VISION: EVERY CHILD SUCCEEDS

MISSION: The mission of Denver Public Schools is to provide all students the opportunity to achieve the knowledge and skills necessary to become contributing citizens in our diverse society.

SHARED CORE VALUES:
Students First • Integrity • Equity • Collaboration • Accountability • Fun

THE DENVER PLAN 2020:
The Denver Plan 2020 is Denver Public Schools’ five-year strategic plan. With the vision of Every Child Succeeds, DPS has committed to five specific goals designed to close academic achievement gaps and prepare all students for success in college and careers:

1. GREAT SCHOOLS IN EVERY NEIGHBORHOOD: By 2020, 80% of DPS students will attend a high-performing school, as measured by region using the district’s School Performance Framework.

2. A FOUNDATION FOR SUCCESS IN SCHOOL: By 2020, 80% of DPS third-graders will be at or above grade level in reading and writing.

3. READY FOR COLLEGE AND CAREER: By 2020, the four-year graduation rate for students who start with DPS in ninth grade will increase to 90%. By 2020, we will double the number of students who graduate ready for college and career, as measured by the increasing rigor of the state standard.

4. SUPPORT FOR THE WHOLE CHILD: DPS is committed to creating an equitable and inclusive environment that fosters the growth of the whole child by ensuring students are healthy, supported, engaged, challenged, safe, and socially and emotionally intelligent.

5. CLOSE THE OPPORTUNITY GAP: By 2020, the graduation rate for African-American and Latino students will increase by 25%. Reading and writing proficiency for third-grade African-American and Latino students will increase by 25%.

ABOUT THE CITIZEN’S GUIDE FOR UNDERSTANDING THE DPS BUDGET

The Citizen’s Guide to Understanding the DPS Budget summarizes the philosophies and influences that drive how Denver Public Schools spends its funding.

These considerations include student enrollment, state funding, district reserves and the key belief that our schools best know how to serve their students. In addition, the guide provides details on how the voter-approved Mill Levy Override and bonds support students and families. Please note that the guide is not a complete directory of financial information. Fully detailed budgetary schedules are available on the DPS Financial Transparency website at financialservices.dpsk12.org/financialtransparency.
While Colorado ranks 39th in the country in state spending per pupil, DPS is committed to aligning our limited budget resources with our Shared Core Value of Students First and our number one Denver Plan 2020 goal, ensuring Great Schools in Every Neighborhood. To do this, we prioritize protecting dollars and resources in our schools – where they matter most.

We work to give schools the maximum flexibility with their budgets because we know that those closest to our kids, our teachers and our communities, should decide how to best spend their dollars. Shifting greater resources and decision-making to our schools means we’re building the ability of our school teams to drive instructional improvements for their kids.

*For FY2017-18 academic year, including charters,
**For FY2016-17 academic year, including charters
SUPPORTING THE GOALS OF THE DENVER PLAN 2020

The Denver Plan 2020 guides the district’s decision-making, including how to best allocate our people, time and financial resources. DPS plans to spend over $1 billion in the 2018-19 school year, and 96% of these funds will be spent on supporting students, through principal budgets and support services that advance our goals. DPS expects to spend only 4% of the budget on central administrative costs, ensuring more dollars are spent to help our students succeed.

STATE BUDGET PICTURE

Colorado currently ranks in the bottom third among states in public school per pupil spending, which creates significant challenges for school districts statewide. Colorado school districts are still feeling the results of the economic recession, when the legislature passed changes to the Colorado School Finance Act. This change introduced the budget stabilization factor (previously called the negative factor) to the school funding formula, allowing the state to reduce funding that otherwise would have gone to school districts.

Since its introduction in fiscal year (FY) 2010-11, the budget stabilization factor has withheld more than $7 billion from Colorado school districts, including over $762 million that would have gone to DPS. Despite lawmakers allocating approximately $150 million more to Colorado districts in fiscal year FY 2018-19 to minimize the impact of the budget stabilization factor, it continues to reduce per pupil revenue by around $672 million across the state and about $70 million for DPS.
PERA CHANGES

In June 2018, the Colorado legislature passed several reforms designed to improve funding for the Public Employees Retirement Association (PERA). These reforms include increasing employer and employee contribution rates by .25% and 2% respectively, modifying benefits of current and future members, and requiring the state budget to contribute an additional $225 million. With the contribution rates set to increase in the 2020 fiscal year, DPS set aside a reserve in FY 2017-18 to reduce the financial impact of these increases and will continue to create a fiscal plan that minimizes the impact on employees as much as possible.

CHANGING DEMOGRAPHICS

High housing prices, shifting demographics and declining birth rates have contributed to a decrease in the number of school-age children in Denver. Fewer students enrolling in DPS means less funding for our schools. To address these changes, the Denver Board of Education established the Strengthening Neighborhoods Committee, which developed recommendations for how DPS can increase integration and inclusion in all of our schools and address issues associated with the declining number of school-aged children in impacted areas of the city. DPS will take the committee’s recommendations into consideration while seeking solutions to the challenges of a changing city.

DPS plans to increase school budgets by roughly $15 million to keep pace with average salary increases and changes in student enrollment. An additional $20 million is being shifted from centrally budgeted school supports to school budgets.

PRIORITIZING DOLLARS

While keeping budgetary decisions at the school level, DPS also focuses on competitive compensation for our teaching staff. Teachers who have remained with the district over the past five years have received, on average, increases of 4% per year, while inflation has averaged 3%.

BOND/MILL LEVY FUNDING

In November 2016, Denver voters approved bond and mill funding measures to support DPS students, agreeing to invest $572 million in bond funding to build and improve schools and $56.6 million in operating dollars to support key district priorities, including Teacher Leadership & Collaboration, Whole Child supports, technology, early literacy efforts and concurrent enrollment. Learn more at bond.dpsk12.org.

BUDGET APPROVAL

In December, the Superintendent and Chief Financial Officer discuss financial priorities with the Board of Education and outline a clear vision for the following school year’s budget. This makes it possible for school leaders to submit their school budgets in January and still have enough time to hire the best teachers and staff to fulfill their Unified Improvement Plan for the year ahead. The Denver Board of Education officially approves the upcoming year’s budget each May or June.
The DPS fiscal year begins July 1st and ends June 30th. Below is a timeline that illustrates the process the district undergoes to develop the 2018-2019 budget.
FY2018-19 Budget Highlights

Revenue

- Total enrollment, the most critical factor in total DPS revenue, is projected to be approximately 93,000 students in 2018-19.
- Per Pupil Revenue is projected to increase 5.7% year to year (from $7,918 to $8,369) mainly due to inflationary increases and reduction of the state’s budget stabilization factor.
- The 2016 mill levy override continues to provide DPS with nearly $60 million in additional funding to support students.

Spending

- Competitive compensation increases of 4.65% for teaching staff and 3.65% for non-teaching staff.
- Long-term commitments to provide additional funds to the schools with the highest needs, including dollars specifically designated to support students living in extreme poverty.
- $3 million in compensation increases for employees in our lowest paid roles.
- $2 million for schools to hire psychologists, social workers and other Whole Child supports.

TOTAL DPS Sources of Funding

DPS receives revenue from a variety of local, state, federal and private sources, with local property taxes accounting for almost 57% of our total revenue. Property taxes include revenue determined by the School Finance Act, as well as all mill levy overrides and bond redemption approved by Denver voters. The second largest source of revenue for DPS comes from state equalization, which is the remaining share of total program funding determined by the School Finance Act. Combined, these two sources account for nearly 77% of our total revenue.

Other Major Revenue Sources Include:

- **Federal Funding** – student programmatic funding is primarily made up of Title I, Title II and IDEA (Individuals with Disability Education Act) revenue. The amount of revenue DPS receives changes year to year based on student demographics in DPS, as well as the state of the national economy. Resources from the Department of Agriculture support our school meal program.
- **Other Local Sources** – grants from many different institutions and foundations, including, but not limited to, The Campbell Foundation (a donor-advised fund of The Denver Foundation), W.K. Kellogg Foundation, and the Wallace Foundation (our three largest donors in 2017-18). Similar to federal funding, this revenue also changes year to year based on the pledged amounts of charitable organizations and the implementation timelines of the programs these organizations support.

The following chart depicts all $1.4 billion of DPS revenue sources (100% of total revenue of all appropriated funds):

**District Total Revenue**
SCHOOL FINANCE ACT

The Colorado School Finance Act outlines the total program funding formula used to determine a per pupil funding level for each school district. The total program funding includes a base amount plus additional factors, which vary by district and compensate for financial differences among districts, such as cost of living, district size and personnel costs. In addition to these factors, additional funds for at-risk and online students are available through the formula.

The following diagram outlines the total program formula.

BUDGET STABILIZATION FACTOR

Beginning in FY 2010-11, the Colorado legislature implemented the “negative factor” to address the challenges of the great recession. Now called the budget stabilization factor, it continues to shrink state funding for education. Despite economic recovery in Colorado, the legislature has not fully eliminated the budget stabilization factor, due in part to state and constitutional dynamics. In 2017-18, DPS’ share of the budget stabilization factor was slightly more than $85 million. In 2018-19, the budget stabilization factor was decreased to $70 million total. While the legislature took steps to keep the budget stabilization factor flat, this practice has continued to reduced the DPS general fund budget by an average of 9% over the past 5 years.
GENERAL FUND REVENUE

General fund revenue is the source of funding that is primarily used to cover the traditional costs of operating a school district – like funding school budgets, operating high-quality facilities and running the bus service. Unlike capital, federal or philanthropic funds, which are often restricted to funding specific programs or populations, the general fund provides DPS leaders the most autonomy to determine funding priorities — or make adjustments — in line with our strategic goals.

As we did in 2016, DPS may seek approval from Denver voters to raise additional property tax revenues via an additional mill levy, called a mill levy override. All override revenue is from property taxes; however, the voter approval to raise override revenues does not impact state share funding.

The pie chart below identifies the different revenue sources that make up the DPS general fund and includes funding for mill levy overrides. As the assessed value of Denver real estate has grown over the past several years, the increase of property taxes as a portion of general fund has grown and the state share has decreased as a percentage of general fund revenue.

GENERAL TOTAL REVENUE

Based on a variety of data inputs, including population growth, new residential development and the increasing percentage of students living within the district who choose to attend a DPS school, DPS expects enrollment to continue to grow, primarily in the Green Valley Ranch, Stapleton and Lowry neighborhoods. However, due to demographic changes, increases in housing costs and other factors, several areas of the city are likely to see a decline in the number of school-age children, which will cause enrollment to decrease.

*2018 Enrollment data (noted in green) is the projected enrollment for the 2018-19 school year; the official student count is completed in October 2018.
DPS prioritizes supporting schools by investing 96% of the district’s expenditures into schools and school support resources. DPS is committed to increasing investments into schools, and will continue to shift even more funds over to be managed at the school level in the coming year.

The table on the next page demonstrates the amount of funds allocated to district-managed schools and school supports, and the total amount of funds allocated to central school-support teams across all district-managed schools. Early Childhood Education and charter school costs were excluded to make this comparison fair between all school types.

Funding sources included in this summary are general, mill levy override and Pro-Comp trust funds. All federal, capital and other grant funds were excluded from this comparison.

Last school year, 96% of the district’s expenditures went directly to supporting students. The remaining 4% of expenses were used for central costs, among the lowest in the nation.
STUDENT-BASED BUDGETING

District-run schools are allocated funds based on a weighted student formula. We call this a “Student-based Budget” (SBB). With SBB, funding is allocated for each student. Recognizing that students with different needs may require different services, SBB provides a base per pupil funding amount for all students and includes additional weights based on student demographics. For example, additional funds are allocated for English Language Learners (ELL), direct certified students, students eligible for free- and reduced-price lunch and Gifted and Talented students. School leadership teams determine how to spend their funds to best meet their students’ educational needs by developing academic programs and staffing plans. The sources of the funds are the DPS general fund, federal and state grants, Colorado Preschool Program and Mill Levy funds.

DPS implemented SBB in the 2007-08 school year. It is because of the wide array of student and school needs that the district implemented a model to allow for site-level autonomy. We believe school leaders make the best decisions on how the school is structured and SBB is a reflection of that belief.

<table>
<thead>
<tr>
<th>COST CENTER (in thousands)</th>
<th>TOTAL FY18-19 BUDGET</th>
<th>% OF TOTAL BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCHOOL SUPPORT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal Managed Resources</td>
<td>$514</td>
<td>64%</td>
</tr>
<tr>
<td>Operations</td>
<td>$124</td>
<td>16%</td>
</tr>
<tr>
<td>School Supports &amp; Centrally Managed School Expenses</td>
<td>$128</td>
<td>16%</td>
</tr>
<tr>
<td>HEADQUARTERS/CENTRAL</td>
<td>$35</td>
<td>4%</td>
</tr>
<tr>
<td>GRAND TOTAL</td>
<td>$803</td>
<td>100%</td>
</tr>
</tbody>
</table>

2016 MILL LEVY OVERRIDE INVESTMENT

In November 2016, Denver voters again approved a mill levy override funding measure for students in DPS, agreeing to invest an additional $56.6 million annually in operating dollars to support proven initiatives.

The mill proposal was created by a 75-member citizens committee (in coordination with the bond proposal), with input from school leaders, teachers, students and community members. Committee members presented their proposal to the Board of Education in June 2016, and board members accepted their recommendation to place the funding package before voters.

The “yes” from voters means all DPS schools will benefit from increased support for classroom programs. Denver voters have approved mill levy overrides six separate times — in 1988, 1998, 2003, 2005, 2012 and 2016 — totaling over $200M annually in additional funds for students each year.

INVEST EARLY: EARLY LITERACY SUPPORTS ........................................... $6.8M
- Teacher and Staff Training
- Planning and Collaboration Time

READY FOR COLLEGE AND CAREER ........................................................ $8M
- CareerConnect
- Concurrent Enrollment

CLASSROOM TECHNOLOGY ............................................................................ $6.6M

GREAT TEACHERS IN EVERY CLASSROOM, GREAT LEADERS IN EVERY SCHOOL ........................................ $14.5M
- Teacher Leadership & Collaboration
- Principal Pipeline
- DPS Workforce Diversity

SUPPORT FOR THE WHOLE CHILD ............................................................... $15M
- SBB Funding for Whole Child Supports
- Expanded Learning Opportunities

GREAT LEARNING ENVIRONMENTS ............................................................ $4.9M
- Preventative, proactive, deferred and predictive maintenance

IMPROVED ACCESS TO EDUCATIONAL OPPORTUNITIES ...................... $400K
- Increased transportation options for high school students
In November 2016, Denver voters approved a bond measure for students in DPS, agreeing to invest $572 million in bond funding to build and improve schools.

The bond proposal was created by a 75-member citizens committee (in coordination with the mill levy proposal), with input from school leaders, teachers, students and community members. Committee members presented their proposal to the Board of Education in June 2016, and board members accepted their recommendation to place the funding package before voters.

The “yes” from voters means all DPS schools will benefit from improved classroom learning environments, such as technology upgrades.

You can learn more about the current status of the bond and mill funding at bond.dpsk12.org.