

DOLLARS & sense



2014/2015 Adopted Budget

July 2014

Quick Facts

Student Membership 2013/2014: 86,009*

**Students actively enrolled and attending in grades preschool-12 during the October count window, including district managed as well as charter schools.*

Ethnic Distribution:§

American Indian/Alaska Native.....	1%
Asian & Pacific Islander	3%
Black.....	1%
Hispanic	23%
White	68%
Multiple Races.....	4%

§2013/2014 Annual Report.

State Total Program Per Pupil Funding for 2014/2015...\$6,842

Number of Schools:

Elementary	92†
Middle.....	19‡
High Schools.....	17
Charter Schools	15
Option Schools.....	10
<i>(including the online school)</i>	
Outdoor Laboratory Schools.....	2

†Includes three schools
with grades K-8

‡Includes one school
with grades 5-8 and
four schools with
grades 6-8



Staffing Overview:

The district employs more than 14,000 full and part-time (substitute and temporary) employees. Of those, 10,000 are regularly scheduled employees that are converted to approximately 9,100 full-time equivalents (FTEs). Below is a breakout of General Fund compensation dollars by employee type.

75%	Licensed
16%	Support
6%	School-Based Administration
3%	Central Administration

The district employs approximately 4,000 employees that are not converted to FTEs because they hold positions such as substitutes, athletic coaches, athletic game workers,

temporary employees, and substitutes which have varying hours and no set schedules.

The 2014/2015 budget was developed through a community engagement process directed and supported by the Board of Education. The process included direct participation of the district's Strategic Planning Advisory Council (SPAC), advice from the Financial Oversight Committee, and feedback from an online community survey to which more than 13,000 stakeholders responded, and six community budget forums. Community outreach is always a focus of budget development in Jeffco, and input from stakeholders provided an essential pulse on community priorities and values. The district remains financially sound, strategically well-managed, and fully transparent.



A Message from the Superintendent

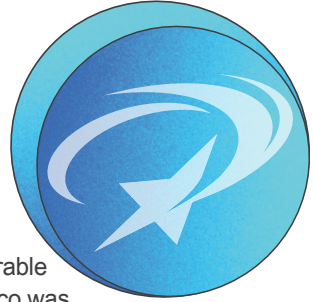


Dan McMinimee

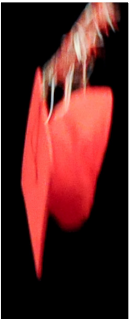
Thank you for your interest in the Jeffco Public Schools Budget. I joined Jeffco Public Schools on July 1, 2014, and am honored to be part of the excellent tradition of Jeffco. I've spent over 26 years devoted to public education and will continue to ensure Jeffco makes a difference in each and every student's life. To make that happen, we need to focus on having a great teacher in every classroom and to provide the resources needed to ensure that all students can be successful. This 2014/2015 budget reflects Jeffco's focus on student achievement. I look forward to the year ahead and the opportunity to work with the Jeffco community.

"It's my honor to serve as the superintendent of this great district."

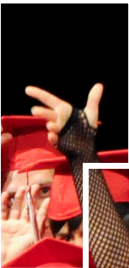
Jeffco History



- ✓ Since 2010 the district has cut more than \$78M from the General Fund budget, including 500 FTEs.
- ✓ In 2011/2012, all district employees took a 3 percent pay cut which equated to a comparable reduction in the number of days worked. Jeffco was able to restore this pay reduction over the previous two years by reinstating the workday reductions.
- ✓ If Jeffco had not had a “rainy day fund” (savings account) during the recession, reductions would have been significantly higher. The district strategically used reserves to preserve programs and class size.



- ✓ 2013/2014 state revenue increases combined with a \$39M voter-approved mill levy override were used to offset the need for \$45M in planned reductions that otherwise would have been implemented in 2013/2014.
- ✓ Although the additional revenue provides financial relief, the district has not rebounded to pre-recession levels and continues to face the economic uncertainties of state revenues, legislative mandates, and other increasing costs.
- ✓ State revenues for 2014/2015 are still \$22M below what was received in 2009/2010.



- ✓ The 2014/2015 budget includes additional compensation funding of \$18.2M. This compensation increase includes approximately \$5M in legislatively mandated increases in contributions to Public Employees' Retirement Association (PERA).

District Fund Summary

As a governmental entity, the district must utilize fund accounting to track revenues and expenditures. Basically, dollars are put in separate accounts, to ensure dollars are spent for their intended purpose. The following is a high-level summary of the district funds:

	2014/2015 Budget	% of Total
General Fund	\$654,232,900	64%
Capital Project Funds	\$66,793,100	6%
Debt Service Fund	\$49,833,300	5%
Special Revenue Funds	\$108,739,800	11%
Enterprise Funds	\$43,836,800	4%
Internal Service Funds	\$42,028,500	4%
Charter Schools Fund	\$60,328,500	6%
Total Budget	\$1,025,792,900	100%

General Fund

This fund is used for the routine operations funded by Colorado School Finance Act, property taxes and other revenues. It is the most significant fund in relation to the district's overall operations. The General Fund is used to manage all resources that are not legally, or by sound financial management, required to be managed in another fund.

Capital Project Funds

The Capital Project Funds include revenue and expenditures from two main separate sources—the annual transfer from the General Fund and bond proceeds—as well as from fees paid as cash-in-lieu of land dedication.

The Capital Reserve Fund, which is funded via the transfer from the General Fund, is authorized by Colorado School Law and used to fund ongoing capital needs such as site acquisition, building additions, maintenance, and renewal projects.

The Building Fund is authorized by Colorado law for the \$99M voter-approved bond package that was approved in November 2012 for identified projects outlined in the ballot language.

Debt Service Fund

This fund accounts for the accumulation of resources for the payment of general long-term debt—principal, interest, and related costs.

Special Revenue Funds

Special Revenue Funds account for revenues that are legally and managerially restricted to expenditures for particular purposes. Grant dollars, the majority of school specific activity fees, and all transportation related activity are accounted for here in separate funds. The Transportation Fund is one such example.

Enterprise Funds

Enterprise Funds are used to manage operations financed in a manner similar to a private business, i.e., where the costs of providing goods or services on a continuing basis are recovered primarily by user charges and fees. Food Service Fund is one such example.

Internal Services Funds

These funds are used to manage the cost of goods or services provided by the Internal Service Fund departments to other departments and schools on a cost-reimbursement or billable basis. Printing services is one such example.

Charter Fund

The Charter Fund is used by charter schools for routine operations. It is funded by state per pupil funding that flows through the district plus the amount of local funds provided by the district from Mill Levy Override funds. The Charter Fund is used to manage all charter resources that are not legally, or by sound financial management, required to be managed in another fund.

General Fund 2014/2015

Adopted Budget with Mandatory Transfers

Revenue

Property Tax	\$295,851,600
State Revenue	\$320,222,800
Specific Ownership Tax.....	\$25,017,700
Investment Earnings	\$50,000
Tuition, Fees, Other	\$16,000,000

Total Revenue \$657,142,100

Expenditures

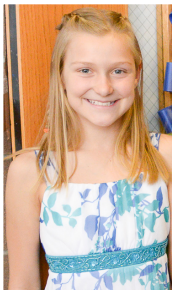
General Administration.....	\$27,140,200
School Administration	\$47,382,000
General Instruction.....	\$342,277,500
Special Ed Instruction	\$60,394,500
Instructional Support	\$56,184,500
Operations and Maintenance.....	\$68,540,800

Total General Fund Operating \$601,919,500

Transfers to Other Funds..... \$52,313,400*

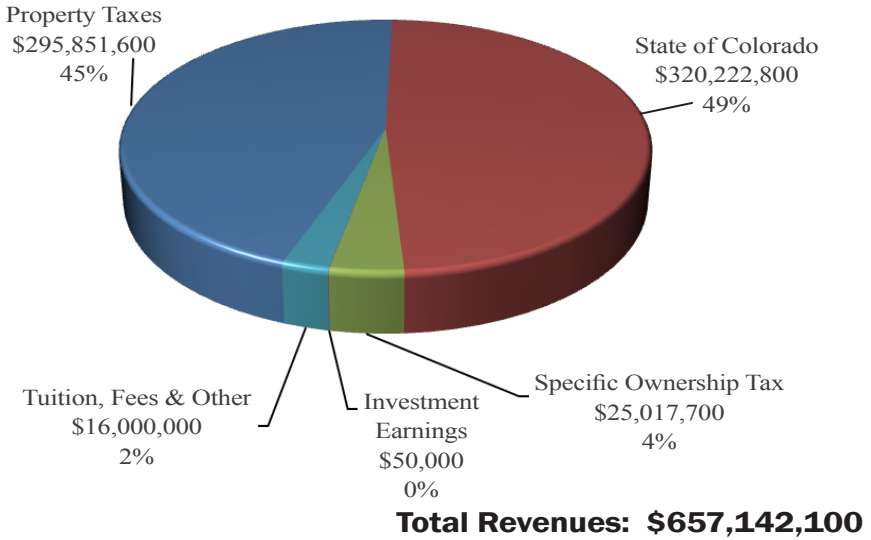
Total Expenditures & Transfers... \$654,232,900

**Amount of transfers to Capital Reserve, Transportation, Campus Activity, Technology and Insurance Reserve.*

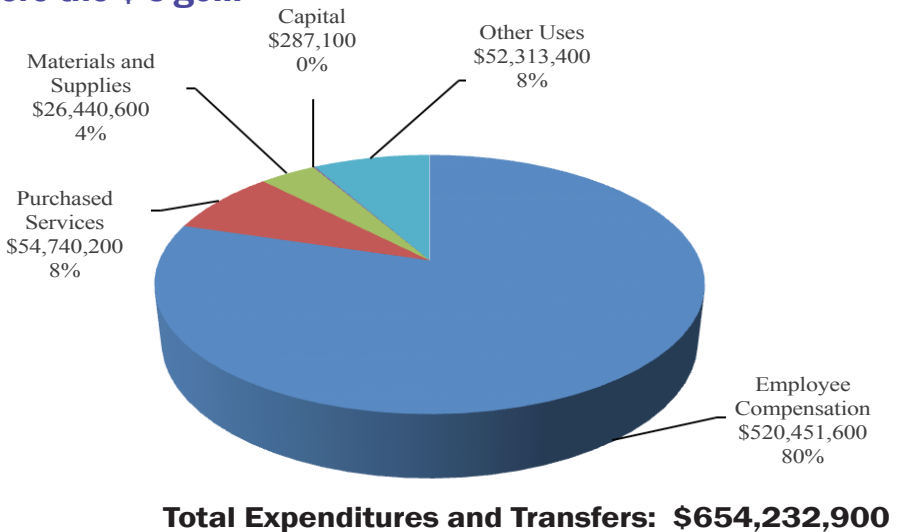


General Fund Revenues & Expenditures

Where the \$'s come from...



Where the \$'s go...

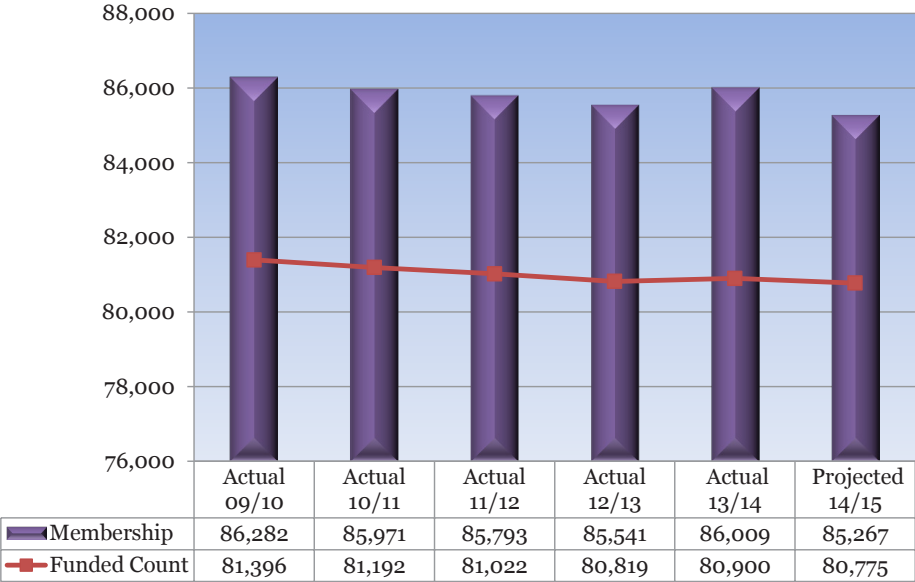


“Eighty percent of General Fund expenditures go to employee compensation. We are a labor-intensive organization.”

Budget Driver — Enrollment

Student enrollment in Jeffco has seen a steady decline for more than a decade due to shifting demographics of Jefferson County. In recent years, this decline has lessened; however, there has been a shift in enrollment from district-managed schools to in-district charter schools. Because the district acts as a pass through for state funding to charter schools, when enrollment shifts, the pass through amount to charter schools increases and the amount of state funding that remains in the General Fund for district-managed schools decreases. The graph below illustrates the total student membership which is the total number of students actively enrolled and attending Jeffco in preschool through 12th grade in all Jeffco schools including district-managed neighborhood and option schools and charter schools. The funded student count is the final number of students that Jeffco receives funding for through the School Finance Act.

How Many Students Does Jeffco Serve?



“Jeffco has seen a flattening of a decade decline in enrollment.”

Per Pupil Funding

State funding increased in 2013/2014 and will increase again in 2014/2015. However, funding has not recovered to pre-recession levels, and Jeffco is still \$22M lower than the state funding level of 2009/2010. The following chart illustrates the funding on a per pupil basis.

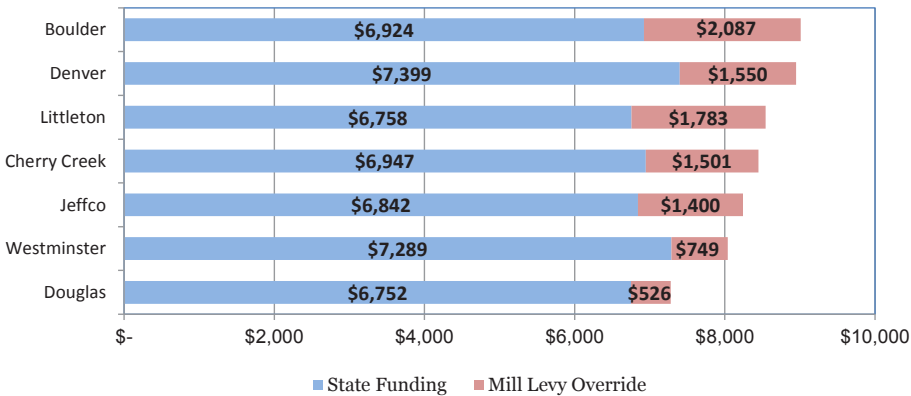
Per pupil funding (PPR) has declined

- 2009/2010\$7,070
- 2010/2011.....\$6,637
- 2011/2012.....\$6,309
- 2012/2013\$6,317
- 2013/2014\$6,482
- 2014/2015\$6,842



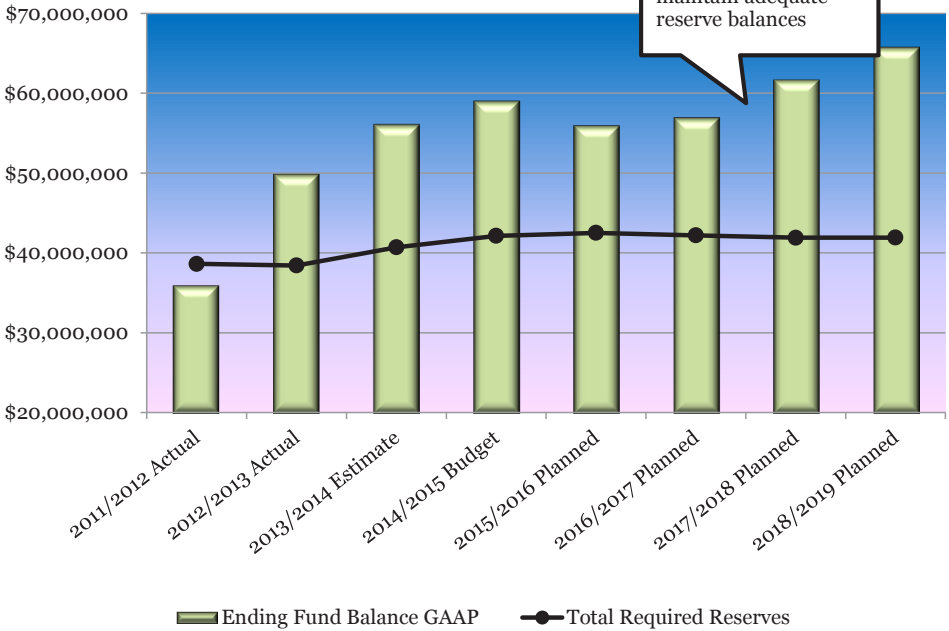
Economic impacts have resulted in reductions in revenues from the state.

2014/2015 State and Local Per Pupil Funding by District Comparison



Reserves

General Fund Reserves



Per Colorado law, a minimum reserve balance of 3 percent is required under the Taxpayer Bill of Rights or TABOR which equals approximately \$18M. In addition, Jeffco's Board of Education has set a Board policy requiring a 4 percent reserve amount on top of the TABOR requirement, or approximately \$24M.

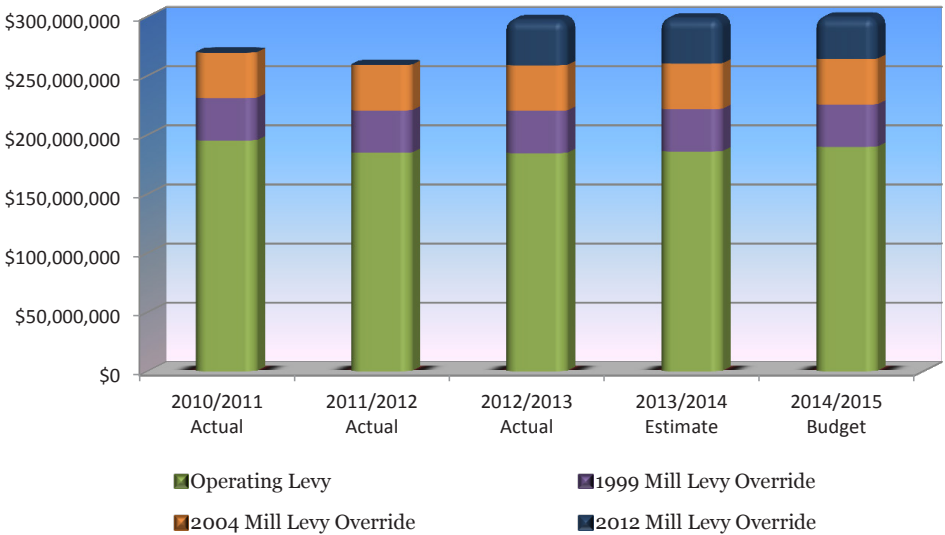
District advisory groups, including the Financial Oversight Committee and the Strategic Planning Advisory Council, have recommended that reserve balances be rebuilt from the legal minimum per Board of Education policies and as mandated by state statute (TABOR) to a level more in line with industry standards. The district is targeting reserve levels between 10 and 15 percent of expenditures. Having adequate reserves will allow the district to adjust to future economic fluctuations.

“Maintaining adequate reserves demonstrates sound financial management.”

Mill Levy Overrides

Mill levy override property tax revenue provides additional funding for general operating expenses. A district's authorization by voters to levy and collect mill levy override revenues does not affect the amount of state funding the district receives. Jeffco's mill levy overrides are fixed amounts and are not adjusted for inflation or enrollment growth; therefore, the purchasing power actually diminishes over time.

General Fund Revenue from Property Tax



Bonds

Bonds can provide funding for capital needs, new buildings and technology. A bond question is submitted to voters as a ballot measure asking to approve (or deny) additional proposed debt. If approved by voters, the district issues bonds and uses the bond proceeds for building improvements or new construction. Bond investors are repaid over a specified period of time. Unlike mill levy override dollars, bond money is restricted by law and can only be used for major repairs and renovations to existing school buildings, additions to schools, new school buildings and technology. The revenues from state of Colorado do not provide funding for these building projects.

The \$99M bond, authorized by voters in November 2012, is being used for capital renewal projects at 141 sites, including neighborhood schools, charter schools, and other district facilities to keep Jeffco students warm, safe and dry. There will be roof replacements, upgrades to safety and fire protection systems, and many other necessary projects.

What Does the Budget Buy?

Money Spent in the Right Places for Academic Excellence



For every dollar spent

\$.52	General Instruction
\$.09	Instructional Support
\$.09	Special Education Instruction
\$.08	Transfers to Other Funds
\$.07	School Administration
\$.11	Operations and Maintenance
\$.04	General Administration

For approximately \$44 a day, Jeffco Public Schools provides each student:

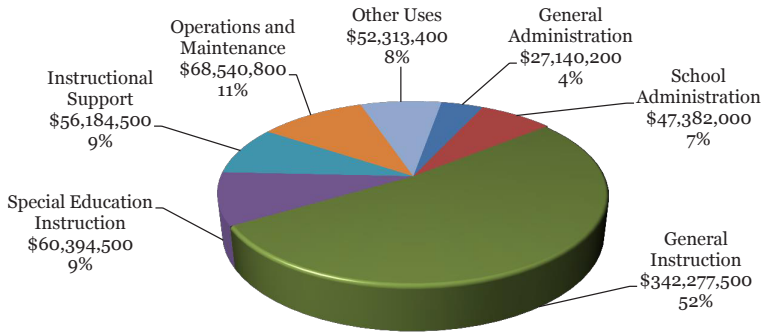
- ✓ Highly skilled and trained teachers that make a difference in students' lives
- ✓ Specialized learning services for students with special needs
- ✓ Access to library resources and technology
- ✓ Guidance, counseling and other support services
- ✓ Materials such as textbooks and equipment
- ✓ Transportation to and from school (subsidized by fees)
- ✓ Extracurricular activities (subsidized by fees)
- ✓ Choices for learning environments
- ✓ Clean and well-maintained facilities

175 days

**85,267
students**



What Does the Budget Buy?



Kids, Schools & Classrooms, & Central Support

	Kids, Schools & Classrooms	Central Support
General Instruction	Teachers Class Size Relief Athletics ESL, Dual Language Instructional Coaches Paraprofessionals Materials & Supplies Librarians	
Special Ed Instruction	Special Ed Teachers Intervention Services Special Ed Preschool Challenge Program Transition Services	
Instructional Support	Psychologists, Therapists & Social Workers Counselors Clinic Aides Gifted/Talented Program Guidance/Counseling Health Services Grants Management Career & TechEd	Grants Management Department for Learning & Educational Achievement Assessment & Research Educational Technology
School Administration	Principals Assistant Principals School Secretaries	
Operations & Maintenance	Campus Supervisors Custodial Services Utilities	Field Services Property Management
General Administration	Technology Services	Board of Education Superintendent School Innovation and Effectiveness Team Financial Services Human Resources Communications Employee Relations Legal and Audit Fees

Board Goals and Budgetary Direction

Board of Education Ends Policies and Goals

In December 2013, the newly restructured Board revised the Ends policies to include specific achievement goals and set the direction and focus for the district. The Board's Ends policies and goals are available on the Board of Education web page at www.jeffcopublicschools.org. This budget is responsive to community values and supports Board-identified goals for improving student achievement. The Board provided budgetary direction for 2014/2015, and following are highlights of those changes.

Major Expenditure Changes

Following is a summary of the major expenditure changes included in the 2014/2015 Adopted Budget. These changes are explained in further detail on the next page:

2014/2015 General Fund Material Expenditure Assumptions

Employer Contribution to Public Employee Retirement Association (PERA) – SAED portion	\$ 2,070,700
Employer Contribution to Public Employee Retirement Association (PERA) – AED portion	1,656,500
Affordable Care Act (initial implementation)	500,000
Employee Salary Increase Placeholder	14,016,300
Compensation Subtotal	18,243,500

Primary Math	1,765,900
Classroom Dashboard	600,000
Data Governance and Privacy	560,000
Gifted and Talented	855,000
Primary Literacy	2,000,000
Virtual Academy Expansion to K-6	700,000
Utilities	500,000
Transportation for Special Education Students	786,000
Mobile Device Readiness (Technology Infrastructure)	4,500,000
Capital Reserve Fund Transfer	500,000
Non-compensation Subtotal	12,766,900

Estimated Retirement and Turnover Savings	(4,200,000)
Savings due to Enrollment Fluctuations	(2,177,800)
One-Time Expenditures from Mill Levy Override that occurred in 2013/2014 but will not continue in 2014/2015	(1,250,000)
Move the Child Care Fund Transfer out of the General Fund	(5,580,000)

Budgetary Savings and Accounting Adjustments Subtotal	(13,207,800)
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Total Net Change in Expenditures and Other Uses	\$ 17,802,600
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Compensation Expenditures—Because negotiations were not complete at the time of budget adoption, there is a budgeted placeholder of \$18.2M in the final appropriation that includes:

- \$3.7M for the legislated 0.9 percent increase in contributions to the Public Employees' Retirement Association (PERA);
- \$0.5M increase for continued implementation of the Affordable Care Act; and
- \$14M as a placeholder for employee salary increases. This placeholder equates to an average 2.5 percent salary increase for employees.

Non-Compensation Expenditures—Per the chart, non-compensation expenditures changes include \$12.8M for:

- an investment in a new primary math program;
- the development of the classroom dashboard—an instructional tool for teachers;
- data governance and privacy enhancements;
- an expansion of Gifted and Talented services;
- investments in primary literacy and reading proficiency;
- an expansion of Jeffco's Virtual Academy to now serve K-12 students online;
- inflationary costs related to utilities;
- additional funding for the transportation of special education students;
- mobile device readiness or technology infrastructure; and
- the transfer to the Capital Reserve Fund.

Budgetary Savings—The 2014/2015 budget reflects compensation-related savings due to retirement and turnover when more experienced, higher paid personnel retire and less experienced, lower paid employees are hired as replacements. There are also budgetary savings due to declining enrollment. In addition, non-compensation related savings assumed in the 2014/2015 budget include the removal of one-time planned expenditures from the 2013/2014 budget and the accounting change for the Colorado Preschool Program revenue which results in the elimination of the General Fund transfer to the Child Care Fund on the expense side. All combined the calculated savings totals \$13.2M.

Revenue Change—Charter Funding Equalization

The pass-through funding and other funding for charter schools will increase by an estimated \$9.8M for 2014/2015. The increase is due to several components:

- increased charter school enrollment;
- increased per pupil revenue from the state; and
- an additional \$5.6M that will be allocated to the charter schools and move the district toward equalizing the distribution of funding between charter schools and district-managed schools.

General Fund revenue will see a decrease of \$5.6M as the funds will flow directly to the charter schools.



Board of Education

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Julie Williams	First Vice President
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**More detailed budget information is available by calling
303.982.6843**

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