

Discover a World of Opportunity™

School Budget Conference Call with Superintendent Dr. Alex Marrero

Rescheduled for January 20, 2023

What is the School Budget Update ???

- 1. Updates School Leaders on DPS Budget & Financial State of the District***
- 2. Kick Off School Budgeting for 2023-24***

The Denver Public School Budget

- *DPS Budget is designed to meet the Board of Education Ends Policies and reflect the values of DPS*
- *The Strategic Roadmap is the guiding document in budget creation*

Every Child Succeeds!
Shared Core Values

Students First

We put our kids' needs at the forefront of everything we do.

Integrity

We tell the truth, and we keep our promises.

Equity

We celebrate our diversity and will provide the necessary resources and supports to eliminate barriers to success and foster a more equitable future for all our kids.

Collaboration

Together as a team, we think, we work, and we create in order to reach our goals.

Accountability

We take responsibility for our individual and collective commitments; we grow from success; we learn from failure.

Fun

We celebrate the joy in our work and foster in our students a joy and passion for learning to last their whole lives.

GOVERNANCE DIRECTION: ENDS POLICIES & EXECUTIVE LIMITATIONS

The DPS Budget for this and future years is designed to meet the Board of Education's Ends Policies & adhere to the Executive Limitations

Global End Statement: The Denver Public Schools will provide students with Racial and Educational Equity to obtain the knowledge and skills necessary to become contributing citizens in our complex world. The Board of Education is committed to the singular and ambitious vision that every child reaches their full potential.

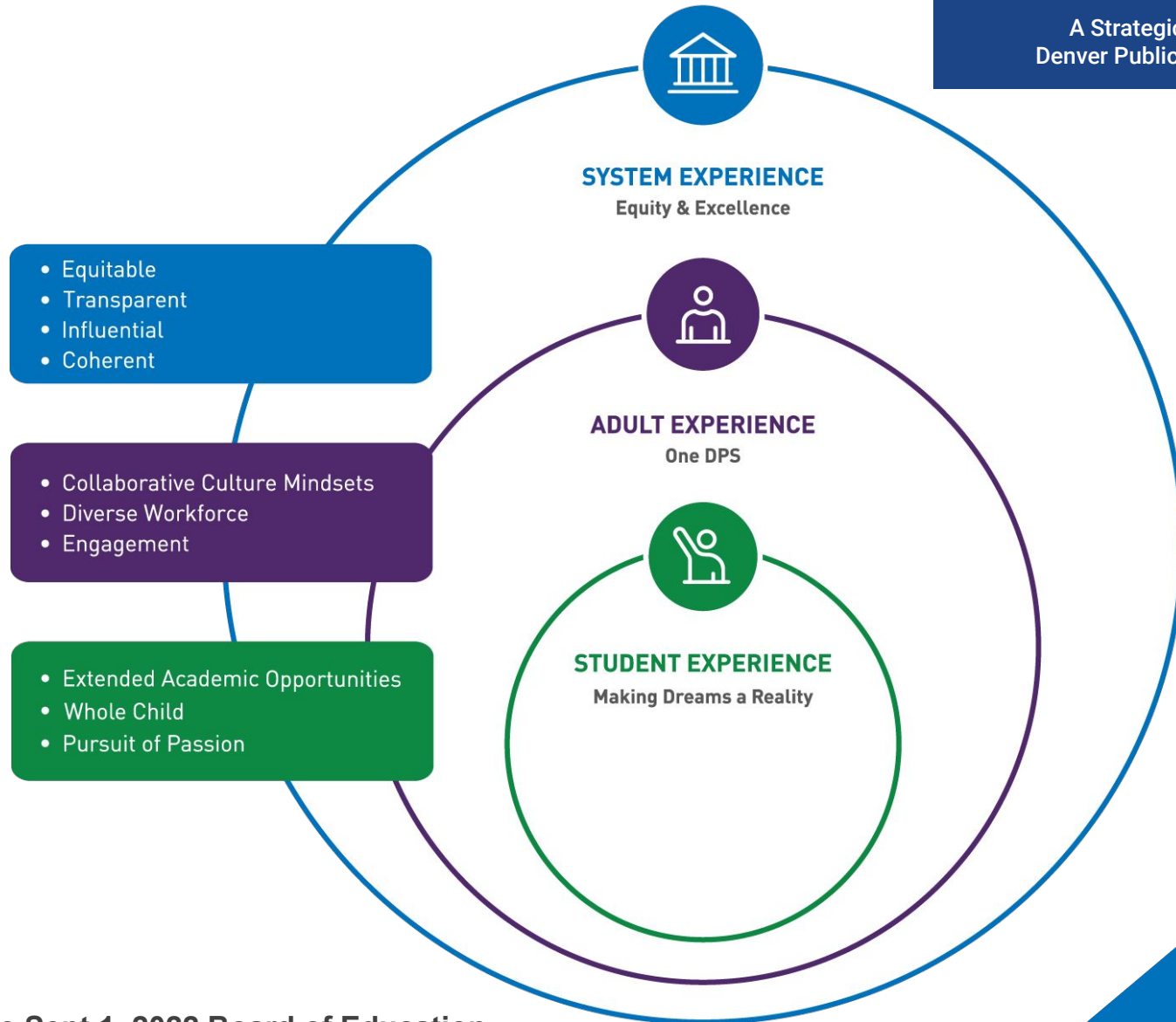
DPS Ends Policies:

- 1.1 - Equity
- 1.2 - Teaching and Learning
- 1.3 - Student and Staff Well-Being
- 1.4 - Health and Safety
- 1.5 - Post Graduation and Global Citizenship
- 1.6 - Sustainability

Full Adopted [Ends Policies](#); EL-15: Budgeting and EL-16: Financial Administration ([link](#) to Exec Limitations)

DPS Thrives:

A Strategic Roadmap to the
Denver Public Schools Experience



From the Sept 1, 2022 Board of Education
work session on the Strategic Roadmap

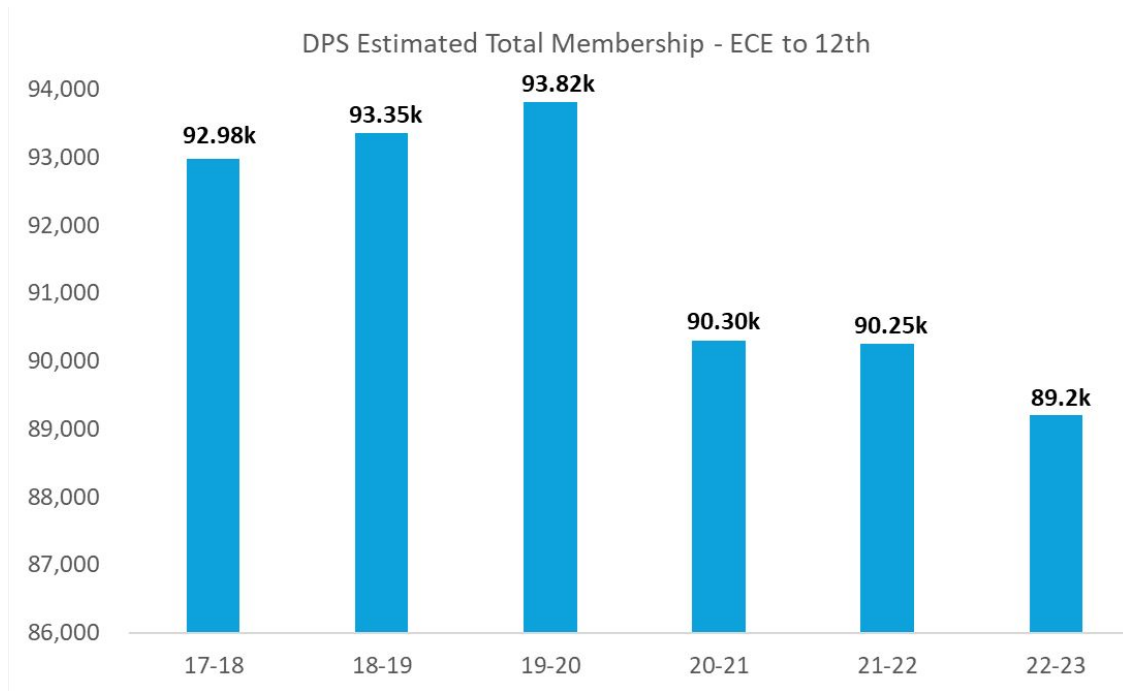


I. How does the 2022-23 Budget Look?

Budget Update prior to the vote on
the Amended Budget

Total DPS Students: School 2018-19 to 2022-23

Based on October Membership



Although membership decreased only slightly between 2020-21 and 2021-22, it did not increase back towards 2019-20 levels, and continued to decline in 2022-23.

Larger declines in grades K-8 are indicative of future enrollment declines.

- In January 2022, DPS projected a decrease from 2021-22 levels, which was realized in actual enrollment
- Grades K-8 saw a 2.2% membership decline, while 9-12 grew by 0.7% and ECE grew by 1.1%.
- Charter schools membership decline was 1.1% while DPS managed schools membership decreased by 1.4%

**Numbers from 22-23 are estimates and not official October count membership, which is not released until January 19th*

COMPENSATION CHANGES

Following the agreements from Summer 2022 After Budget Development

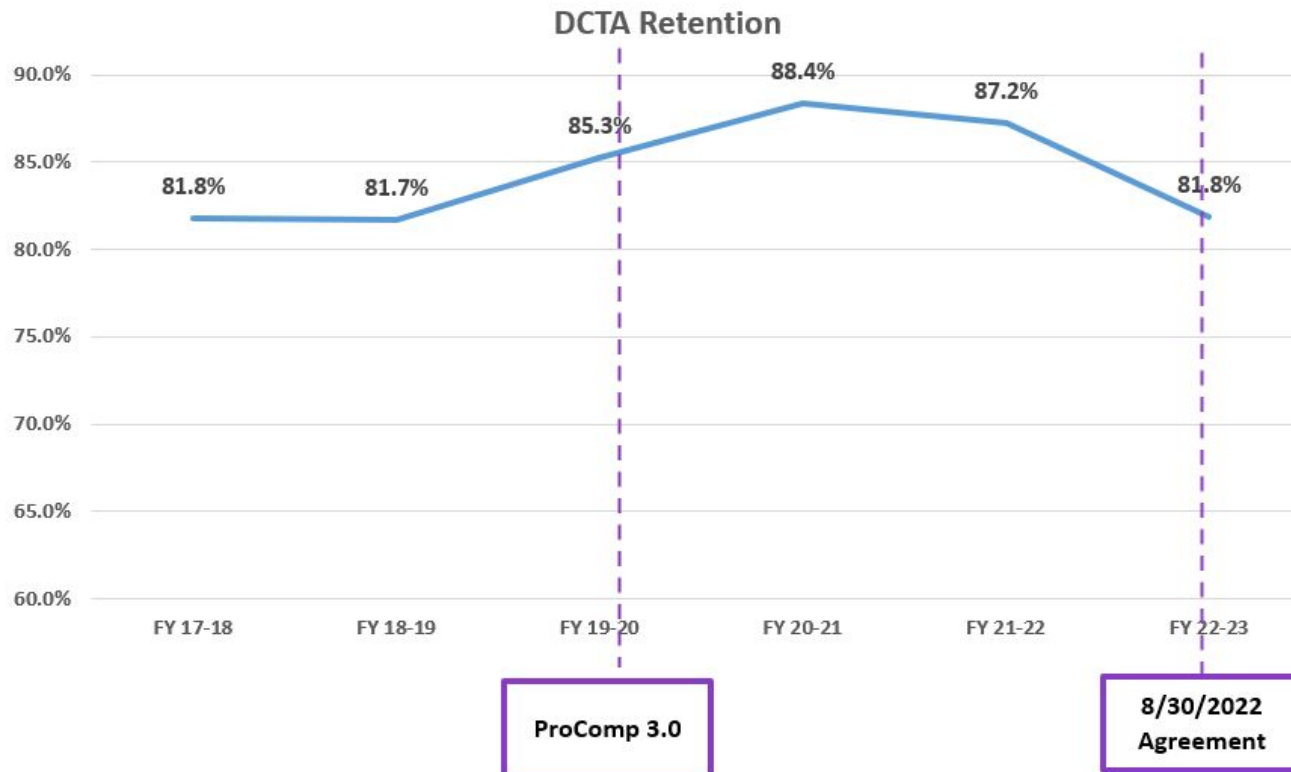
Employee Group	Average Salary Increase for Retained Employees	Annual Cost Increase including Benefits for 22-23 Positions
DCTA	* 8.9%	\$ 38,144,197
Paraprofessionals	24.6%	\$ 11,732,039

- DCTA is in a three year agreement running through 2024-25
 - Increases for future years are tied to inflation and changes in state funding if there is additional funding through changes in the Budget Stabilization factor
- DPS Paraprofessionals are already at \$20/hr with Special Education Paraprofessionals at \$21/hr
- All other associations are in a three year agreement as well with the district wide minimum wage increasing from \$18 to \$20 for all employees by 2024-25

** During bargaining, DCTA salary increase had been estimated at 8.7% for a 6.0% COLA + 2.7% Steps and Lanes, which had been how much steps/lanes had cost the prior year. DCTA members actually received 2.9% in Step and Lane increase for 2022-23. The increased 0.2% is mostly related to higher lane changes being submitted by educators including for PDU completion.*

Teacher & SSP Retention

Retention since 2017-18



FY 22-23 Retention likely was not impacted by new agreement offering average 8.9% increases for returning employees because the tentative agreement was not until 8/30/22, after most hiring for new contract year.

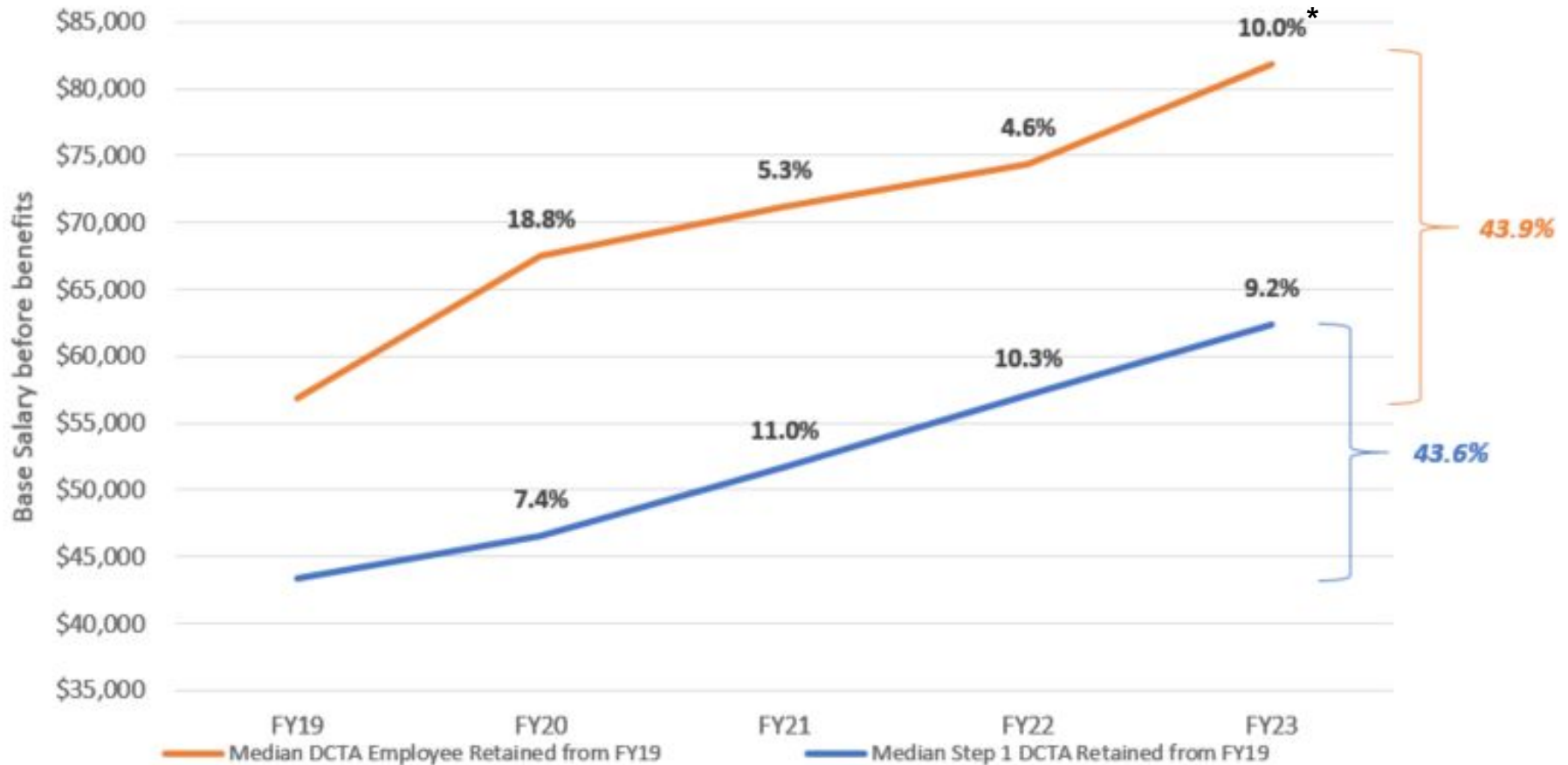
Data Notes:

- Represents actual employees on staff (active or leave status)
- Includes all DCTA members that are on the ProComp Base Salary Schedule; Excludes Military JROTC, Associate, and Retired Teachers.
- Retention within DCTA bargaining unit not within District

DCTA Headcount	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
Previous Year Headcount	5,493.0	5,599.0	5,556.0	5,576.0	5,527.0	5,610.0
Left DCTA	(1,002.0)	(1,024.0)	(818.0)	(647.0)	(707.0)	(1,019.0)
New Hire into DCTA	1,108.0	981.0	838.0	598.0	790.0	848.0
Current Year Headcount	5,599.0	5,556.0	5,576.0	5,527.0	5,610.0	5,439.0
DCTA Retention	81.8%	81.7%	85.3%	88.4%	87.2%	81.8%

Teacher & SSP Compensation

Employees retained by DPS since School Year 2018-19 through 2022-23



- The median DCTA member (Teachers and SSPs) that has stayed with DPS since FY19 has had base salary grow by **43.9%** over that FY19 to FY23 period.
- The median DCTA member with no prior teaching experience (Step 1) that has stayed with DPS since FY19 has had base salary grow by **43.6%** over that multiyear period from FY19-FY23.

* On average, DCTA members who returned for the 2022-23 school year received a 6.0% COLA + 2.9% value of steps and lanes for 8.9% total increase. Employees who were retained since 2018-19 received on average 4.0% value of steps and lanes generally because they were more likely to change lanes for 10-year longevity or PDU submission.

2022-23 Amended Budget - General Fund

General Fund	Actual FY21-22
Total Revenue	\$ 1,194,241
Total Expense	\$ 1,185,983
Net Change in Fund Balance	\$ 8,258
Total Fund Balance	\$ 133,393
10% of Revenue Target	\$ 119,424
Fund Balance Remaining to 10% Target	\$ 13,969

Adopted FY22-23	Amended FY22-23	Variance
\$ 1,250,097	\$ 1,268,684	\$ 18,587
\$ 1,251,273	\$ 1,277,750	\$ 26,476
\$ (1,176)	\$ (9,065)	\$ (7,889)
\$ 132,217	\$ 124,328	\$ (7,889)
\$ 125,010	\$ 126,868	\$ 1,859
\$ 7,207	\$ (2,540)	\$ (9,748)

Amounts are shown in thousands of dollars

Key Assumptions

- Enrollment declined 1k from 2021-22, but essentially hit our projections target
 - Fall adjustment at schools was offset by additional federal stimulus provided in January to support enrollment changes
- DPS at-risk pupil count increased by 2.7% from 2021-22 and maintained higher share of statewide at-risk

Risk and Opportunities



Additional funding from the state through the supplemental budget
Continued underspending of operational budgets from lower staffing ratios (Not operationally positive but does result in lower expenses)



Inflationary costs, both current and future, for all supplies, materials, and wages in all funds

UPDATED 5-YEAR FINANCIAL OUTLOOK

FY 2021-22 Audited Actual & **WORKING** FY 2022-23 Budget

5-Year Forecast	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26
Forecast Revenue	\$ 1,194,241	\$ 1,268,684	\$ 1,313,898	\$ 1,342,090	\$ 1,353,737
Forecast Expense	\$ 1,185,983	\$ 1,277,750	\$ 1,323,941	\$ 1,348,722	\$ 1,364,791
Net Change in Fund Balance	\$ 8,258	\$ (9,065)	\$ (10,043)	\$ (6,632)	\$ (11,054)
Total Fund Balance	\$ 133,393	\$ 124,328	\$ 114,285	\$ 107,653	\$ 96,600
10% of Revenue Target	\$ 119,424	\$ 126,868	\$ 131,390	\$ 134,209	\$ 135,374
Fund Balance Remaining to 10% Target	\$ 13,969	\$ (2,540)	\$ (17,105)	\$ (26,556)	\$ (38,774)
3% of Revenue (TABOR Requirement)	\$ 35,827	\$ 38,061	\$ 39,417	\$ 40,263	\$ 40,612

Amounts are shown in thousands of dollars

Notes:

- Agreements with associations are included in the amended budget and added an additional \$18.3M (DCTA) and \$16M (ESP)
- Enrollment came in slightly above projections with at-risk student counts coming in higher than planned
- The forecast includes raising the mill levies on the 2020 MLO up to the maximum 4.0 mills over the next couple of years
- Additional funding relating to buy-down of the budget stabilization factor in the Governor's proposed budget is not included



II. What are the 2023-24 Financial Drivers?

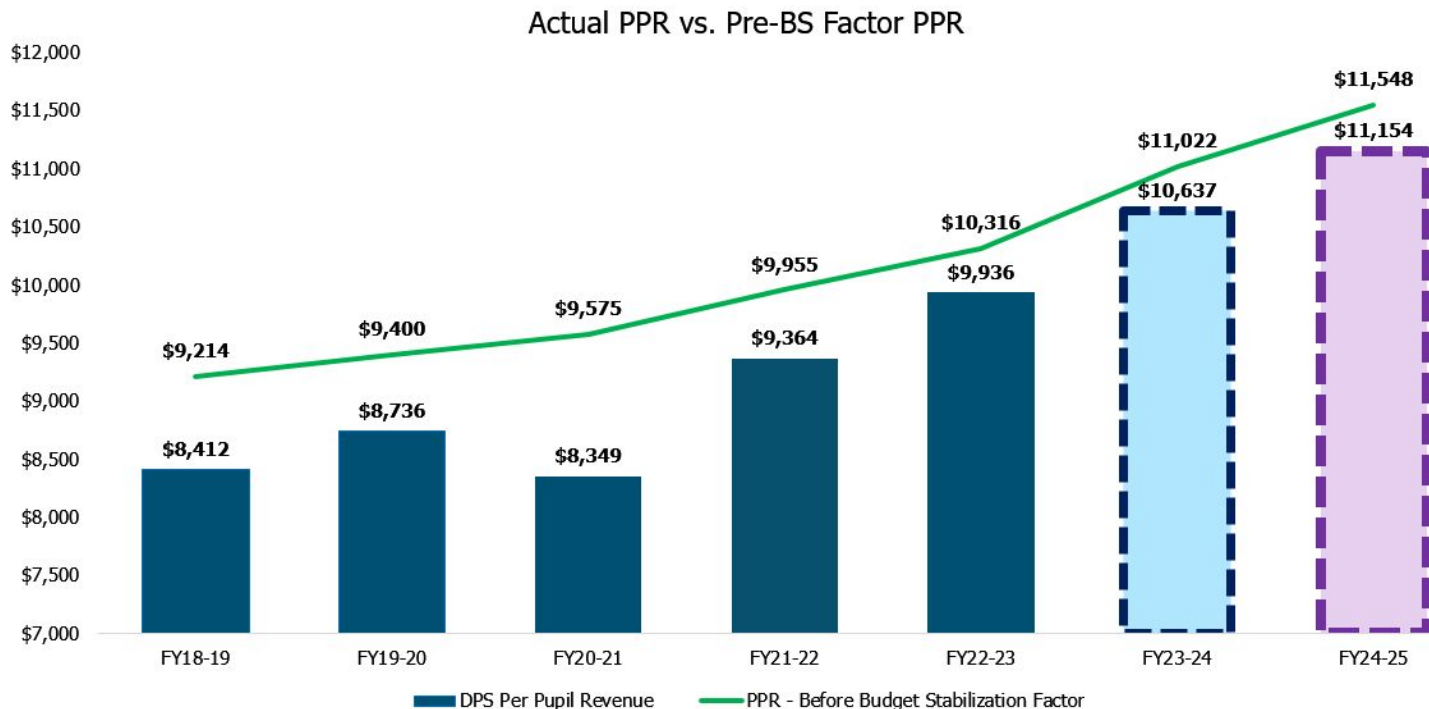
State Forecast, Enrollment,
Compensation, Legislative
Considerations

Forecast for 2023-24: State Per Student Funding

Updated based on Dec Forecast from Legislative Council

State Funding Impacts:

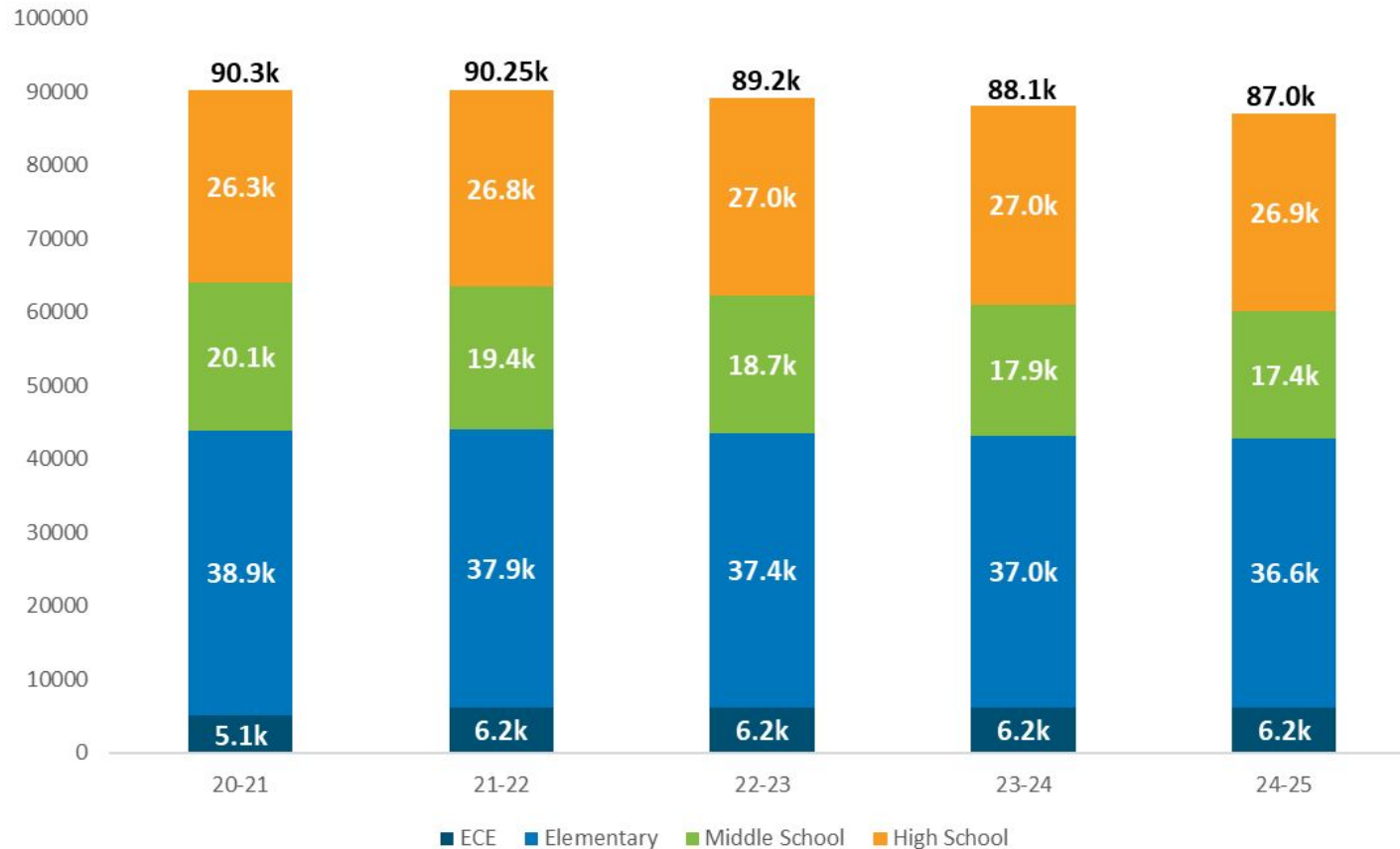
- **Legislative Council December forecast:** Inflation is down slightly from previous forecast to 8.1%; the School Finance Forecast and Budget Stabilization forecast is included in the report
- **Governor's Budget: Proposed \$35M buy-down of Budget Stabilization (BS) Factor-NOT INCLUDED HERE (BS Factor is currently \$321M)**; nor is any future ballot initiatives or other revenue changes outside of the 2020 MLO forecasted in 5 year plan
 - **8.1% Inflationary increase is about \$711 per student & ~\$61M to DPS (including charter school share; does not include additional ~\$15M increase to mill levy overrides)**



Enrollment Fall 2021 and Forward Looking

ECE-12 Membership

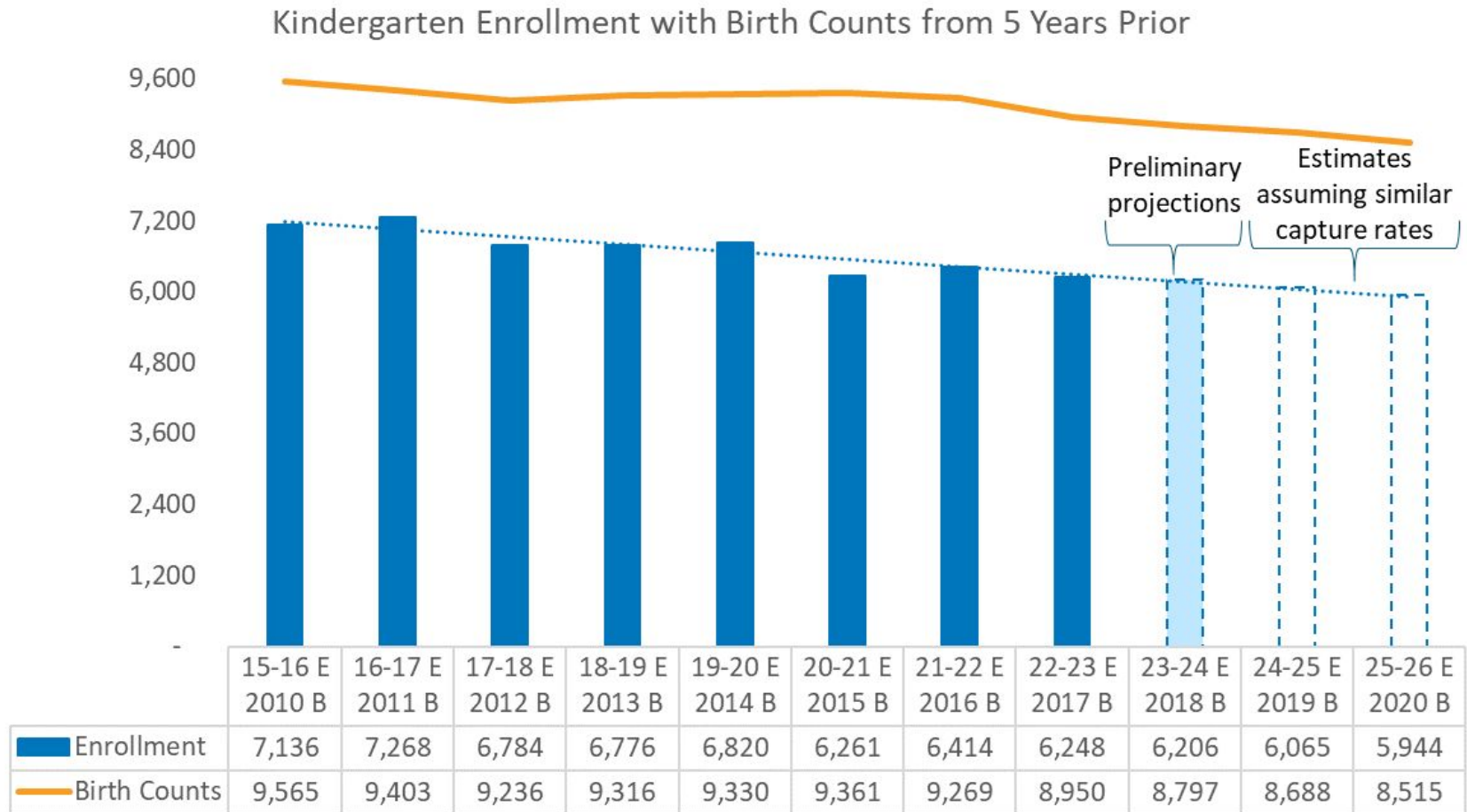
Long-Term Enrollment Forecasts by Ed Level



- Estimated **ECE-12** enrollment across all DPS schools, including charter schools, by 24-25 is just over 87,000, which is a 3.6% decline from 2020-21 levels
- ECE out years reflects 2022-23 enrollment - DPS does not have capacity to seat all ECE students and relies on community partners to help meet the need - with the changes to universal pre-K only ECE students attending a DPS school will be reflected going forward (4.9k)
- DPS Planning Department forecasts student enrollment by region annually in the Strategic Regional Analysis

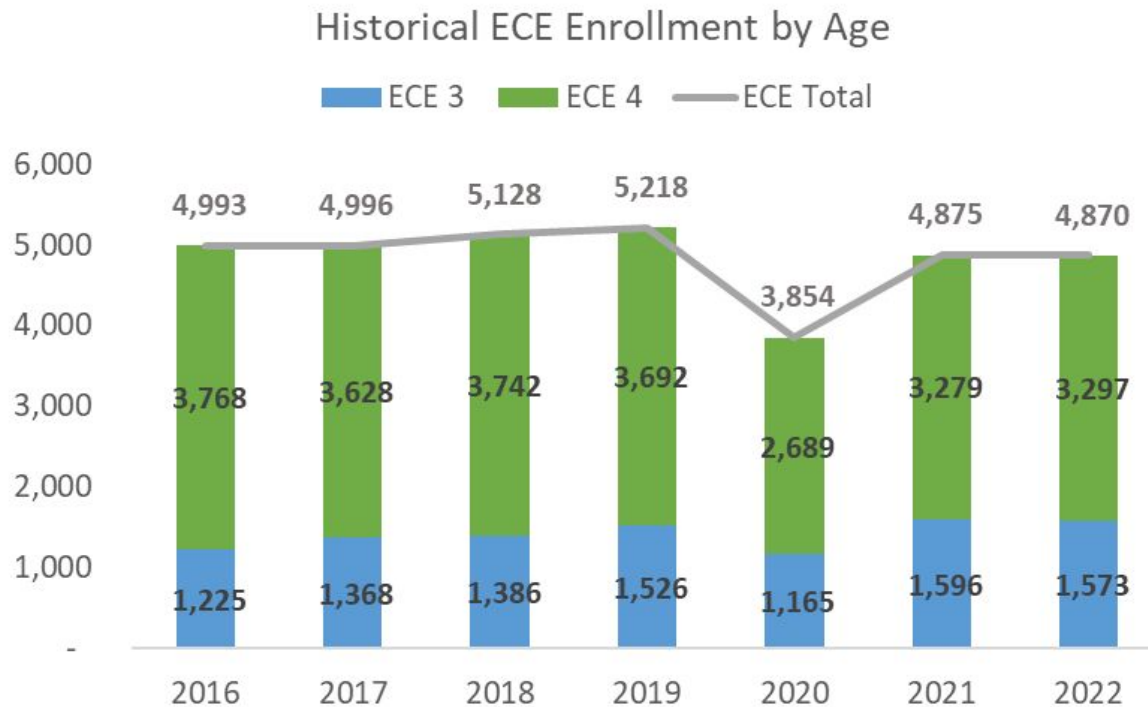
Kindergarten Enrollment

Fewer births has resulted in fewer DPS Kindergarten students



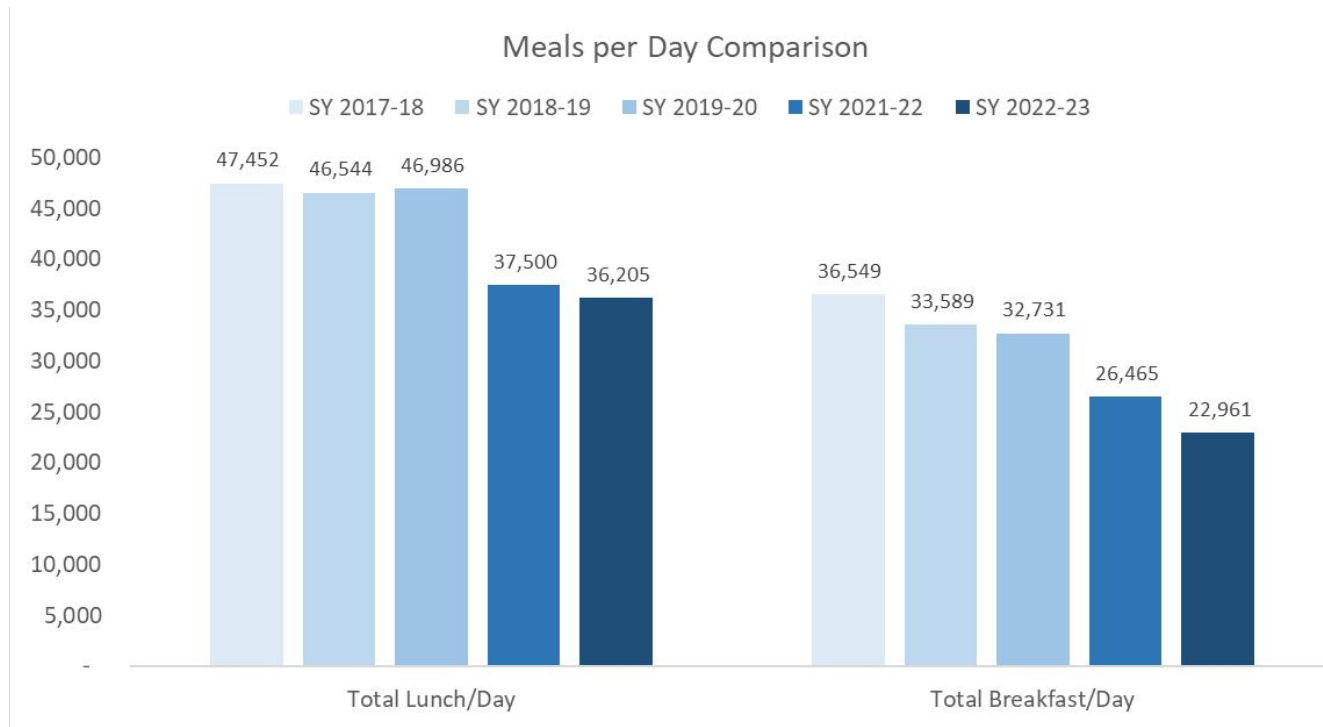
- Birth rates declined by 9% between 2015 and 2020
- The chart assumes children born in 2010 were eligible to enter Kindergarten in FY15-16
- Enrollment estimates in FY24-25 and beyond assume the same capture rate of birth count as projected in FY23-24

UNIVERSAL PRE-K



- UPK is replacing two other funding streams from 2022-23: Colorado Preschool Program and portions of parent tuition; DPS is not forecasting substantial increases in revenue from UPK at this time
- School Year 2023-24 will be the first in which Universal Pre-K (UPK) is provided in Colorado for 4 Year Old Students
 - UPK is **NOT 5 DAYS A WEEK FULL DAY** funded preschool for all 4 year olds; the state provides half day for 4 year olds and tuition is still planned to be charged on a sliding scale next year
- UPK programs can serve up to **20 students in each classroom**; in previous years, schools funded with Colorado Preschool Program could serve up to 16 per class per CDE regulations
- Parents of Rising 4 Year Olds participating in UPK will need to register both on the UPK site and the DPS enrollment site

MEALS FOR ALL - NEW LEGISLATION IN 2023-24 (PROPOSITION FF)



- The new program will continue to seek reimbursement where eligible from the Federal Government (US Department of Agriculture), and this means there will still be FRL forms collected at some DPS sites
- There will be a substantial rule-making process this spring to outline program specifics
- DPS has seen substantially fewer school meals provided since the pandemic - even when all meals were free for all students (SY 2021-22)

Note- 2020-21 data excluded in the above graph due to changes in-person vs. remote learning throughout the semester

Conclusions from Financial Drivers

The financial outlook for the current year (2022-23) is slightly worse than the Adopted Budget from June 2022 primarily due to new compensation agreements bargained over the summer; enrollment was near projections, and state funding was aligned to the forecast from spring of 2022

State Funding Outlook

- Governor Polis' budget request includes \$35M buy down of budget stabilization factor; increases in local property taxes across the state could improve the outlook

Revenue Drivers

- Lower entry grade enrollment at Kindergarten from lower birthrates and change in the housing stock in Denver

Expense Drivers

- Budget principles reviewed by the Budget Advisory Committee guide the creation of the budget for the Superintendent and team
- Compensation is the largest driver with nearly 12k employees at a cost of more than \$900M
 - DPS is currently in 3 year agreements with all bargaining associations; increases in state funding aligned to inflation were forecasted when we came to those agreements



III. What is the 2023-24 Budget Outlook?

Budget Principles, Timelines, and
School Budgets

2023-24 BUDGET GUIDING PRINCIPLES

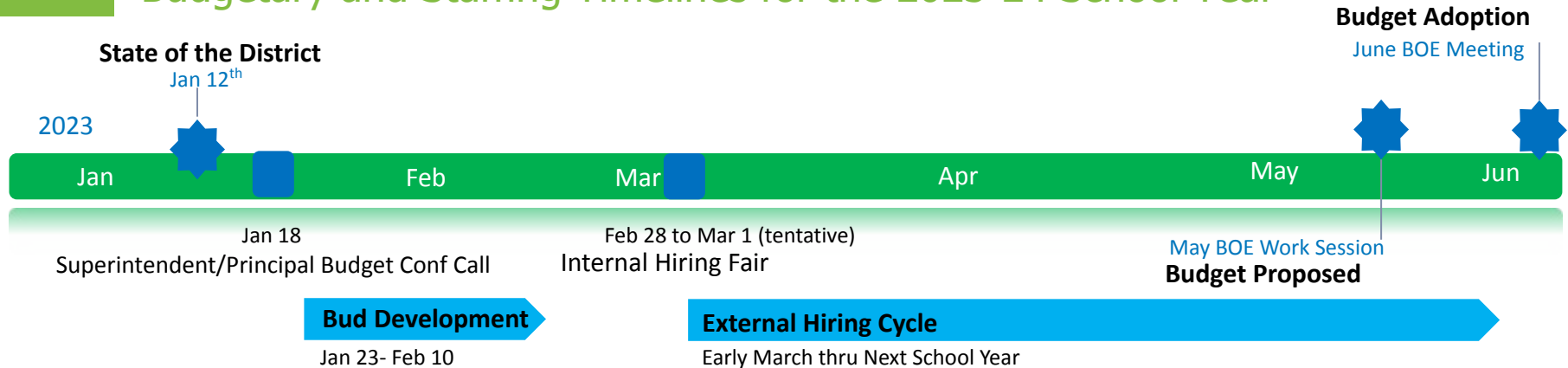
DRAFT: *Principles to Move from Vision to Execution*

DRAFT GUIDING PRINCIPLES PROVIDED PROVIDED FOR DISCUSSION

1. All funding is budgeted in a way to most directly support the Board of Education **Ends Policies** in alignment to **Executive Limitations**
2. The plans outlined in the **Superintendent's Strategic Roadmap** are the focus with special emphasis on aligning and reporting on budgetary investments to the strategies underlying the **Student Experience, Adult Experience, and Systems Experience**
3. Budget to a **long-term financial plan** that is sustainable, including a budget balanced by the 2024-25 school year without the support of Federal Stimulus funding and Reserves and aligned to the Board of Education's reserves targets

SPRING FINANCIAL TIMELINES - SCHOOLS

Budgetary and Staffing Timelines for the 2023-24 School Year



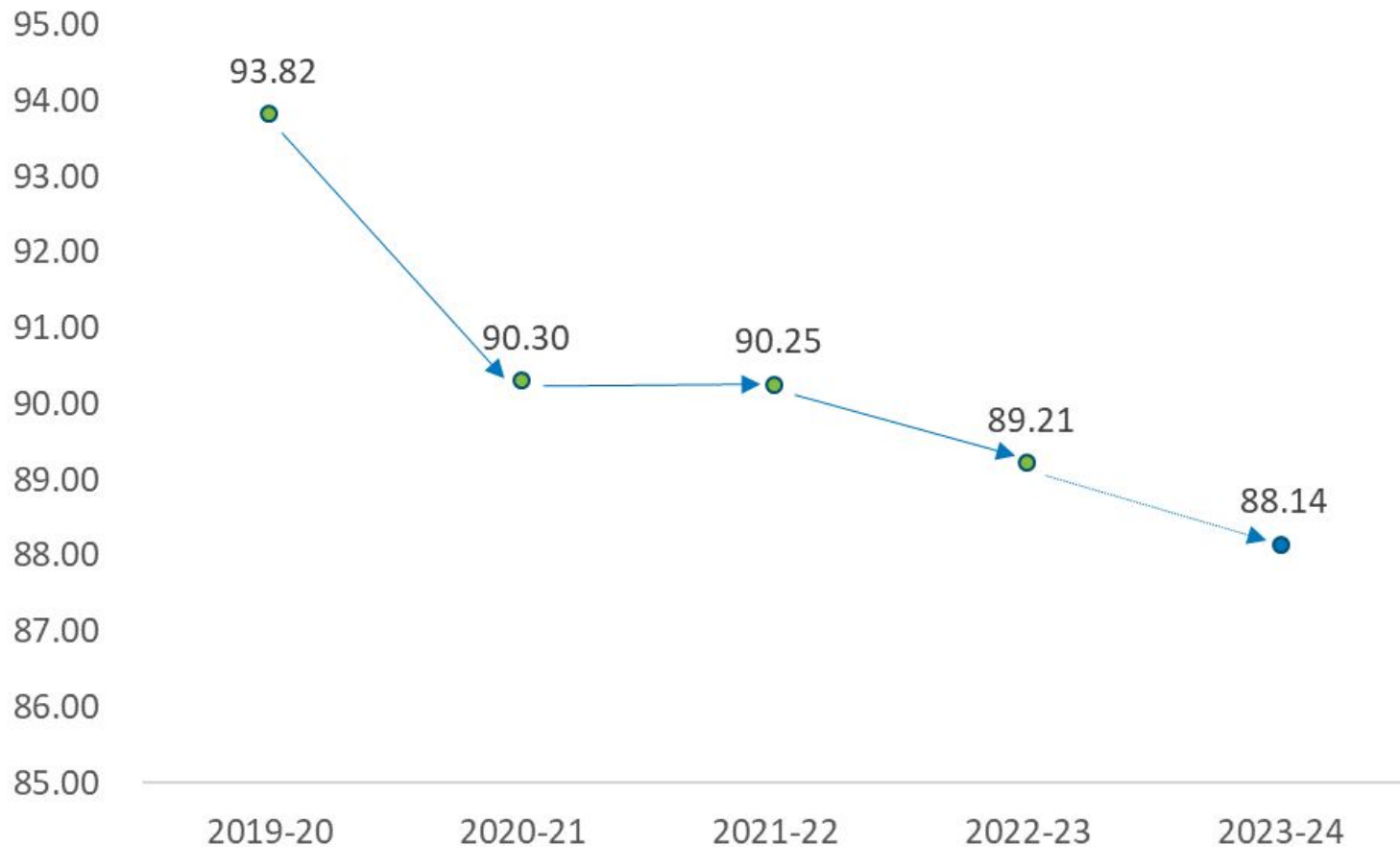
- School Leaders develop budgets for the upcoming year in late January and early February so that DPS can be the first metro-area school district hiring school positions
 - This will also help our Teachers and other Educators search for jobs within DPS where schools have vacancies
- During the State of the District presentation, the financial outlook for the upcoming school year are summarized & discussed with the Board of Education
- The Budget Advisory Committee will meet in January, March and May to provide opportunities for budget discussions
- The Proposed Budget will be presented in May to the Board of Education. By that time, site and central service leaders will have completed budgeting for their organizations

DETAILED BUDGETING PROCESS RECOMMENDED FOR SCHOOL YEAR 2023-24

January 2023	<ul style="list-style-type: none">• Financial State of the District• Budget Advisory Committee (January 23rd)• School Budgeting Process
February / March 2023	<ul style="list-style-type: none">• Department (School Supports) Budget Development• Budget Advisory Committee (March 13th)
April 2023	<ul style="list-style-type: none">• Reconciliation of School & Department Budgeting• Preparation for Proposed Budget
May 2023	<ul style="list-style-type: none">• Proposed Budget Reviewed with BAC and Board of Education
June 2023	<ul style="list-style-type: none">• Board of Education vote on School Year 2023-24 Adopted Budget

- The school budgeting process is recommended for January to allow DPS to support teachers and schools in hiring the best educators to support our students

Enrollment Projections for 2023-24



- Kindergarten enrollment peaked at 7.2k in 2016-17 and is forecasted to be 6.2k for 2023-24
- Enrollment declined in 2022-23 by 1.2% and is projected to decline by another 1.2% for 2023-24

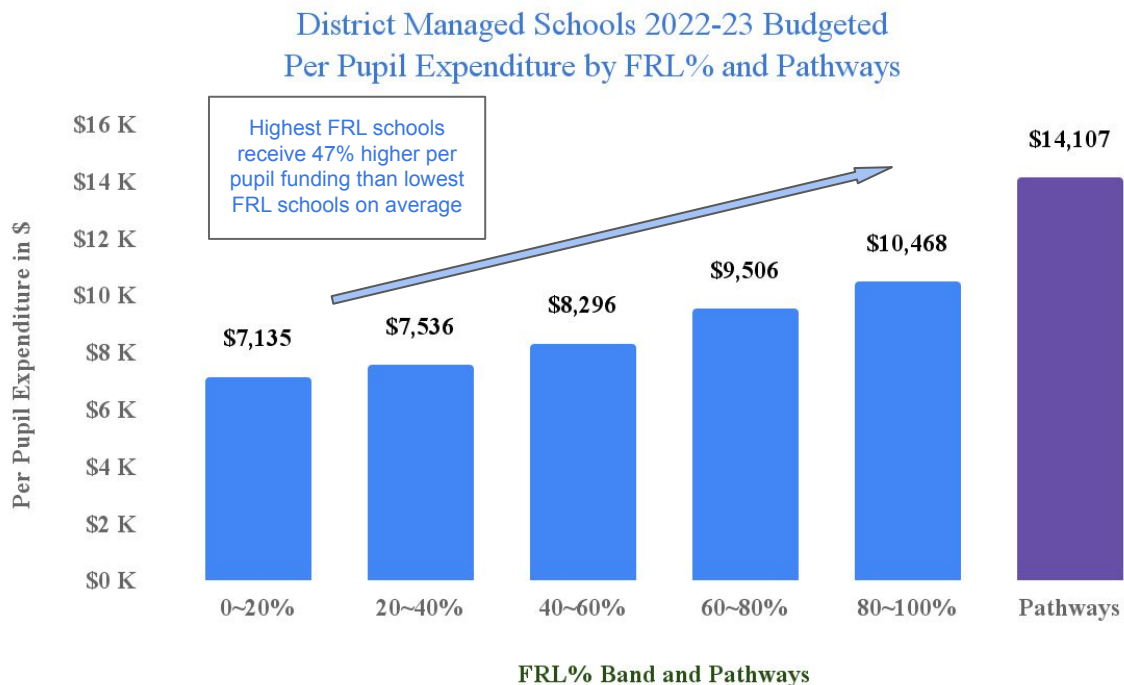
What are the main updates recommended for School Budgets?

School budgets are similar to previous years with these additions:

- 1. ADDITIONAL FUNDING To Cover Cost Increases:** *Per student base funding increases to support increases in compensation across all groups*
 - *This additional funding maintains “purchasing power”*
 - *Enrollment +/- does impact funding*
- 2. SERVICE LEVEL FOCUS FOR STAFFING MANAGED CENTRALLY:**
 - *School Psych, Social Work & Nursing (PSN): Exceptional Student Service team will review budgeting and staffing of these Specialized Services Providers (SSPs) at DPS Managed sites to ensure limited resources are provided across all schools if there are staffing shortages*
- 3. SMALL SCHOOLS**
 - *The Superintendent will personally review the budgets and staffing levels for schools part of the November Small Schools Recommendation to understand the challenges and consider future policy recommendation*
 - *All schools will be able to request additional funding through the Budget Assistance process*
- 4. STIMULUS FUNDS**
 - *Maintain 50% of stimulus funding from the previous year*
 - i. *This is the final year for stimulus funding*
 - *Provide additional stimulus funding to support enrollment loss, mental health, and pandemic recovery as needed with levels being phased out as the funding expires*
- 5. TITLE I ALLOCATIONS**
 - *Tiers adjusted to 90%; 62%; 57%*
 - *Able to increase per pupil amounts from last January by 30%*
- 6. GUEST TEACHER ALLOCATIONS**
 - *Increasing Guest Teacher Allocation by 25% to recognize the increased hourly rate*

EQUITY WEIGHTED FUNDING FORMULA

Why does DPS use a student weighted formula? Focus on Equity



- Funding each student smooths funding cliffs
- Weights for students in poverty, language learners, students with disabilities, gifted & talented
- Required Staffing Minimums and Guardrails
 - **ALL SCHOOLS** must staff appropriate resources for Students with Special Needs, English Language Learners, and voter approved Mill Levy Programs such as Art, PE, technology
 - Any deviations must be approved by the Director of Schools and other Deputy Superintendent of Schools Leadership

SCHOOL ALLOCATIONS SUMMARY

Proposed Allocations School Year 2023-24 – January School Budgeting

SBB Summary (1) (2)	FY 2022-23 Funding	FY 2023-24 Funding	Description
Base Per Pupil	\$5,564 all schools K-12	\$6,187 all schools K-12	The base funding for all students, adjusted in coordination with changing compensation for teachers tied to inflation to maintain purchasing power at sites
Poverty Weight	\$647 for Elementary \$697 for Secondary \$105 per Adj. DC Student + Progressive Funding for High Concentrations	\$719 for Elementary \$775 for Secondary \$117 per Adj. DC Student + Progressive Funding for High Concentrations	Additional funds for each student eligible for free or reduced lunch In addition, funds for student identified as direct certified and additional funding for high concentration of DC students
Language Learners	\$559 ACESS 3.5 or Below per student MLE Para Hrs, ESL & TNLI Teachers, Native Lang Tutors	\$622 ACESS 3.5 or Below per student MLE Para Hrs, ESL & TNLI Teachers, Native Lang Tutors	Based upon the number of projected Spanish speaking MLE students Allocations in accordance with the Consent Decree
Gifted & Talented	\$169 per K-8 student	\$188 per K-8 student	Additional funds for each student identified for GT
Tiered Supports	Tiered Funding Approach 3-5 Year Phased Funding	Tiered Funding Approach: 3-5 Year Phased Funding	No Changes
Mild Moderate	\$2,835 per student above typical caseload at a school	\$2,835 per student above typical caseload at a school	Mild/Mod allocation increased with funds previously allocated based on SPF performance
Title I	\$226-\$513 FRL Student -- Schools Above 57% FRL	\$298-\$677 FRL Student -- Schools Above 57% FRL	Title I threshold was lowered to 57% for FY23 as FRL% District-wide drops and will remain the floor for FY24
Mill Levy Override Programs	Arts, Advanced Academic (incl Concurrent Enrollment), Early Literacy, Math Tutoring, Physical Education, Student Literacy, Library & Textbooks, Teacher Leadership, Technology, Whole Child	Arts, Advanced Academic (incl Concurrent Enrollment), Early Literacy, Math Tutoring, Physical Education, Student Literacy, Library & Textbooks, Teacher Leadership, Technology, Whole Child	Inflationary Increases for School Staff Costs
Program Based Allocations	Early Childhood Education (ECE) Newcomer Centers SEO Center Based Programs	Early Childhood Education (ECE) Newcomer Centers SEO Center Based Programs	Inflationary Increases for School Staff Costs

Notes: (1) Funding levels from 2022-23 are based on the Adopted Budget; Levels for 2023-24 are firm estimates

(2) Increases in Base and Weighted Funding are linked to inflation

- Increasing base and weights to keep pace with increased staffing costs at schools

Integrating Priorities to School Budget Setting

Stimulus Funds Directly in Principal Managed Budgets

Priority	Potential Uses
Learning Loss	<ul style="list-style-type: none">• Intervention teachers• Smaller class sizes• Reading/Writing Paras• Tutoring• Targeted Needs focusing on language learners, students with disabilities, students experiencing poverty, and students of color
Social Emotional & Mental Health	<ul style="list-style-type: none">• Additional Psych, Social Work beyond requirements• School Counseling• Restorative Justice

- Potential uses of stimulus funds deployed directly in school budgets
- Stimulus funding is one-time, 2023-24 is the final year for spending of stimulus funds

SPRING FINANCIAL TIMELINES

Critical Dates for School Leaders

- Jan 19 - School Budget Forms available for Leaders
- Jan 20 - Budget Form training (virtual) for Principals
- Jan 24 to Feb 3: Budget Development Meetings (virtual)
 - Budget Assistance Requests due Friday, Feb 3rd (3pm)
- Feb 8: Budget Assistance Finalized
 - ***Budget Assistance will be limited and prioritized like usual***
- Feb 10: Balanced Budgets due back to Budget Office



Questions?