

# DOLLARS & sense



**2015/2016 Adopted Budget**

July 2015

# Quick Facts

## Student Membership 2014/2015: 86,571\*

*\*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 .....	25%
White .....	67%
Multiple Races.....	3%

§Jeffco Enrollment Statistics 2014/2015.

### State Total Program Per Pupil Funding for 2015/2016 ..\$7,109

### Number of Schools:

Elementary .....	92†
Middle.....	17‡
High Schools.....	17
Charter Schools .....	16
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 2015/2016 budget was developed through a community engagement process directed and supported by the Board of Education that began in August 2014. The process included feedback from an online community survey and six community budget forums, input from the school accountability committees (SAC) and the district's Strategic Planning Advisory Council (SPAC), advice from the Financial Oversight Committee and public hearings. Community outreach is always an important 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

Great things lie ahead for Jeffco Public Schools. The district remains focused on student growth and achievement and is excited about the implementation of the new Jeffco 2020 vision which will inform Jeffco's strategic plan for educating students.

The 2015/2016 school year marked the start of implementation of district-wide Student Based Budgeting (SBB), which gives parents, teachers and administrators the ability to better align school resources within their communities. As a district, we believe this model will result in a more effective use of dollars and will drive student growth and achievement to new heights.

It is my hope that throughout the 2015/2016 school year, our teachers will feel empowered to educate and inspire students to connect to college, career and life aspirations. As the fiscal health of the district continues to improve, we expect student growth and achievement to continue upward and surpass expectations.

I am excited about what lies ahead and looking forward to a positive and productive school year.



*Superintendent Dan McMinimee*

**“Although the district faced budget challenges due to receiving less than expected from the state, we see this budget as a win for our teachers, students and families in Jeffco.”**

# Jeffco Budget Highlights

- ✓ After significant decreases from 2009/2010 through 2011/12, Jeffco's per pupil funding increased slightly over the past couple of years and will finally exceed 2009/2010 levels.
- ✓ The state funding amount for the 2015/2016 school year increased by approximately 2.8 percent for inflation and growth over the funding level of 2014/2015.
- ✓ While the increase in state funding has a positive impact, Jeffco is still experiencing a significant loss of funding due to the application of the negative factor. Jeffco's loss of funding for 2015/2016 is approximately \$80M and the cumulative shortfall since 2009/2010 is \$485M.
- ✓ This loss of funding is evident in the everyday business of Jeffco. Jeffco's 2015/2016 proposed General Fund budget for expenditures is an increase of less than 2 percent from six years ago.
- ✓ Because negotiations had not been completed at the time of budget adoption, the budget includes a \$15.6M placeholder for additional compensation. The placeholder includes \$3.2M for legislatively mandated increases in employer contributions to Public Employees' Retirement Association (PERA).
- ✓ While the Board of Education recognized the importance of having adequate reserves, with limited increases in revenue and many competing priorities, it chose to direct increased revenues to compensation and facilities and to fully equalize charter schools in the mill levy overrides.

## Student Based Budgeting

Beginning in the 2015/2016 school year, the district successfully implemented student based budgeting (SBB) for the majority of school sites district wide. The SBB model is an educational best practice that creates additional transparency around district spending. It allows for more autonomy and flexibility at the school level by directing funds to support school-based decision-making and eliminates one-size-fits-all, centralized budgeting to provide equity based on the population served by the individual school.

The basic framework for SBB starts with a base factor, given on a per pupil basis for all students that varies by level. Three additional factors provide dollars to schools for certain types of student populations—At-Risk, Alternative Education (high school only) and Small School (high school only). A transitional funding mechanism was made available to soften the impacts of budget fluctuations due to enrollment changes, shifts in student demographics and changes caused by moving to a new system. Certain costs and staff will continue to be budgeted and provided by central departments.

# 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 district funds:

	2015/2016 Budget	% of Total
General Fund	\$682,300,931	65%
Capital Project Funds	\$57,069,086	5%
Debt Service Fund	\$49,774,475	5%
Special Revenue Funds	\$104,331,935	10%
Enterprise Funds	\$41,985,401	4%
Internal Service Funds	\$46,303,526	4%
Charter School Funds	\$71,600,266	7%
<b>Total Budget</b>	<b>\$1,053,365,620</b>	<b>100%</b>

## General Fund

This fund is used for the routine operations funded by state share per the Colorado School Finance Act, property taxes and other general 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

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 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 2015/2016

## Adopted Budget with Mandatory Transfers

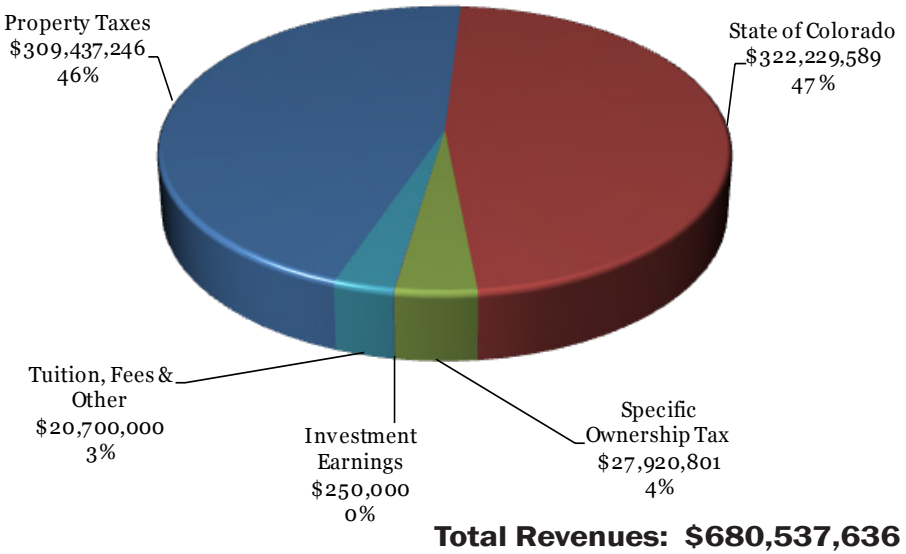
Revenue	
Property Tax .....	\$309,437,246
State Revenue .....	\$322,229,589
Specific Ownership Tax.....	\$27,920,801
Investment Earnings .....	\$250,000
Tuition, Fees, Other .....	\$20,700,000
<b>Total Revenue .....</b>	<b>\$680,537,636</b>

Expenditures	
General Administration.....	\$27,184,946
School Administration .....	\$50,524,921
General Instruction.....	\$360,047,647
Special Ed Instruction .....	\$59,195,851
Instructional Support .....	\$60,171,113
Operations and Maintenance .....	\$69,264,010
<b>Total General Fund Operating .....</b>	<b>\$626,388,488</b>
<b>Transfers to Other Funds.....</b>	<b>\$55,912,443*</b>
<b>Total Expenditures &amp; Transfers...</b>	<b>\$682,300,931</b>

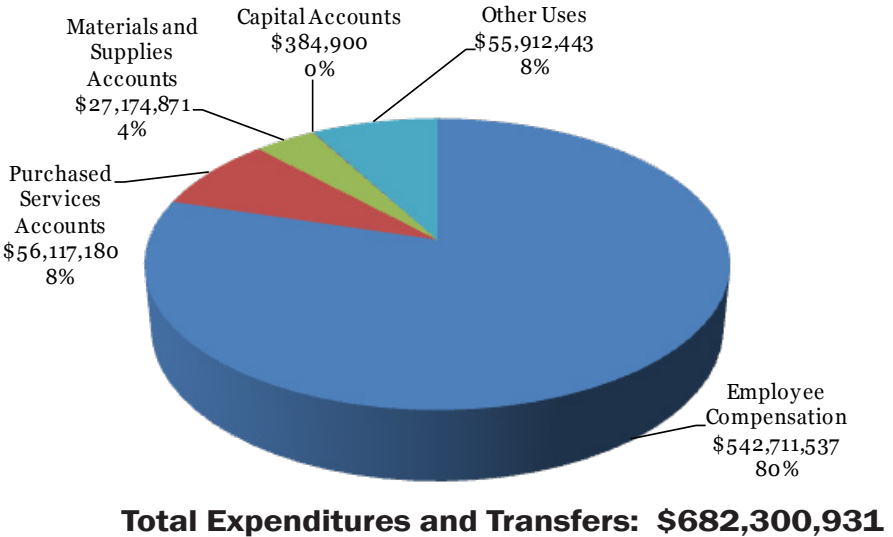
*\*Amount of transfers to Capital Reserve, Transportation, Campus Activity, Technology and Insurance Reserve.*

# General Fund Revenues & Expenditures

## Where the \$'s come from...



## Where the \$'s go...



**Because we are a labor intensive organization,  
80 percent of General Fund expenditures  
goes to employee compensation.**

# Budget Driver — Enrollment

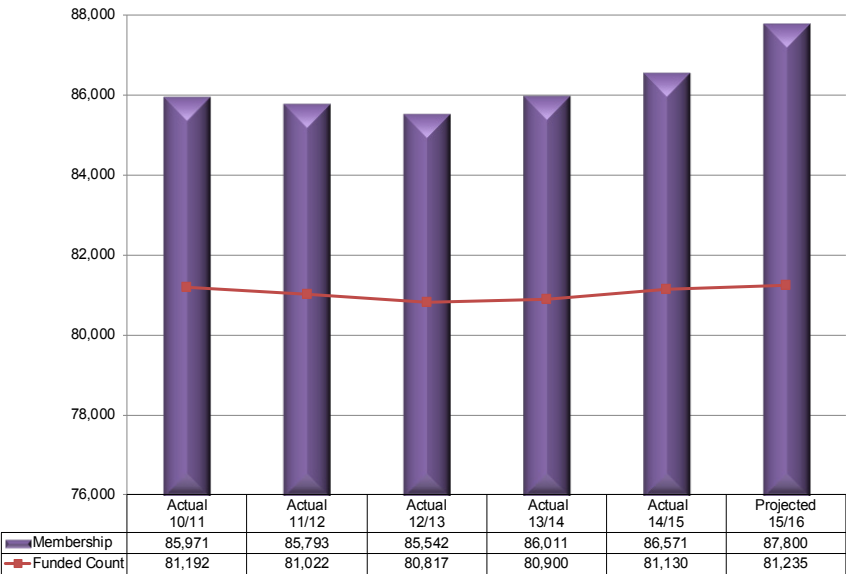
After more than a decade of declining student enrollment at Jeffco, there were slight increases in 2013/2014 and 2014/2015. Projections indicate that Jeffco's enrollment will increase again in 2015/2016.

There continues to be a small 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 in-district charter schools.

The funded student count is the final number of students for which Jeffco receives funding for through the School Finance Act.

## How Many Students Does Jeffco Serve?



**After more than a decade of declining student enrollment at Jeffco, enrollment increased slightly in both of the last two years and is projected to increase again in 2015/2016.**



# Per Pupil Funding

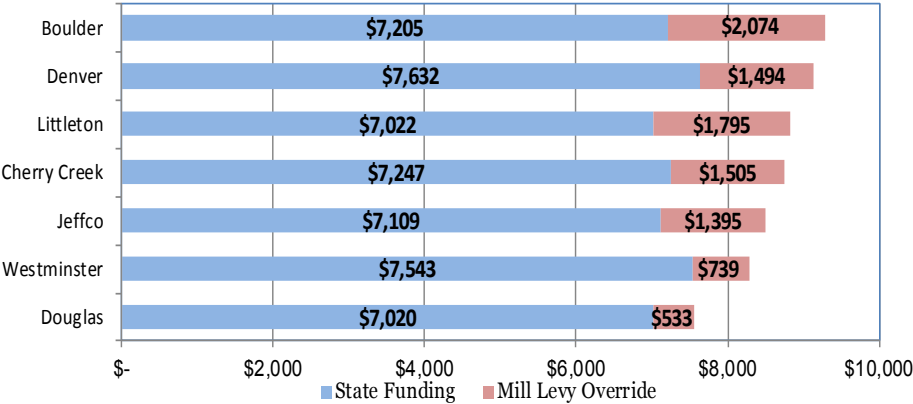
School funding in Colorado is determined by legislation and referred to as the School Finance Act. The Act prescribes total program funding using a per-pupil funding formula. Although the economy is rebounding and state revenue is growing, the state budget remains strained by both the upcoming TABOR refunds and growth in other state programs. As calculated by the Colorado Department of Education, Jeffco's share of state funding increased \$22M or \$259 per pupil. Jeffco will also receive \$0.4M in additional at-risk funding. The increased funding includes \$2.5M that flows directly through to charter schools and \$0.2M Colorado preschool revenue that is recorded as revenue to the Child Care Fund. Thus, the net increase for the General Fund from state funding will be \$19.5M for 2015/2015. The following chart illustrates the funding on a per pupil basis.

## *Per pupil funding will finally be just above 2009/2010 levels*

- 2009/2010 .....\$7,070
- 2010/2011.....\$6,637
- 2011/2012.....\$6,309
- 2012/2013 .....\$6,317
- 2013/2014 .....\$6,482
- 2014/2015 .....\$6,850
- 2015/2016 .....\$7,109

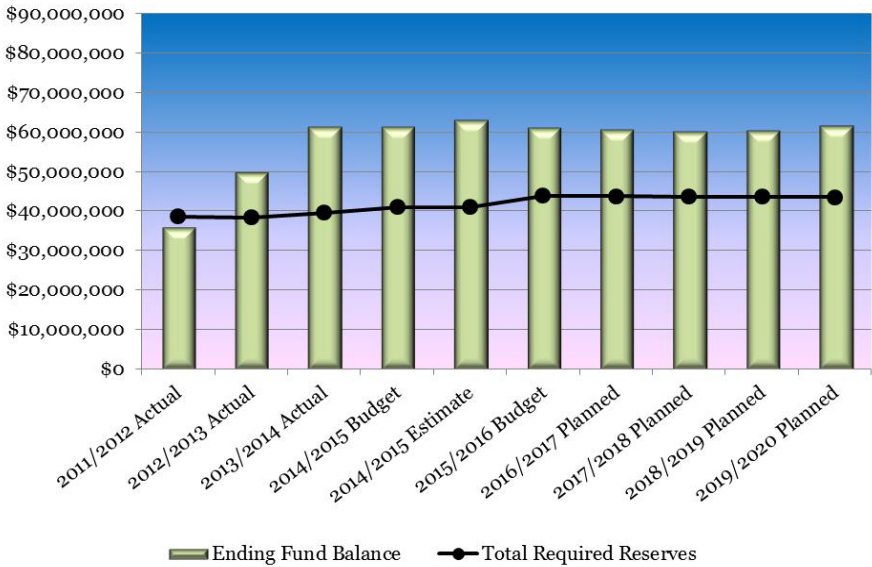
**Application of the negative factor is still reducing funding to Jeffco by approximately \$80M for 2015/2016.**

## 2015/2016 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. In addition, Jeffco's Board of Education has set a Board policy requiring an additional 4 percent reserve amount on top of the TABOR requirement. 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 8 and 17 percent of expenditures.

Jeffco has a highly responsible and prudent financial track record. Reserves in the recent past were strategically held briefly to a higher than needed level to allow for a thoughtful spend down over a multi-year period. The higher reserve balances occurred at exactly the time of the deepest funding cuts during the Great Recession. Jeffco was able to spend down the reserve balances as planned and thereby mitigate budgetary reductions. The plan has always been to rebuild reserves as quickly as possible once funding began to rebound to restore reserve levels and provide the flexibility and means to withstand fluctuations in funding without impact to classrooms, programs, or staffing.

**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 the state of Colorado do not provide funding for these building projects.

Funds derived from the \$99M bond, authorized by voters in November 2012, are being used for capital renewal projects at 141 sites, including neighborhood schools, charter schools and other district facilities to address critical needs and keep Jeffco students warm, safe and dry. These projects include 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

\$.53	.....	General Instruction
\$.09	.....	Instructional Support
\$.09	.....	Special Education Instruction
\$.08	.....	Transfers to Other Funds
\$.07	.....	School Administration
\$.10	.....	Operations and Maintenance
\$.04	.....	General Administration

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

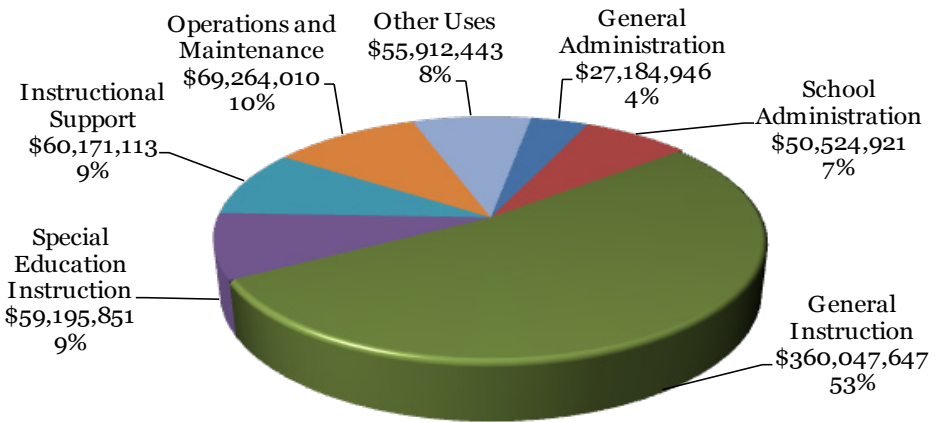
- ✓ Highly skilled and trained teachers that make a difference in students' lives
- ✓ Specialized learning services for students with special needs
- ✓ Access to library resources and technology
- ✓ Guidance, counseling and other support services
- ✓ Materials such as textbooks and equipment
- ✓ Transportation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

**175 days**

**87,800  
students**

**More than 70 percent of all General Fund dollars goes toward instruction and instructional support ... only 4 percent goes to general administration.**

# 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

The Jeffco Public Schools Board of Education assesses the district through its Ends policies, or guiding principles. The Ends policies 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](http://www.jeffcopublicschools.org). These Ends policies have driven the academic planning and financial decision making for the 2015/2016 school year. District leadership will introduce Jeffco 2020 Vision, a new strategic plan to replace the existing Call to Action plan. The strategic plan identifies specific objectives and measurable targets to guide the district in achieving the goals specified in the Board's Ends policies.

## Budgetary Direction

This budget is responsive to community values and supports the Board-identified goals for improving student achievement. Priorities heard through the community engagement process included compensation and facilities and rebuilding reserves to a level more in line with industry standards. The Board of Education chose to direct increased revenue to compensation and facilities and to fully equalize charter schools in the mill levy overrides. Following are highlights of the budgetary direction from the Board for 2015/2016:

<b>2015/2016 Material Expenditure Assumptions</b>	
Employer Contribution to Public Employee Retirement Association (PERA) – SAED portion	\$ 2,025,000
Employer Contribution to Public Employee Retirement Association (PERA) – AED portion	1,215,000
Affordable Care Act (initial implementation)	3,000,000
Employee Salary Increase Placeholder	4,600,000
Compensation increase for targeted employees	630,000
Adjustments to existing teachers under starting salaries	3,500,000
Benefits for additional staff at schools	700,000
<b>Compensation Subtotal</b>	<b>15,670,000</b>
Capital Reserve Fund Transfer	3,000,000
Increased At-Risk funding to neighborhood schools	350,000
Salary accrual, utilities	2,000,000
Transfers to other funds for PERA increases and inflation	600,000
Kindergarten move to General Fund	5,000,000
Expenses related to spend down of school carry forward	3,000,000
<b>Non-compensation Subtotal</b>	<b>13,950,000</b>
Estimated Retirement and Turnover Savings	(1,500,000)
<b>Budgetary Savings Subtotal</b>	<b>(1,500,000)</b>
<b>Total Change in Expenditures and Other Uses</b>	<b>\$ 28,120,000</b>

### ***Compensation Expenditures***

Because negotiations were not complete at the time of budget adoption, there is a budgeted placeholder of \$15.6M in the final appropriation that includes:

- \$3.2M for the legislated 0.8 percent increase in employer contributions to the Public Employees' Retirement Association (PERA);
- \$3M for continued implementation of the Affordable Care Act;
- \$0.7M increase for benefit costs for additional staff at schools; and
- \$8.7M as a placeholder for employee pay increases. This placeholder equates to an average 1 percent salary increase for employees.

### ***Non-Compensation Expenditures***

Per the chart, non-compensation expenditures changes include \$14M for:

- increasing the transfer to the Capital Reserve Fund for facility needs;
- additional at-risk funding;
- increases in other mandatory costs including utilities and inflation;
- an increased expense for kindergarten expense (to be offset by additional kindergarten revenue); and
- planned spend down of school carryforward.

### ***Budgetary Savings***

The 2015/2016 budget reflects compensation-related savings that are calculated and included in the budget each year. These savings come in the form of retirement and turnover savings when more experienced, higher paid personnel retire and less experienced, lower paid employees are hired as replacements. Total savings for 2015/2016 was budgeted at \$1.5M.

## **Charter Funding Equalization**

The pass-through funding and other funding for charter schools will increase by \$5M for 2015/2016. The increase is due to several components:

- increased charter school enrollment;
- increased per pupil revenue from the state totaling \$2.5M; and
- an additional \$2.5M allocated to the charter schools per Board direction to equalize the distribution of mill levy override revenue between charter schools and district-managed schools.

General Fund revenue will see a decrease of \$2.5M with the equalization of mill levy override funding to the charter schools.



## Board of Education

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Julie Williams .....	First Vice President
Lesley Dahlkemper .....	Second Vice President
John Newkirk .....	Secretary
Jill Fellman .....	Treasurer
Dan McMinimee .....	Superintendent

**More detailed budget information is available  
on the website or by calling  
303.982.6843**

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**[www.jeffcopublicschools.org](http://www.jeffcopublicschools.org)**