

2012-13 Budget Recommendations

Presentation to the Board of Education

Denver Public Schools

February 2, 2012



Discover a World of Opportunity™

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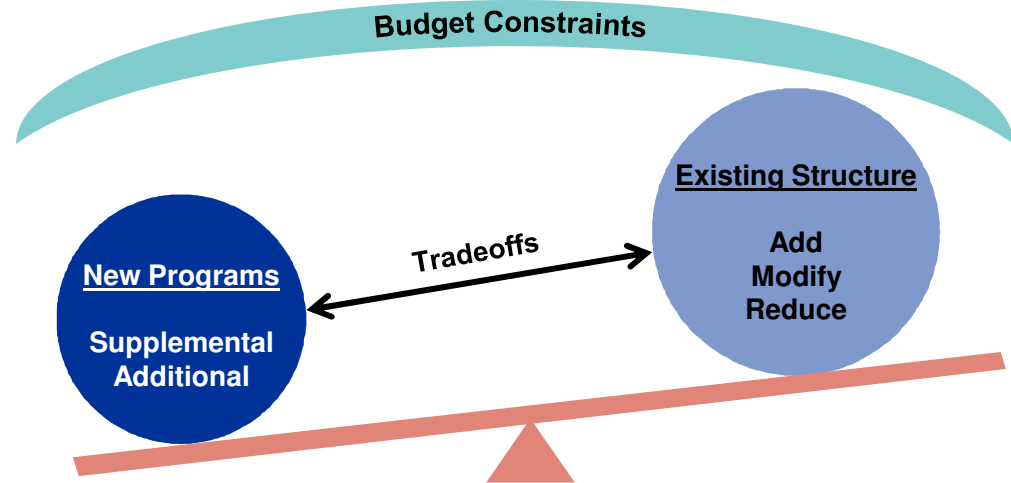
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Guiding Principles from the 2011 – 12 Budget Task Force

The budget process continues to use the Denver Plan to guide priorities, also leveraging the guiding principles developed last year with the Budget Task Force.

1. Direct more resources to schools
2. Increase school autonomy and accountability
3. Increase our investment in leadership
4. Increase accountability and performance of central administration
5. Fund what works
6. Raise revenues together



2011 – 12 Budget Decisions Aligned to Budget Task Force Principles

Guiding Principle	Budget Recommendations
Direct more resources to schools	<ul style="list-style-type: none"> ▪ Increased targeted funds for students in poverty and gifted and talented students ▪ Additional SBB weight for SPF performance
Increase school autonomy and accountability	<ul style="list-style-type: none"> ▪ Implemented proposed staffing levels with more flexibility for Nurses, Mental Health support and Mild Moderate staffing ▪ Reallocated \$27M in SpEd and PSN to less restrictive methodology (SBB)
Increase our investment in leadership	<ul style="list-style-type: none"> ▪ Added Teacher Effectiveness Coaches to support roll-out of Educator Effectiveness initiative
Increase accountability of central administration	<ul style="list-style-type: none"> ▪ Significantly reduced centrally budgeted expenditures ▪ Replace lost grant funding for Parent Engagement and Multi-Cultural Outreach
Fund what works	<ul style="list-style-type: none"> ▪ Continued support for key programs such as ELA Academy and 6th and 9th grade academies
Raise revenues together	<ul style="list-style-type: none"> ▪ Awarded over \$20 million in new, non formula grants ▪ This funding includes large private grants from organizations such as The Anschutz Foundation, Colorado Legacy, Daniels Fund, Michael & Susan Dell Foundation, The Bill & Melinda Gates Foundation, The Wallace Foundation, and The Walton Foundation.

Review of 2011-12 Key Budget Inputs and Decisions

State Funding	<ul style="list-style-type: none"> ▪ Statewide funding was reduced roughly \$200 million, or 4% ▪ Per pupil funding decreased \$94, or 1.5%, versus 2010-11*
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Federal Funding	<ul style="list-style-type: none"> ▪ Overall, available Federal funding decreased \$27 million versus 2010-11 ▪ Decreases are largely due to the finish for ARRA programs such as Title I, VI and Title IID and one time ARRA funding for SFSF and Ed Jobs which were used to supplement general fund expenses
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Major Budget Changes / Drivers (\$ millions)	Increased Investments	Amount	Funding for Investments	Amount
	Increase Per Student School Funding through SBB	\$10.5	Cuts to centrally budgeted services	(\$10.0)
	Increase Funding for Highest Priorities (such as multiple-pathways schools)	\$8.0	Budgeted use of General Fund Balance	(\$20.0)
<ul style="list-style-type: none"> ▪ The SBB Base was increased for all schools by 1% ▪ Increased funding of \$4.8 million for students in poverty, including additional funds for kinder ▪ Student services funding for SpEd and PSNs distributed to schools through per pupil SBB funding ▪ SBB funding provided for SPF performance 				

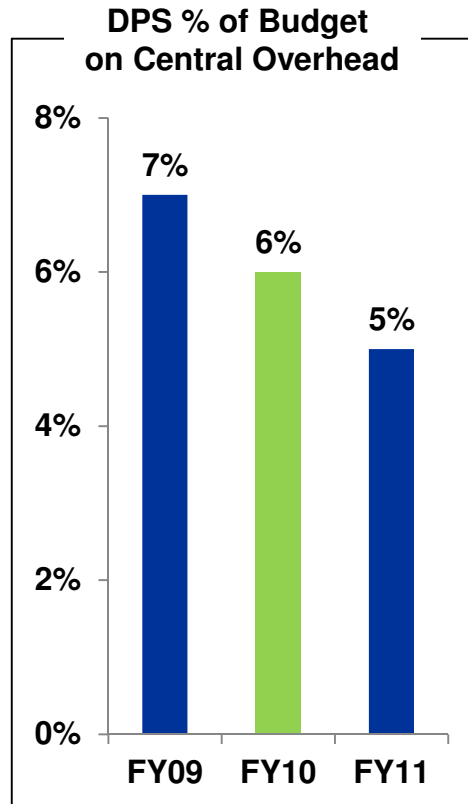


*PPR would have decreased 5%, but federal adjustment funding mitigated the state funding impact

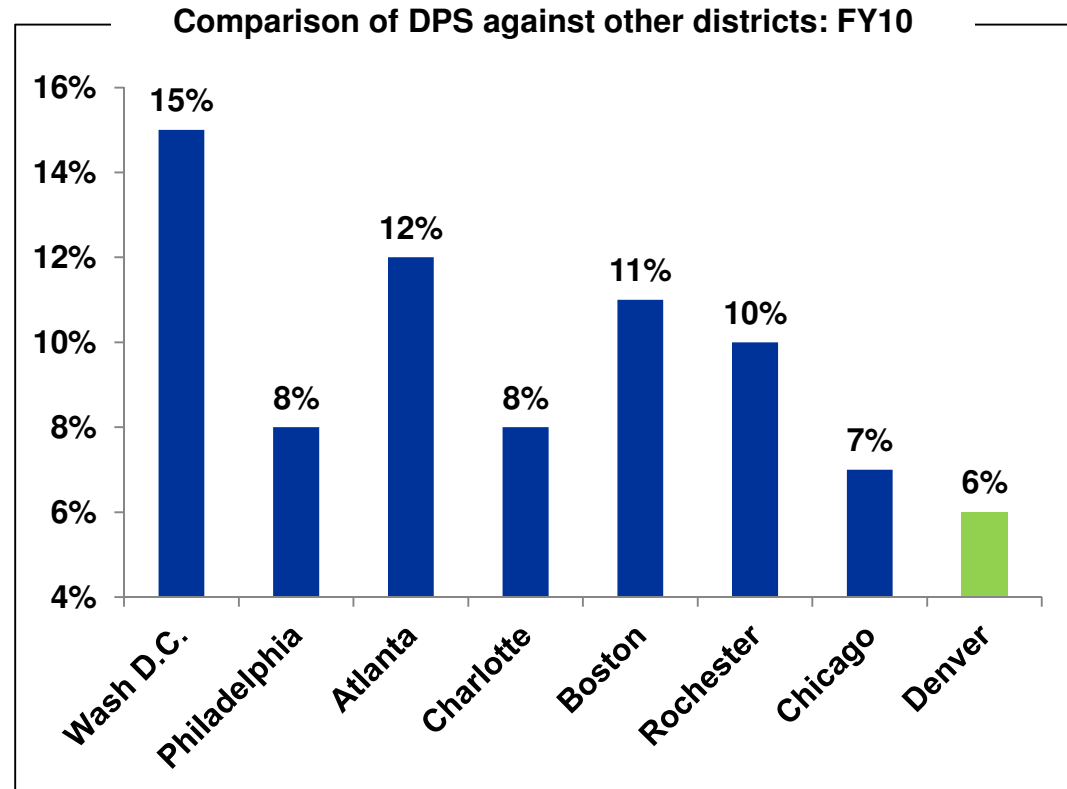
DPS Maximizes Spending Directly in the Classroom

DPS continues to reduce centrally budgeted services and remains among comparative urban districts with the lowest percentage of central funding in order to maximize funding in our classrooms.

% of K12 Operating Budget for Central Overhead



Source: DPS



Source: Education Resource Strategies: FY10



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Budgeting Process: Where we are Today

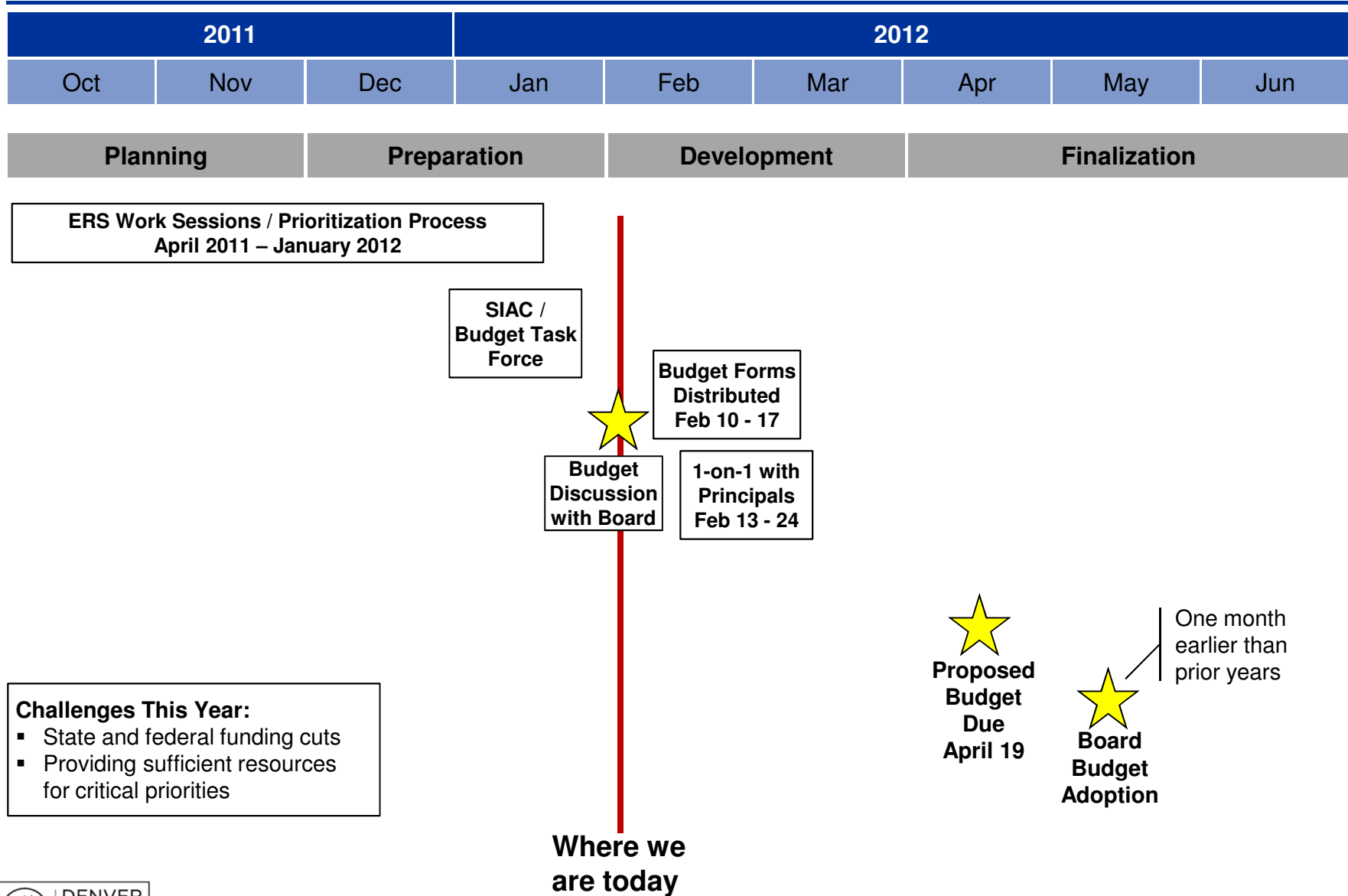


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Overview of State Funding Changes: 2012 – 13

November Forecast

- Anticipated statewide total program reduction of \$89 million
- This would have reduced DPS's per pupil funding to roughly \$6,650
- Funding cuts would have resulted in a total reduction of \$18 million to the district

Revised January Forecast

- Anticipated statewide program reduction of \$48 million
- DPS's per pupil funding will be reduced by 2%, or \$140, to \$6,733
- This cut will reduce per pupil funding to DPS by ~\$10 million

January Forecast Impact to DPS

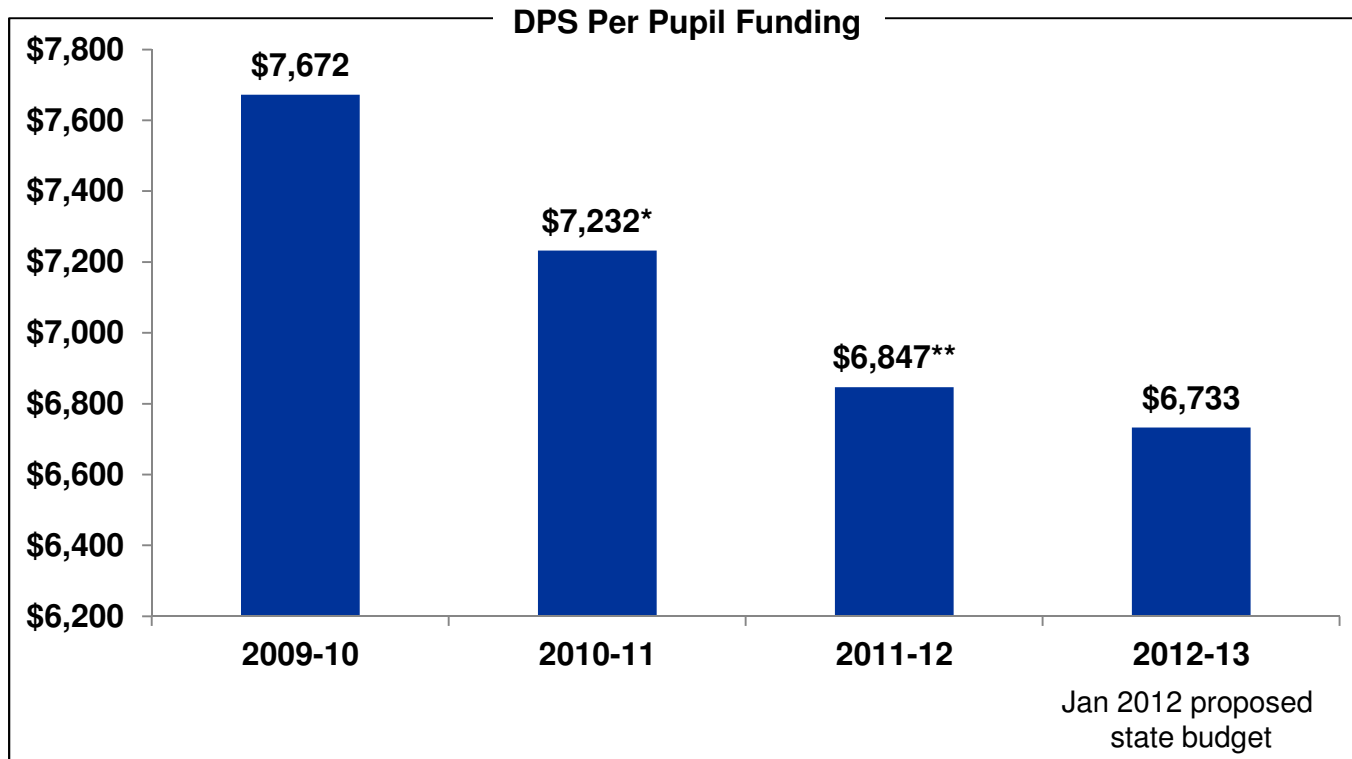
- Enrollment is forecasted to increase 2.1% or 1,500 students in 2012-13
- However, state funding will only increase 0.2%, or \$1.1 million, which is not sufficient to cover the costs associated with new students or provide funding for new initiatives

Outstanding Legislative Issues

- Potential for cuts to "Read to Achieve" program
- Outcome of the March 20th revenue forecast
- Legislative debate on retaining or eliminating tax exemptions

State Funding Cuts: Impact to DPS on Per Pupil Funding

The state has decreased per pupil funding more than 12% since 2009–10. The January 2012 proposed budget shows a decrease of nearly 2% versus last year.

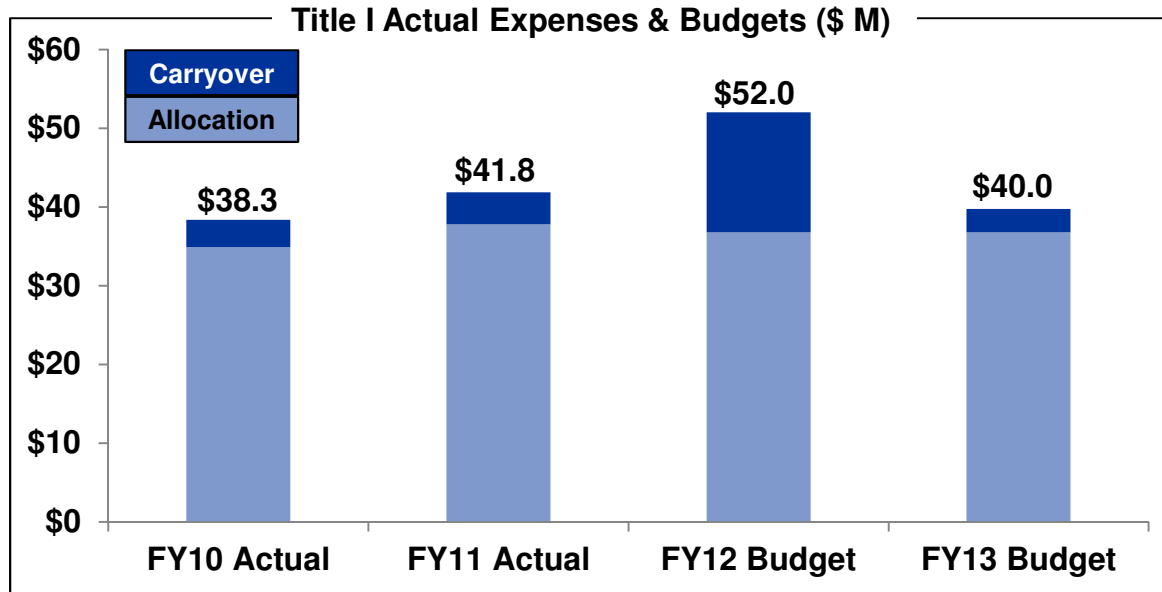


*2010-11 funding is prior to the federal adjustment of \$21M. Funding would have been \$6,941 without this adjustment

**2011-12 funding would increase to \$6,873 if state supplemental funds are released



Overview of Federal Title I Funding Cuts



Federal Funding

- Federal Funds are expected to continue to decline through reductions to Title II and III, though Title I and Title VI are expected to be flat
- ARRA grants are largely complete, but along with recently received Race to the Top funding, several additional ARRA grants run for 5 years (such as i3)

Impact on DPS Budgets

- The majority of ARRA funds were spent on infrastructure projects that do not result in a funding cliff
- Reductions in the formula grants are being addressed by reductions in centrally managed programs and cuts in Title I per pupil funding

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2012–13 Budget Plans Aligned to Budget Task Force Principles

Guiding Principle	Budget Recommendations
Direct more resources to schools	<ul style="list-style-type: none"> ▪ Per pupil SBB allocation specifically to support English Language Learners (ELL) ▪ Additional ELL support through a targeted and intensive support model
Increase school autonomy and accountability	<ul style="list-style-type: none"> ▪ Continued expansion of the Innovation menu of services ▪ Further rollout of LEAP implementation ▪ Capacity-building for principals to innovate and improve school designs
Increase our investment in leadership	<ul style="list-style-type: none"> ▪ Grants focusing on Principal pipeline (Wallace Foundation & Dell Foundation)
Increase accountability of central administration	<ul style="list-style-type: none"> ▪ Continued focus on employee performance management initiatives
Fund what works	<ul style="list-style-type: none"> ▪ Develop and expand improvement models, such as support for extended learning models
Raise revenues together	<ul style="list-style-type: none"> ▪ Continue to aggressively pursue outside funding to support district initiatives ▪ Examine the possibility of going to voters for a mill levy and bond in November 2012

2012 – 13 Budget: Major Operating Budget Changes from 2011-12

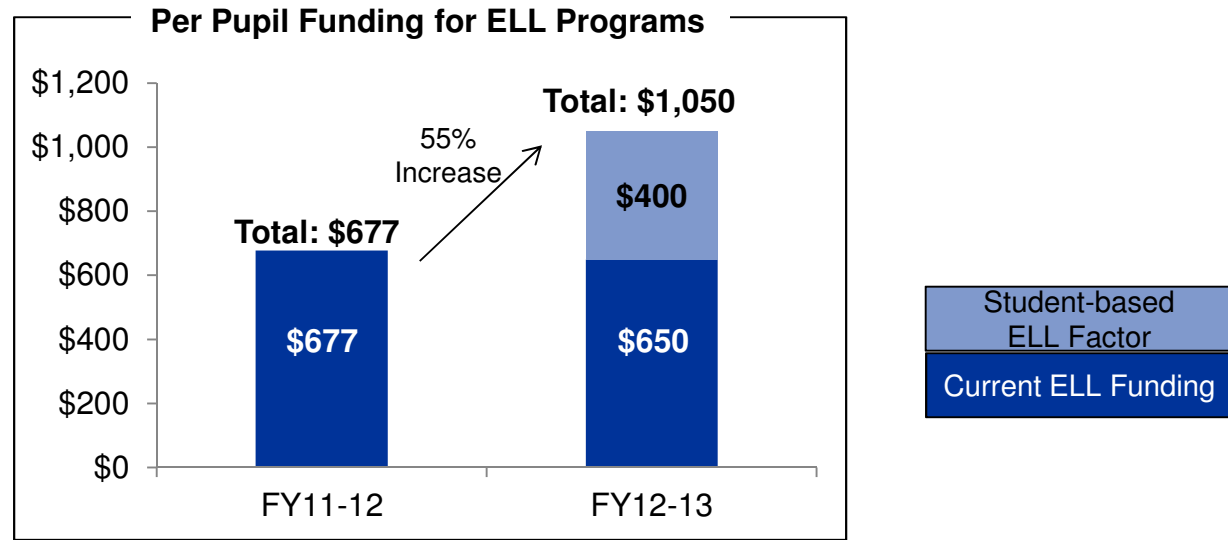
Investments & Other Fund Uses	
Backfill loss of state per pupil funding	\$10.0 million
Add weight for ELL students in SBB	\$6.7 million
Increase ELA support model & additional funds for secondary students	\$3.2 million
Provide Extended Learning Opportunities	\$2.5 million
Instructional Support Service Priorities	\$1.7 million
Increased PERA costs	\$1.5 million

Funding Sources	
SBB base reduction	\$4.0 million
Reduction in operating costs	\$1.5 million
Use of fund balance	\$20.0 million



2012 – 13 Budget Recommendations: Investment Details

Investment	ELL Weight in the SBB formula	
Amount	\$6.7 million	
Description & Rationale	<ul style="list-style-type: none"> ▪ In FY11-12, \$10.7M of funding supporting English Language Learners, but not using per pupil SBB ▪ In FY12-13, the recommendation is to create a per pupil funding factor of \$400 per CELA 1, 2, or 3 ▪ This additional funding allocation will provide schools the opportunity to hire additional ELA teachers and obtain additional educational and staff development supports for our ELL population. 	
Investment	2011-12	2012-13
Weight for ELL Students	<ul style="list-style-type: none"> ▪ Did not exist 	<ul style="list-style-type: none"> ▪ Allocation: \$400 per CELA 1, 2, or 3 student, \$6.7M total



2012 – 13 Budget Recommendations: Investment Details

Investment	ELA Support Model
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Amount	\$3.2 million
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Description & Rationale	<ul style="list-style-type: none"> ▪ The ELL Support Model provides a tiered approach to provide support to schools. <ul style="list-style-type: none"> ▪ ALL SCHOOLS: Raise student performance expectations, build staff capacity of ELL best practices and initiate a shared accountability structure for ELL achievement ▪ SOME SCHOOLS: Provide additional support for improvement planning and coaching ▪ HIGH NEEDS SCHOOLS: Provide targeted and differentiated resources to position them to make significant progress on ELL achievement ▪ Add an ELA-S resource teacher to secondary schools that have a significant ELL population, but do not meet requirements to be a program school (ELL population between 51-99)
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2012 – 13 Budget Recommendations: Investment Details

Investment	Provide Extended Learning Opportunities
Amount	\$2.5 million
Description & Rationale	<ul style="list-style-type: none"> ▪ 30 schools participated in four full-day sessions with the National Center on Time and Learning, supported by the Colorado Legacy Foundation. Participating schools included middle schools, some elementary schools, innovation schools, and 6-12 schools ▪ Investment supports expanded learning opportunities by maximizing existing time and adding time to each school day ▪ Schools looking to add time for core instruction, interventions, acceleration, enrichment, and collaborative planning time may submit a proposal on how they would use additional funding to extend their time and benefit their students

2012 – 13 Budget Recommendations: Investment Details

Investment	Instructional Support Service Priorities		
Amount	\$1.7 million		
Description & Rationale	Direct Supports in Schools		
	Teacher Leadership for new standards	600,000	35%
	Gifted & Talented Advanced Learning Plans - support for high schools	135,000	8%
	Response to Intervention support	60,000	4%
	Instructional Technology for Schools		
	Instructional software: Gagle.net (Student email), netTrekker (educational database & search), Learning.com (6th grade technical curriculum)	255,000	15%
	Support for Principal and Teacher Portals	90,000	5%
	Performance Data Systems		
	SPF/performance data systems	560,000	33%
	Total	1,700,000	

2012 – 13 Budget Recommendations: Reduction Details

Funds Impacted	SBB Reduction to the Base to Align with Average Teacher Salary	
Amount	\$4 million reduction	
Description & Rationale	<ul style="list-style-type: none"> ▪ Reduction reflects a decrease in average compensation costs from the prior year due to: <ul style="list-style-type: none"> - No salary increases this year - Staff turnover has resulted in a reduction in average cost per teacher ▪ This will not result in a change in purchasing power/reduction in staffing levels for schools. 	
Funding Source	2011-12	2012-13
Reduce SBB Base by 1.5%	<ul style="list-style-type: none"> ▪ Allocation: \$3,931 ▪ Increased \$403 versus 2010-11, due to base reallocations and overall increases 	<ul style="list-style-type: none"> ▪ Allocation: \$3,872 ▪ No loss in purchasing power due to average salary declines of 1.5% (~\$4M in savings)

2012 – 13 Budget Recommendations: Reduction Details

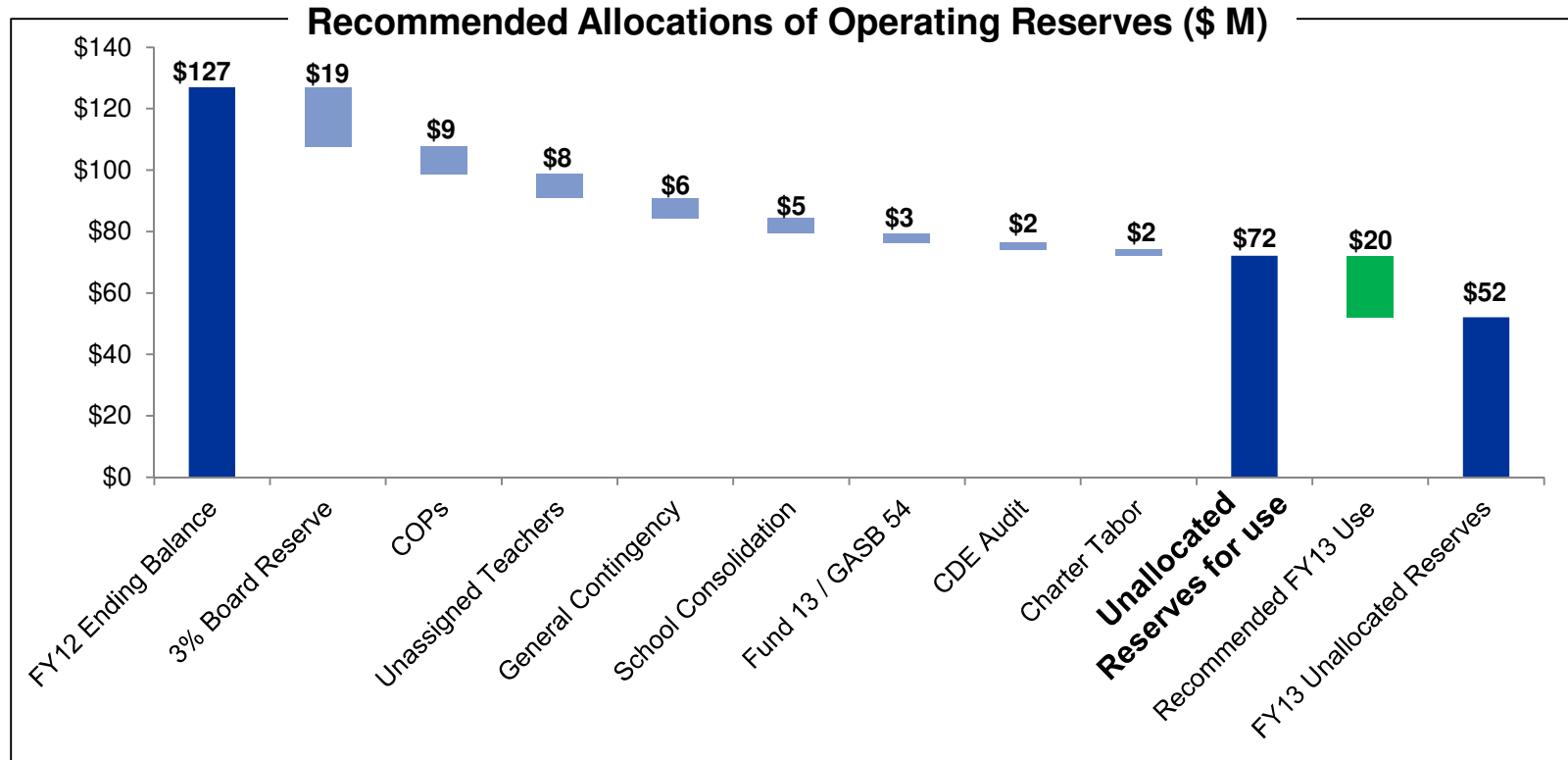
Funds Impacted	Title I Funding	
Amount	\$12.2 million reduction	
Description & Rationale	<ul style="list-style-type: none"> ▪ Year-over-year Title 1 revenue expected to be flat, however the beginning balance is projected to be lower than in previous years. ▪ There is a reduction of \$12.2 million due to final spend in FY12 of remaining ARRA carryover ▪ Consequently, to solve for reduced funding, centrally-managed programs will be reduced by \$9.5 million and per pupil funding by \$2.7 million from FY12 ▪ FY12 Title 1 per pupil funding was increased to mitigate the funding cliff as ARRA ends 	
Funding Source	2011-12	2012-13
Reduce Per Pupil Funding due to reduced revenues	<ul style="list-style-type: none"> ▪ 66% - 89% FRL: \$433 ▪ >90% FRL: \$525 	<ul style="list-style-type: none"> ▪ 66% - 89% FRL: \$400 ▪ >90% FRL: \$450 ▪ Net decrease of ~10%, or \$2.7M, is due to Federal funding shortfalls versus prior year

2012 – 13 Budget Recommendations: Investment Details

Investment	PERA Cost Increases
Amount	\$1.5 million
Description & Rationale	<ul style="list-style-type: none">▪ By statute, pension costs will increase by 0.9% of payroll▪ By statute, 0.5% of this amount is to come from the employee and 0.4% from the employer.

2012 – 13 Budget Recommendations: Use of Fund Balance

The recommended \$20M use of fund balance in FY12-13 still maintains over \$52M of unallocated reserves, greater than 8% of FY13 general fund expenditures in addition to meeting statutory obligations.



Observations

- Fund balances above are expressed in budgetary terms; on a GAAP basis, balances would be roughly \$39.8M lower
- FY12 Ending Balance is based on the current revenue-expense forecast and assumes transfers into Capital Reserve (\$10 million) and Self-Insurance Reserve (\$3 million) funds.

Select ideas that were not funded

Opportunity	Rationale for Lower Priority
Extended learning time district-wide	Extensive costs make this prohibitive in the current funding environment. Will pursue partial roll-out
Early Education Expansion	Enrollment not increased due to existing funding deficit and flat funding from CPP and DPP
Expansion of enrichment programs	Prioritized core subject initiatives over enrichment programs due to funding cuts
Additional TECs (Teacher Effectiveness Coaches)	Will continue to use existing personnel (~35) to support LEAP pilot phase
Additional SBB for SPF Green Schools (meeting expectations)	Will continue to fund schools that have increased their SPF until additional funding is available
Additional purchases of assessment support technology	Tango will continue to be available in Title I schools, district-wide rollout contingent upon additional funding
Backfill Reading Recovery cuts	Schools have the ability to maintain this program through their SBB spending decisions

Funding Overview of Early Childhood Education & Full Day Kindergarten

There is currently a \$7.2M annual funding shortfall to maintain the ECE and full-day kindergarten programs at current levels. In prior years, additional DPP funds and the 2003 MLO reserves have been able to cover this, but going forward general fund backfills are required.

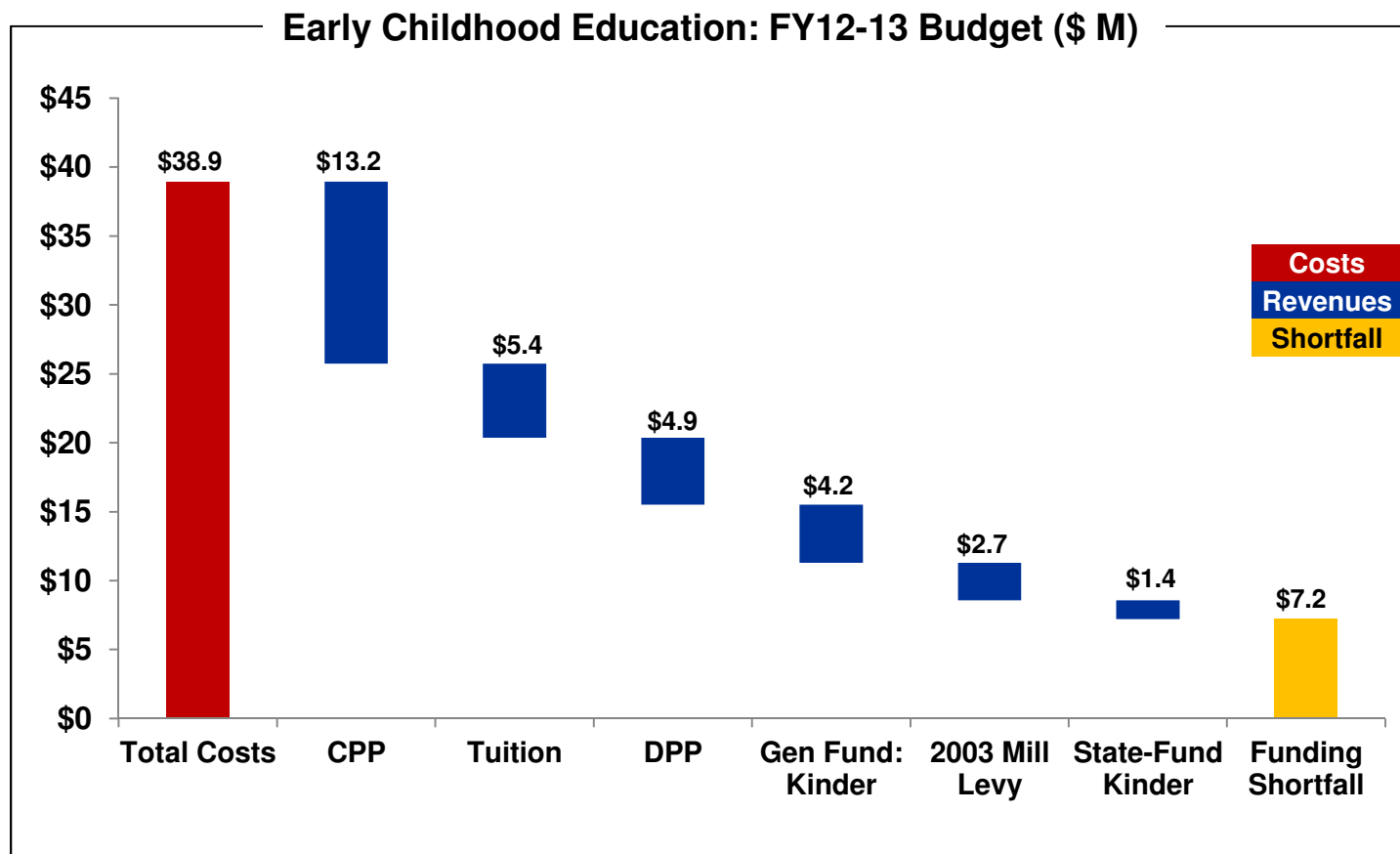


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2012 Bond-Mill Levy: Summary Project Plan

2012								
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep


CPAC Leads Kickoff


Overall CPAC Kickoff

School Board & Student Board Updates

Initial CPAC Community Meetings

- Different topics per location
- Briefings and gather input
- Full CPAC meet monthly
- Sub-committee meet monthly

Second Round of CPAC Community Meetings

- Different locations across regions
- Focus on recommendations

Groups include: A+, INC, LWV, City Council, Compact, Rotary, etc.

Key Community Organization Meetings

DPS Regional Briefings / Parent Forum

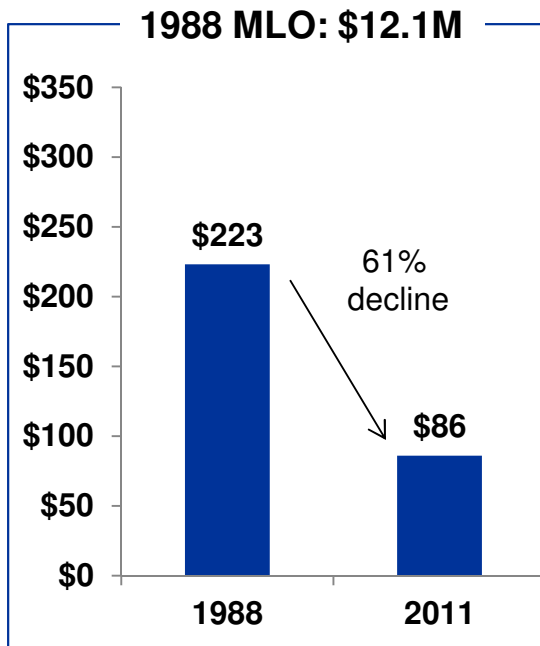
- Week prior to the Board vote
- Media coverage
- CPAC members present to the attendees between stops

DPS Tour of Needs

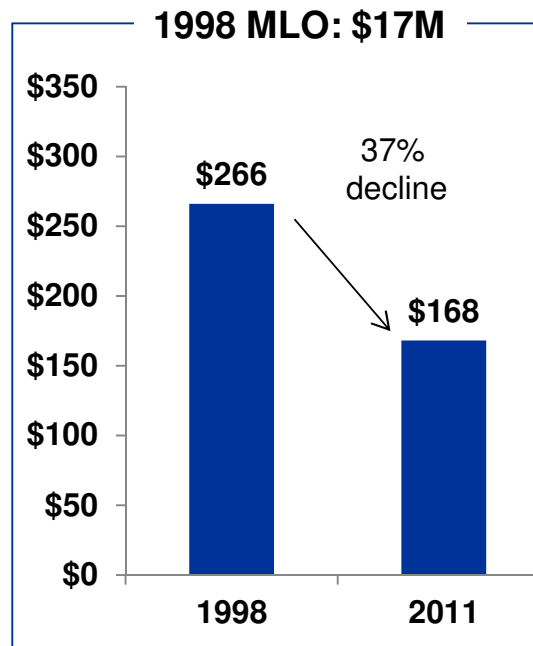

Board Approval


County Clerk Submission July 27

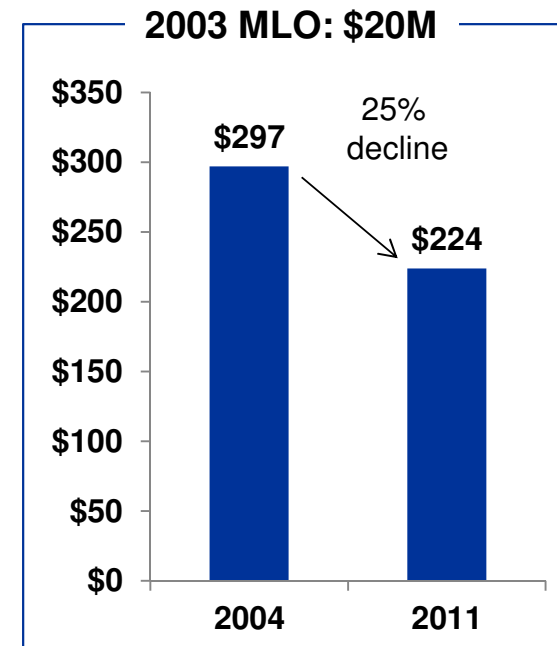
Per pupil funding from the 1988, 1998, and 2003 MLO



* Using 1988 dollars



* Using 1998 dollars

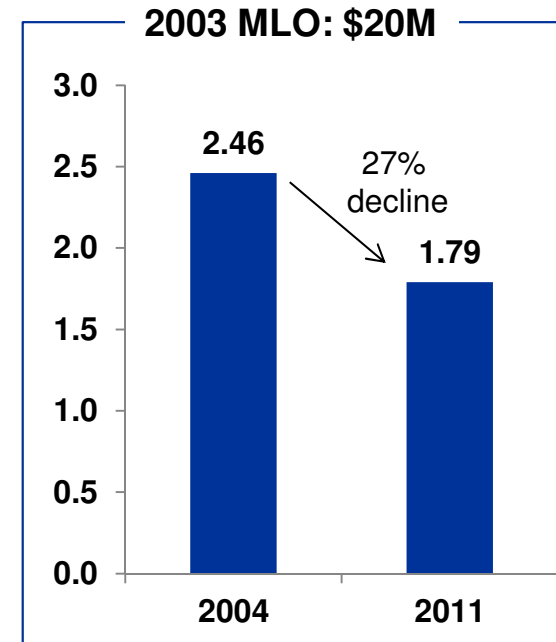
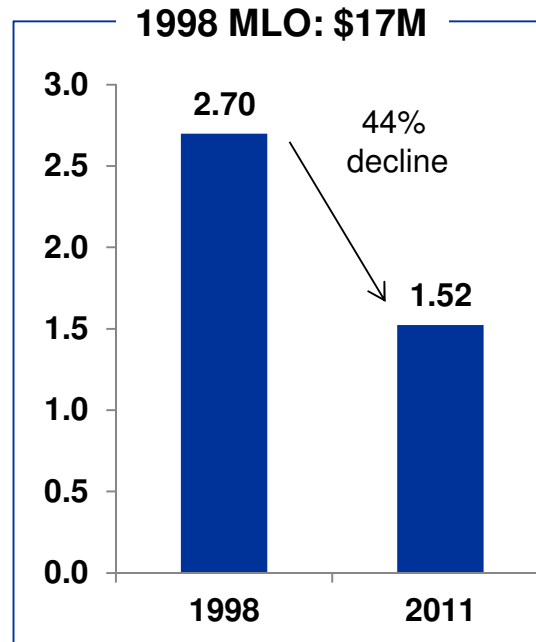
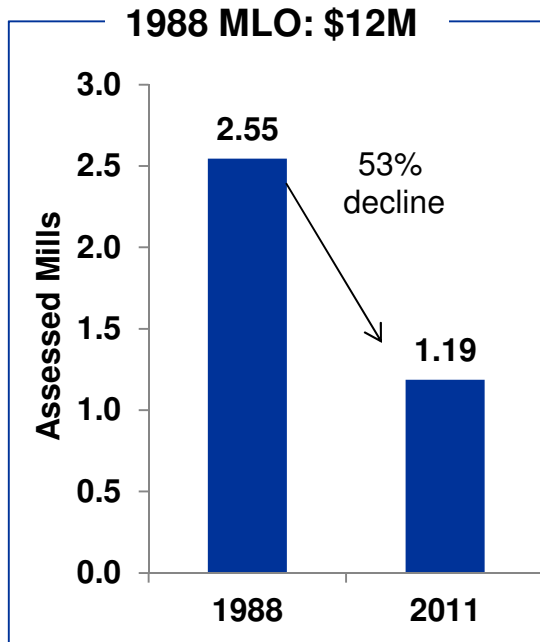


* Using 2003 dollars

Key Observations

- The 1988, 1998, and 2003 MLO are constant revenue sources
- Both inflation and increases in student enrollment have eroded the purchasing power associated with each MLO

Mill Impact for 1988, 1998, and 2003 MLO



Key Observations

- The 1988, 1998, and 2003 MLO are constant revenue sources
- Due to increases in assessed value, the number of mills per household required to fund the MLO has decreased

DPS Areas of Interest for MLO Fund Investment

Early Childhood Education

- Close funding gap
- Provide full-day kinder to all students
- Expand ECE offerings

Extended Learning Time

- More enrichment, activities and offerings
- More opportunities for interventions and students to catch up

Technology

- Modern libraries
- Device replacement
- Technology support

Expanded Academic Programs

- Arts / music enrichment
- Tutoring

Curriculum Support

- Textbook replacement
- Common Core materials

Restore Classroom Cuts

- Smaller class sizes
- Additional course offerings

2012 General Obligation Bond: Organizing Framework

Capacity Expansion	<ul style="list-style-type: none"> ▪ New facilities ▪ Expanded capacity at existing campuses ▪ Property purchase ▪ Shared campuses
Deferred Maintenance	<ul style="list-style-type: none"> ▪ Deficiencies of existing assets (roof, boiler, electrical, plumbing, parking lots, restrooms, windows, elevators)
Facility Modernization & Sustainability	<ul style="list-style-type: none"> ▪ Educational: (General classrooms, science and computer labs, libraries) ▪ Special-use: (Performing Arts & Athletics) ▪ Support: (Kitchens, cafeterias, & air conditioning) ▪ Restore and renovate historic school(s) ▪ District-wide resource-reduction (energy, water) projects: Efficient lighting, HVAC controls, ▪ Local food-source efforts like gardens & greenhouses
Health, Regulatory, and Security	<ul style="list-style-type: none"> ▪ Access control ▪ Water & air quality ▪ Hazardous material management ▪ Fire detection and suppression ▪ ADA accessibility ▪ Code updates
Technology	<ul style="list-style-type: none"> ▪ IT infrastructure & security ▪ Educational technology & applications ▪ Organizational efficiency
Special Projects	<ul style="list-style-type: none"> ▪ Long list of areas of interest, including possible All-City indoor sports complex, urban farm program, site-specific projects (EGOS, Valdez, Blair, Evie Dennis), etc.