	Per Pupil Revenue	Increase in District-Share Total Program	Explanation
50% of Governor's request	\$8,139	\$14.5M	assumes legislature approves 50% of Governor's request and reallocates 50% outside of School Finance Act
buy-down budget stabilization factor dollar amount to 19-20	\$8,269	\$20.7M	assumes amount included within Long Bill appropriation for Total Program increases base by inflation plus buy-down dollar amount budget stabilization factor, not adjusting other factors or enrollment increases
75% of Governor's request	\$8,349	\$26.0M	assumes legislature approves 75% of Governor's request and reallocates 75% outside of School Finance Act
100% of Governor's request	\$8,559	\$34.6M	assumes legislature approves Governor's request as made in January 2021 based on March economic forecasts presented to JBC on 3/19/21

# Department Budget Requests

- Zero-Based Budgeting for all departments
  - examination and justification for all costs rather than just incremental costs
  - start with \$0 and build up budget annually
- Asked departments to identify how changes to proposed budget supports Strategic Plan
- Leadership reviews all requests and determines initial priority
- Year-over-Year requested increases compare to 2020-2021 Adopted Budget and do not account for any mid-year one-time increases in budget from contingency or reserves

## February

Departments build initial budget request with assistance of budget analyst

**Total Requested Increases = \$11M+**

## March

Budget Director reviews initial budget request with departments to identify opportunities to create efficiencies or utilize one time funds

**Total Requested Increases = \$8.9M**

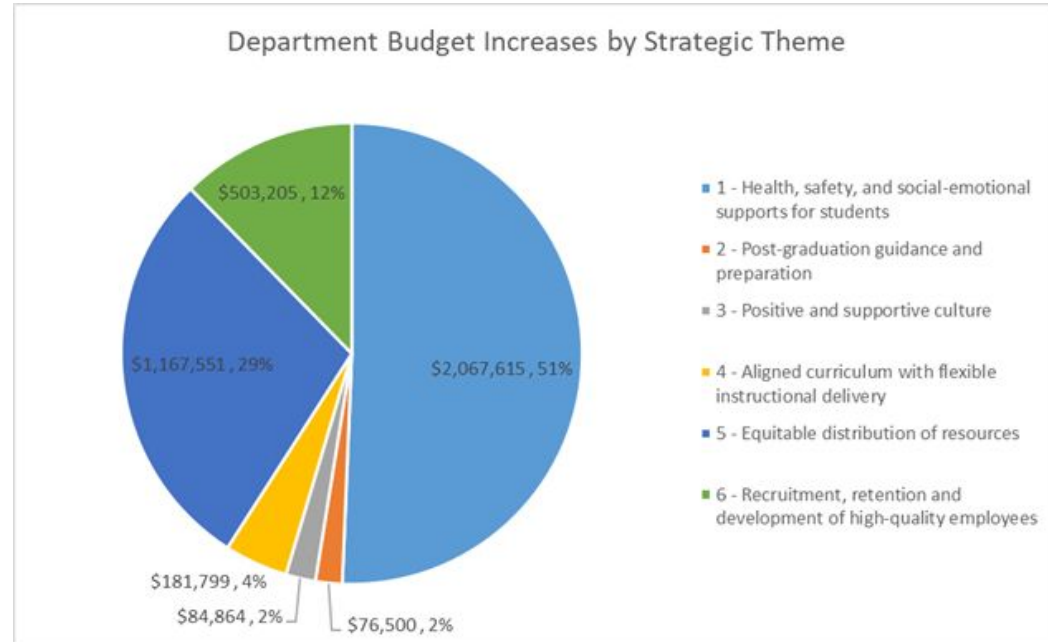
## April

Superintendent's Cabinet reviews revised budget request to prepare staff recommendation of priorities

**Total Requested Increases = \$6.9M**

# Summary of Department Budget Requests

- Total Department Budget Request Increase from DBBs = \$5.3M
- Total District-wide Budget Request Increase = \$1.6M
- **Grand Total Department Budget Request Increase = \$6.9M**
- Of the \$6.9M requested, approximately \$3.2M has been identified as non-discretionary
- Proposed increase is 5% of overall department budgets





# Budget 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
<b>Total Non-Discretionary</b>			<b>\$ 3,215,210</b>

\* managed by department, but budgeted as districtwide

# Budget Discretionary Increases: Board of Education and Superintendent

Department (including district-wide)	Explanation of Budget Items	Increase \$	Increase %
Board of Education	communitywide survey similar to survey conducted in 2017-2018	\$ 189,685	94%
Superintendent's Office	Chief Equity Officer (utilize vacant Chief Academic Officer previously budgeted in CIPG)	\$ 205,230	37%

*Line items represent the net impact of reductions and requested increases. Total \$ increase includes all requests for staffing changes where applicable, and in some cases relates to a shift in funding from one DBB to another.*



# Budget Discretionary Increases: Curriculum, Instruction and Assessment

Department (including district-wide)	Explanation of Budget Items	Increase \$	Increase %
Curriculum, Instruction and Professional Growth (CIPG) and Reading Recovery	additional pay for curriculum councils/content experts and Keys to Literacy for READ Act	\$ 130,184	7%
Support Staff Professional Development	convert retiree coordinator role to full time coordinator and additional pay for classified staff training	\$ 79,402	16%
Language, Culture and Equity (previously English Language Development)	half data management specialist, professional development, curricular and program materials to support equity team; move interpreter/translation services from Personalized Learning	\$ 279,532	63%
Assessment and Educator Effectiveness	convert position within Student Data team to new pay rate to align with other positions within department	\$ 22,854	1%
Gifted and Talented	half data management specialist and professional development for school-based staff	\$ 47,722	5%
District Library Media Center	convert substitute to part time library technician and circulation of novel sets	\$ 58,236	14%

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# Budget Discretionary Increases: School Leadership

Department (including district-wide)	Explanation of Budget Items	Increase \$	Increase %
Athletics, Activities and Stadiums	contract for athletic trainers and restore stipend amounts for athletic coaches and activity sponsors to 2019-2020 rates (do not restore number of stipends)	\$ 341,885	9%
Career and Technical Education	concurrent enrollment tuition paid (offset by revenue) and restore stipend for CTE teachers (uses 2018 MLO funds)	\$ 156,046	3%
Choice Programming and Home Education/Cloverleaf	no requested increases in General Fund; able to support students with smaller budget through operational efficiencies	\$ (25,995)	-2%
Student Assistance	increase hours of dropout reduction specialist, alternative education teacher and move professional learning specialist from DC Oakes High School	\$ 243,681	21%
School Leadership	alternative school principal and administrative assistant to support build out of new alternative school in Parker for fall 2022	\$ 130,047	11%
Security	repurpose vacant armed officer to receptionist and move position to Human Resources, restore Deputy Security Director	\$ (5,668)	0%
Foundation for Douglas County Schools	correction of salaries for existing personnel	\$ 9,365	3%

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# Budget Discretionary Increases: Personalized Learning

Department (including district-wide)	Explanation of Budget Items	Increase \$	Increase %
Early Childhood Education and Early Childhood - SPED	Line item represents a formula correction in the 2020-2021 budget; this is not a true decrease to the department budget	\$ (870,070)	-5%
Personalized Learning	move interpreter/translation services to Language, Culture and Equity	\$ (87,362)	-11%
Special Education (SPED)	program assistant, SPED legal services, moderate needs teachers and educational assistants	\$ 278,259	2%
Mental Health	protocols and staff augmentation for school psychologists	\$ 123,452	14%
Medicaid and Health, Wellness and Prevention	nurses mid-year in 20-21, nurse substitutes and professional development, vision/hearing specialist hours	\$ 600,698	10%

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# Budget Discretionary Increases: Information Technology

Department (including district-wide)	Explanation of Budget Items	Increase \$	Increase %
Information Technology	business analyst and network technician, aging equipment replacements, Emergenetics contract renewal	\$ 342,388	3%

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# Budget Discretionary Increases: Chief Operations Officer

Department (including district-wide)	Explanation of Budget Items	Increase \$	Increase %
Transportation	exploring options related to number of drivers and/or driver pay rates, scheduler and supervisor, technical services and fuel (able to fund with transportation reserves at no increased cost to General Fund)	\$ 1,691,199	10%
Chief Operations Officer, Operations and Maintenance and Construction	maintenance supplies, groundskeepers, rental spaces and moving mobiles (funded by cash in lieu of land)	\$ 674,684	3%

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# Budget Discretionary Increases: Business Services

Department (including district-wide)	Explanation of Budget Items	Increase \$	Increase %
Business Services	budget analyst and ERP systems analyst	\$ 99,513	2%

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# Budget Discretionary Increases: Human Resources

Department (including district-wide)	Explanation of Budget Items	Increase \$	Increase %
Human Resources and Benefits	records specialist, investigators for compliance officer support, receptionist moved from Security, tuition reimbursement, professional memberships	\$ 570,548	7%

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# Budget Discretionary Increases: Communications

Department (including district-wide)	Explanation of Budget Items	Increase \$	Increase %
Communications	no requested increases in General Fund; able to support students with smaller budget through operational efficiencies	\$ (18,306)	-2%

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# Budget Discretionary Increases: Legal Counsel

Department (including district-wide)	Explanation of Budget Items	Increase \$	Increase %
Legal Counsel	legal secretary	\$ 37,193	4%
Risk Management	self-funded insurance losses (claims) set to deductible levels, AED and inspection of ropes courses	\$ 100,321	4%

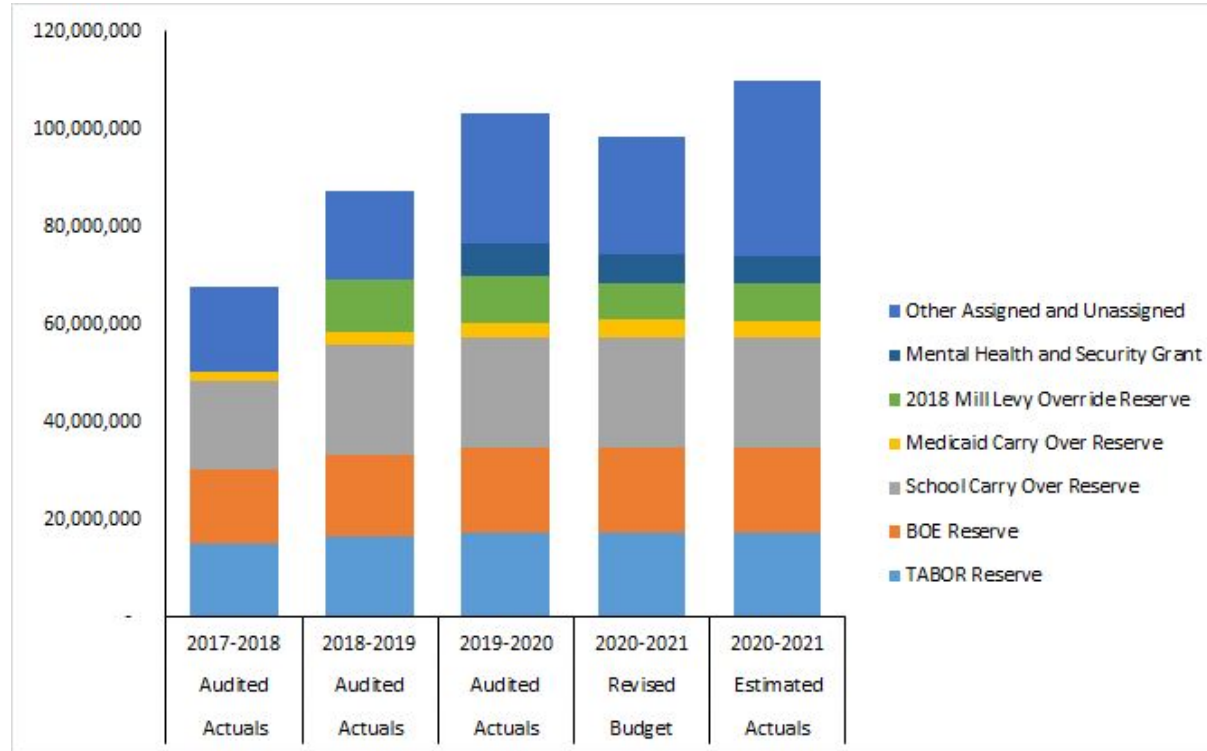
*Line items represent the net impact of reductions and requested increases. Total \$ increase includes all requests for staffing changes where applicable, and in some cases relates to a shift in funding from one DBB to another.*

# Contingency vs. Reserves

- General Fund Contingency
  - appropriated annually and anticipate use in fiscal year (ongoing budget)
  - set to 1% of operating budget revenue or  $\frac{1}{3}$  of TABOR
  - typical spend includes additional Special Education positions, increases to SBB allocations, unforeseen mandatory cost increases (snow removal) mid-year
  - use of contingency is reported to the Board of Education once 50% of the contingency budget or 0.5% of the operating budget has been spent and in increments of \$500,000 for remaining use
- General Fund Reserves
  - organized in defined categories per GASB: restricted, committed, assigned, unassigned
  - savings from prior fiscal year as fund balance (one-time budget) that may or may not be appropriated
  - not typically spent unless appropriated by Board of Education via resolution

# General Fund Available Reserves (Fund Balance)

- Unassigned reserves have increased by \$18.6M 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 \$35M 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)	0.058
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)	0.056



# Potential 2021-2022 Scenarios

Scenario	Revenue Budget Increase	Scenario	Revenue Budget Increase	Scenario	Revenue Budget Increase	Scenario	Revenue Budget Increase
21-22 funding set to 50% of Governor's January 21 request	\$ 14,494,589	buy-down budget stabilization factor to 19-20 amount plus inflation on base	\$ 20,717,944	21-22 funding set to 75% of Governor's January 21 request	\$ 25,986,572	21-22 funding equal to Governor's January 21 request	\$ 34,648,763
changes to other ongoing revenue for Medicaid, preschool tuition, facility rental and charter share of mill levy override	\$ (1,416,745)	changes to other ongoing revenue for Medicaid, preschool tuition, facility rental and charter share of mill levy override	\$ (1,416,745)	changes to other ongoing revenue for Medicaid, preschool tuition, facility rental and charter share of mill levy override	\$ (1,416,745)	changes to other ongoing revenue for Medicaid, preschool tuition, facility rental and charter share of mill levy override	\$ (1,416,745)
Budget Item	Expense Budget Increase	Description	Expense Budget Increase	Description	Expense Budget Increase	Description	Expense Budget Increase
Restore Full Calendars (No Furlough Days)	\$ 3,987,932	cost to restore full calendar for all positions funded within General Fund	\$ 3,987,932	cost to restore full calendar for all positions funded within General Fund	\$ 3,987,932	cost to restore full calendar for all positions funded within General Fund	\$ 3,987,932
Pay Increase	\$ 7,355,542	1.75% equivalent for all FTE funded by General Fund for targeted pay increases	\$ 7,544,146	2% equivalent for all FTE funded by General Fund for targeted pay increases	\$ 7,544,146	2.5% equivalent for all FTE funded by General Fund for targeted pay increases	\$ 9,430,182
Reinvest in Site-Based Budget through weighted student funding increase	\$ 1,734,616	using 50% of the amount cut from SBB in 20-21, increase SBB using current SBB weighted formula and 21-22 enrollment projections	\$ 2,601,924	using 75% of the amount cut from SBB in 20-21, increase SBB using current SBB weighted formula and 21-22 enrollment projections	\$ 3,469,232	using 100% of the amount cut from SBB in 20-21, increase SBB using current SBB weighted formula and 21-22 enrollment projections	\$ 3,469,232
Department-Based Budget Non-Discretionary Increases	\$ 3,215,210	fund 100% of increases to items paid by department budgets that are either required by law or contracts renewals already negotiated	\$ 3,215,210	fund 100% of increases to items paid by department budgets that are either required by law or contracts renewals already negotiated	\$ 3,215,210	fund 100% of increases to items paid by department budgets that are either required by law or contracts renewals already negotiated	\$ 3,215,210
Department-Based Budget FTE and Other Discretionary Increases	\$ 1,856,762	fund 50% of requested increases to FTE or discretionary department items, including mileage reimbursement, using ongoing revenue, remainder could only be supported with reductions in other areas or one time use of reserves	\$ 2,785,143	fund 75% of requested increases to FTE or discretionary department items, including mileage reimbursement, using ongoing revenue, remainder could only be supported with reductions in other areas or one time use of reserves	\$ 3,713,524	fund 100% of requested increases to FTE or discretionary department items, including mileage reimbursement using ongoing revenue	\$ 3,713,524
Restore contingency to 1% of operating budget	\$ -	no contingency restoration and will require 2nd year of resolution lowering contingency level	\$ 577,033	restore contingency to pre-COVID levels	\$ 577,033	restore contingency to pre-COVID levels	\$ 577,033
Enrollment Reserve for October Count	\$ -	will not be able to set aside a reserve in case actual enrollment at October Count is lower than projected (loss of enrollment would need to be paid out of school budgets and/or reserves)	\$ 1,438,252	set aside a reserve in case actual enrollment at October Count is lower than projected	\$ 1,438,252	set aside a reserve in case actual enrollment at October Count is lower than projected	\$ 1,438,252
	\$ 18,150,061		\$ 22,149,639		\$ 23,945,328		\$ 25,831,364
<b>Gain/(Use) of Reserves</b>	<b>\$ (5,072,217)</b>		<b>\$ (2,848,440)</b>		<b>\$ 624,500</b>		<b>\$ 7,400,654</b>

# One-Time vs. Ongoing Sources and Uses

Revenue Increases/(Decreases)	One Time	Ongoing
General Fund	\$6.4M	\$24.6M
Transportation Fund	\$3.4M	\$0.0M
ESSER (Grants)	\$13.3M	\$0.0M
Expense Increases/(Decreases)	One Time	Ongoing
General Fund	\$9.9M	\$23.9M
Transportation Fund	\$0.0M	\$1.7M
ESSER (Grants)	\$13.3M	\$0.0M
Source/(Use) of Fund Balance	(\$0.1M)	(\$1.0M)

# One-Time vs. Ongoing Sources and Uses: General Fund

Revenue Increases/(Decreases)	One Time	Ongoing	Notes
School Finance Act Total Program Revenue		\$ 25,986,572	2021-2022 funding set to 75% of Governor's January 2021 request
General Fund Unassigned Fund Balance	\$ 6,940,032		increase to unassigned projected from 2020-2021 Q2 plus state supplemental
Preschool Tuition		\$ 740,783	assume return to pre-pandemic enrollment in ECE
Stadium Sponsorships	\$ (137,000)		sponsorship of Echo Park Auto Stadium expiring, no new sponsor for 2021-2022
Summer School Tuition	\$ (400,000)		summer school will be free of charge to families through ESSER
Facility Rental Revenue		\$ 495,600	estimated increase based on anticipated summer 2021 availability
Medicaid Revenue		\$ (1,810,472)	projected to decrease due to Direct Medical Percentage impact related to COVID
Charter share of Mill Levy Override		\$ (842,656)	less available for district-run schools as charter enrollment increases

Expense Increases/(Decreases)	One Time	Ongoing	Notes
Reinstate full calendars (no furlough days)		\$ 3,987,932	2 days for all staff except 5 days for department directors and cabinet
Percentage-based pay increase to base salary		\$ 7,544,146	2% equivalent for all FTE funded by General Fund for targeted pay increases
Stipends	\$ 3,987,932		one time stipend paid in 2020-2021 to offset cost of furlough days
Reinvest in Site-Based Budget through weighted student funding increase		\$ 3,469,232	using 100% of the amount cut from SBB in 2020-2021, increase SBB using current SBB weighted formula and 2021-2022 enrollment projections
Department-Based Budget Non-Discretionary		\$ 3,215,210	items paid by department budgets that are either required by law or contracts renewals already negotiated
Department-Based Budget FTE and Other Discretionary		\$ 3,713,524	fund 100% of requested increases to FTE or discretionary department items
READ Act curricular materials	\$ 4,500,000		quotes from vendors on per pupil price for literacy materials
Restore contingency to 1% of operating budget		\$ 577,033	2020-2021 budget reduced appropriated contingency from 1.0% to 0.9% of operating budget increased to match TABOR/BOE Reserve increase
Enrollment Reserve for October Count		\$ 1,438,252	set aside a reserve in case actual enrollment at October Count is lower than projected
TABOR/BOE reserve adjusts with revenue	\$ 1,441,970		TABOR and BOE Reserve each set to 3% of operating budget revenue

Source/(Use) of Fund Balance

\$ (3,526,869) \$ 624,500

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

Revenue Increases/(Decreases)	One Time	Ongoing	Notes
Transportation Unassigned Fund Balance	\$ 3,382,030		preliminary 2020-2021 Q3 after setting aside \$1M for prepaids and inventory

Expense Increases/(Decreases)	One Time	Ongoing	Notes
Transportation department		\$ 1,691,199	Transportation increase through exploration of options such as driver pay/repurpose TEA vacancies/add drivers

**Source/(Use) of Fund Balance**                      **\$ 3,382,030**    **\$ (1,691,199)**



# One-Time vs. Ongoing Sources and Uses: ESSER (Grants)

Revenue Increases/(Decreases)	One Time	Ongoing	Notes
ESSER II and III	\$13,317,919		inclusive of indirect

Expense Increases/(Decreases)	One Time	Ongoing	Notes
eLearning	\$ 3,239,475		cost of all instructional and support staff, goods and services needed to support remote learning (includes SPED and SSPs)
Unfinished learning/extended learning	\$ 5,000,000		based on current estimates from planning team primarily for tutoring and summer programming
COVID-19 related non-instructional support	\$ 601,154		positions, goods and services for CIPG, HWP, IT, O&M and Communications directly related to COVID-19
Other ESSER funded positions/other	\$ 4,477,290		including but not limited to truancy and family liaisons, Canvas licensing, transportation for summer programming

Source/(Use) of Fund Balance	\$	-	\$	-
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# Staff Recommendation

- Build 2021-2022 Proposed Budget with 75% of Governor's School Finance Act request as revenue target and associated budget priorities
- Any additional School Finance Act revenue above and beyond 75% scenario will be put toward broad scale compensation adjustments in 2022-2023



# Discussion and Questions