



Discover a World of Opportunity™



CITIZEN'S GUIDE TO UNDERSTANDING THE DPS BUDGET 2017-18

VISION: EVERY CHILD SUCCEEDS

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

SHARED CORE VALUES:

Students First • Integrity • Equity • Collaboration • Accountability • Fun

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THE DENVER PLAN 2020:

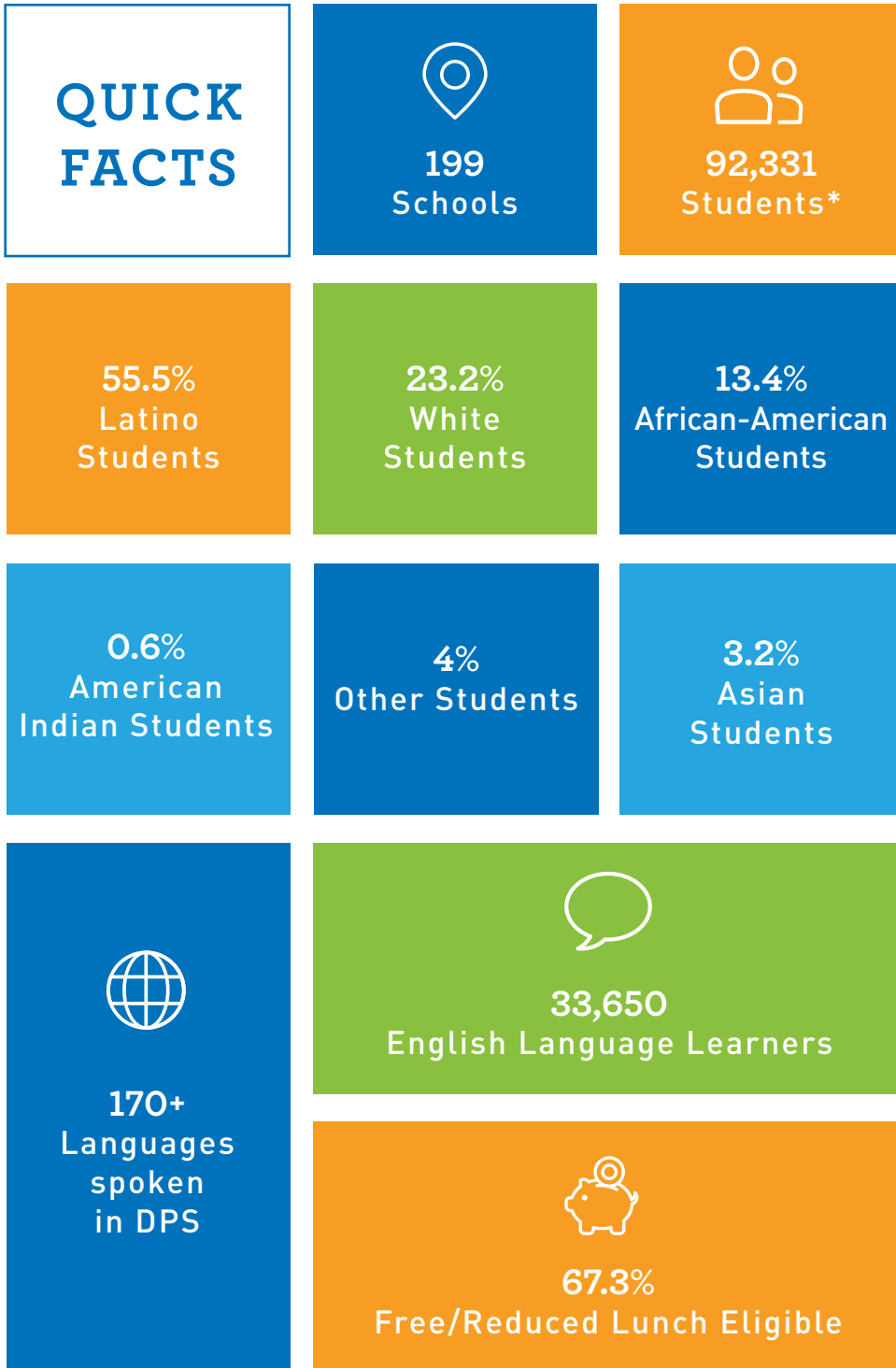
The Denver Plan 2020 is Denver Public Schools' five-year strategic plan. With the vision of Every Child Succeeds, DPS has committed to five specific goals designed to close academic achievement gaps and prepare all students for success in college and careers:

1. **GREAT SCHOOLS IN EVERY NEIGHBORHOOD:** By 2020, 80% of DPS students will attend a high-performing school, as measured by region using the district's School Performance Framework.
2. **A FOUNDATION FOR SUCCESS IN SCHOOL:** By 2020, 80% of DPS third-graders will be at or above grade level in reading and writing.
3. **READY FOR COLLEGE AND CAREER:** By 2020, the four-year graduation rate for students who start with DPS in ninth grade will increase to 90%. By 2020, we will double the number of students who graduate ready for college and career, as measured by the increasing rigor of the state standard.
4. **SUPPORT FOR THE WHOLE CHILD:** DPS is committed to creating an equitable and inclusive environment that fosters the growth of the whole child by ensuring students are healthy, supported, engaged, challenged, safe, and socially and emotionally intelligent.
5. **CLOSE THE OPPORTUNITY GAP:** By 2020, the graduation rate for African-American and Latino students will increase by 25%. Reading and writing proficiency for third-grade African-American and Latino students will increase by 25%.

ABOUT THE CITIZEN'S GUIDE FOR UNDERSTANDING THE DPS BUDGET

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

These considerations include student enrollment, state funding, district reserves and our key belief that our schools best know how to serve the students they serve. In addition, the guide provides details on how the voter approved Mill Levy Override and bonds from 2016 support students and families. Please note that the guide is not a complete directory of financial information. Fully detailed budgetary schedules are available on the DPS Financial Transparency website at financialservices.dpsk12.org/financialtransparency.



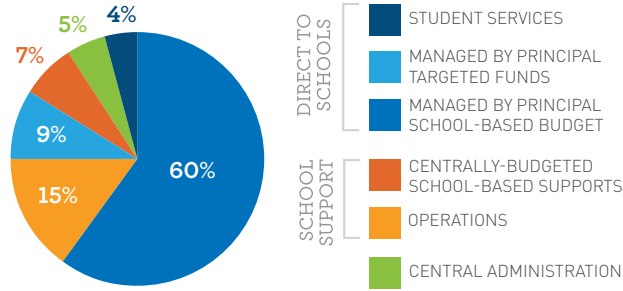
**For FY2016-17 academic year, including charters*

BUDGET PRIMER

While Colorado ranks 42nd in the country in state spending per pupil, Denver Public Schools is committed to aligning our limited budget resources with our Shared Core Value of Students First and our number one goal to create Great Schools in Every Neighborhood. To do this, we prioritize protecting dollars and resources in our schools – where they matter most.

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

2017-18 BUDGET BREAKDOWN



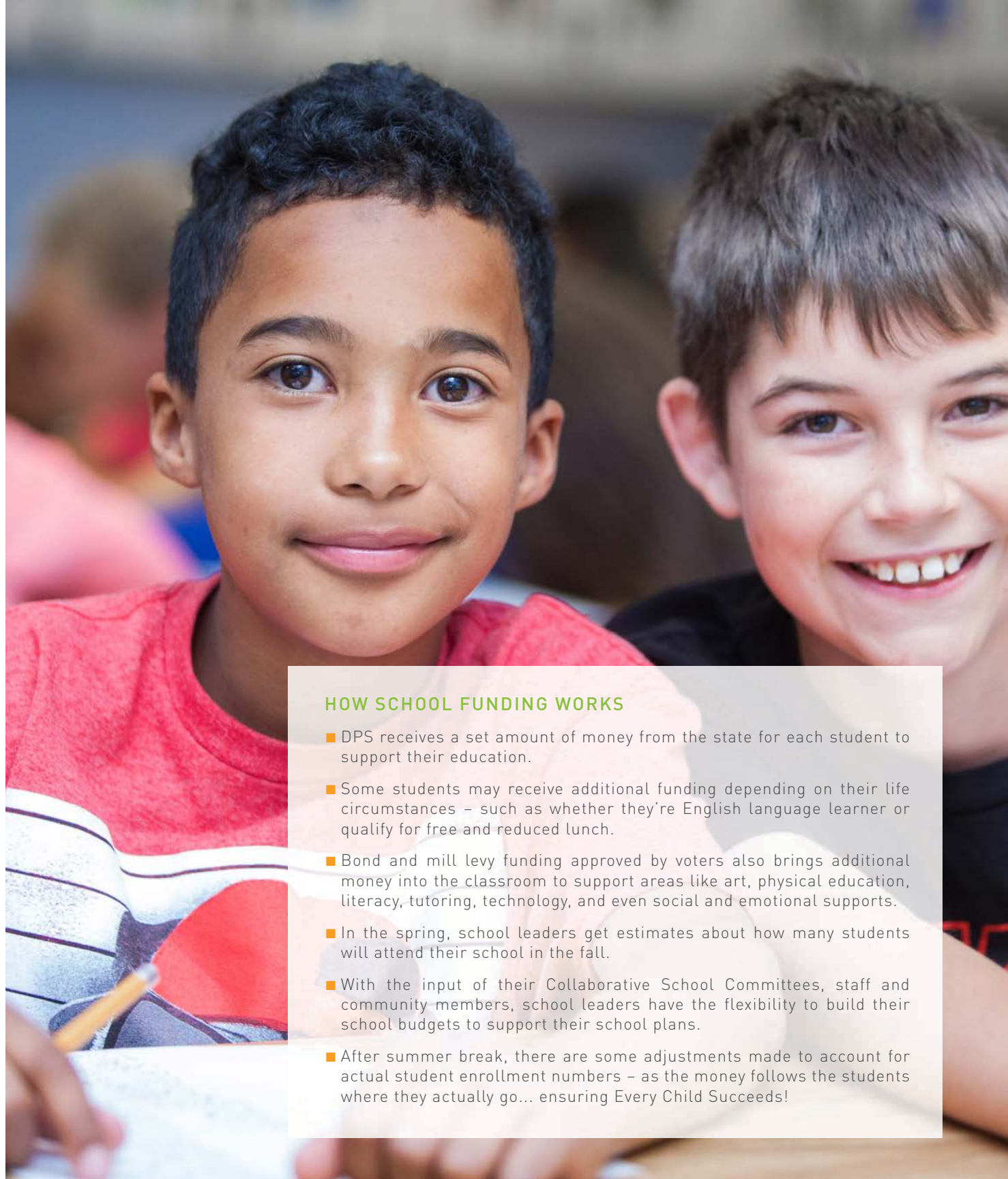
BUDGET BY COST CENTER

This school year, 95% of the district's expenditures went directly to supporting students. The remaining 5% of expenses are used for central costs; among the lowest in the nation. DPS expects to spend just over \$10,500 per student in our district-managed schools this school year. DPS is shifting even more funds over to be managed at the school level in the coming year.

STATE BUDGET PICTURE

Denver Public Schools' per per pupil revenue is only \$14 higher than it was 8 years ago, when our state already hovered near the bottom nationally in per-pupil funding. This means significant challenges for DPS and for all Colorado school districts, at a time when our state's constitutional constraints require state leaders to issue tax rebates.

Colorado school districts are still feeling the results of the economic recession – that's when state officials created a tweak, called the negative factor, to the school funding formula that allowed them to pay schools districts less than the formula calculates they should get. Since it was implemented in 2009-10, the negative factor has withheld more than \$5 billion from Colorado school districts. State lawmakers returned a small amount of that \$5 billion last year.



HOW SCHOOL FUNDING WORKS

- DPS receives a set amount of money from the state for each student to support their education.
- Some students may receive additional funding depending on their life circumstances – such as whether they're English language learner or qualify for free and reduced lunch.
- Bond and mill levy funding approved by voters also brings additional money into the classroom to support areas like art, physical education, literacy, tutoring, technology, and even social and emotional supports.
- In the spring, school leaders get estimates about how many students will attend their school in the fall.
- With the input of their Collaborative School Committees, staff and community members, school leaders have the flexibility to build their school budgets to support their school plans.
- After summer break, there are some adjustments made to account for actual student enrollment numbers – as the money follows the students where they actually go... ensuring Every Child Succeeds!



DPS plans to increase school budgets by roughly \$2.5 million to keep pace with average salary increases and changes in student enrollment. An additional \$44 million is being shifted from centrally-budgeted school supports to the school's budget, including about \$21 million for Early Childhood Education.

CHANGING DEMOGRAPHICS

DPS is also facing some challenges of its own: High housing pricing, shifting demographics and declining birth rates have contributed to slowing enrollment growth. DPS is still growing, just not as fast as it has been. Fewer students in DPS means less funding for our schools.

Because of gentrification in Denver, schools are losing critical federal Title I funds to serve their lowest-income students. As a result, the district is proposing a new tiered calculation to provide more funds for schools whose low-income populations are right below the current eligibility level to receive Title I funds. This is intended to soften the blow of the budget loss.

PRIORITIZING DOLLARS

While DPS is working hard at the state level to grow the funding pie for our schools and to increase investment in public education, we are anticipating additional potential cuts in state per pupil funding for the 2017-18 school year. We are prioritizing and protecting dollars and resources in our schools, where they matter most, and giving schools maximum flexibility to decide how to best spend their dollars to meet their specific kids' needs. We are also adding resources and supports for our highest-needs students and schools.

BOND/MILL LEVY FUNDING

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

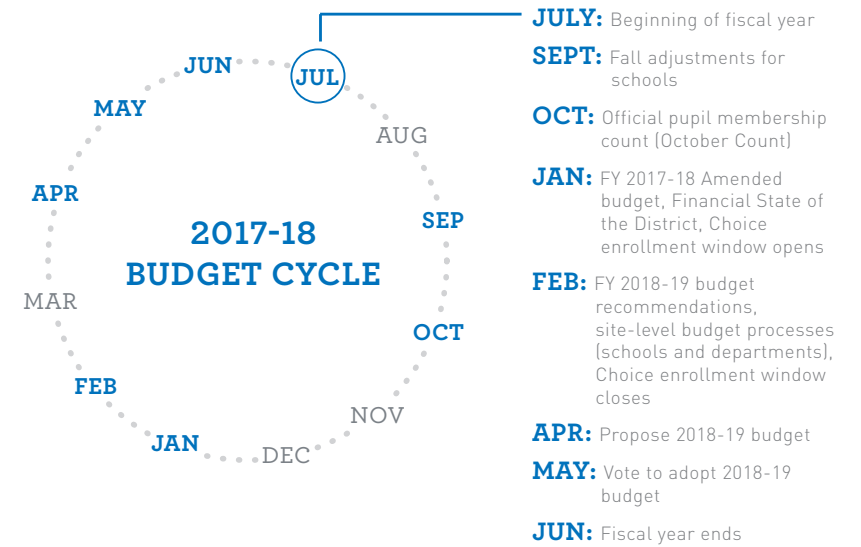
BUDGET APPROVAL

While the DPS budget office has released guidance to schools and principals have begun working with their communities on next year's budget, the final districtwide budget will go to the Denver Board of Education for approval in May.



BUDGET CYCLE AND CALENDAR

The Denver Public Schools fiscal year is July 1st to June 30th. Below is a timeline which illustrates the process Denver public Schools undergoes to develop the fiscal year 2017-2018 budget.



FY2017-18 BUDGET HIGHLIGHTS

Revenue

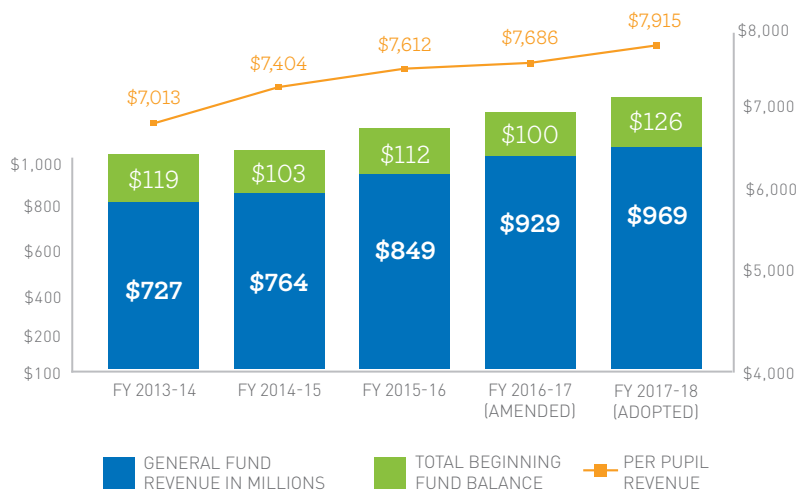
- Passage of the 2016 Mill Levy Override provides almost \$60 Million of additional resources to DPS students
- Total membership, the most critical factor in total DPS revenue, is projected to increase from 92,000 to 93,000 students in FY2017-18
- Per Pupil Revenue projected to increase near the rate of inflation at 3% year over year from \$7,686 to \$7,915.

Spending

- Competitive compensation increase for employees
- New 2016 Mill Levy Override funds provide additional investments in whole child, career readiness, early literacy, technology, concurrent enrollment and teacher leadership
- Additional Student Based Budgeting (SBB) weight added for Direct Certification (a poverty factor in addition to eligibility for free and reduced price school meals)

For school year 2017-18, DPS projects General Fund revenue at ~\$970 Million. Only in 2014-15 did DPS per student funding get back to levels we enjoyed before the great recession. Since that time, funding has increased at a pace near inflation and DPS has maintained reasonably consistent level of reserves.

GENERAL FUND TOTAL RESOURCES AND PPR



TOTAL DPS SOURCES OF FUNDING

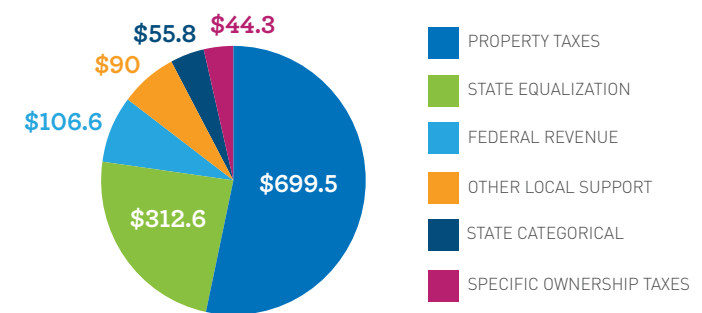
Denver Public Schools receives revenue from a variety of local, state, federal and private sources, with the largest being local property taxes (which account for almost 53% of total revenue). Property taxes include revenue determined by the School Finance Act, as well as all Mill Levy Overrides and Bond Redemption approved by the voters of Denver. The second largest source of revenue for Denver Public Schools is from state equalization, which is the remaining share of total program funding determined by the School Finance Act. Combined, these two sources account for nearly 75% of Denver Public Schools' total revenue.

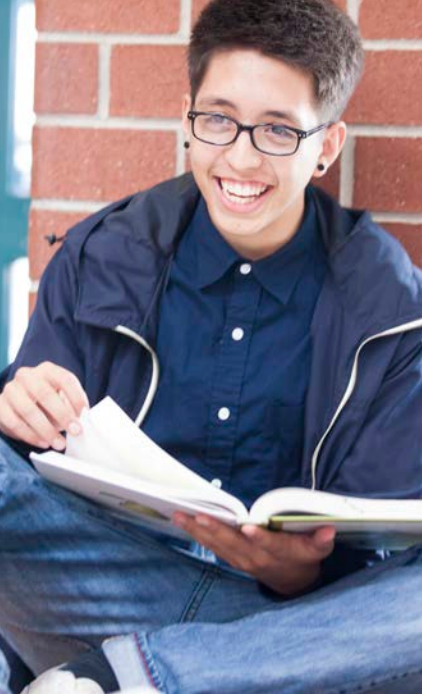
Other major revenue sources include:

- FEDERAL FUNDING – student programmatic funding is primarily comprised mainly of Title I, Title II and IDEA (Individuals with Disability Education Act) revenue. This revenue received is variable year to year based on student demographics in DPS, as well as the state of the national economy. Resources from the Department of Agriculture support our school meal program.)
- OTHER LOCAL SOURCES – grants from many different institutions and foundations, including, but not limited to, JP Morgan, Michael Bloomberg, and the Walton Foundation (our three largest donors in 2016-17). Similar to federal funding, this revenue is also variable year to year based on the pledged amounts of charitable organizations and the implementation timeline of programs these organizations support.

The following chart depicts all \$1.3 Billion of DPS revenue sources (100% of total revenue of all appropriated funds):

DISTRICT TOTAL REVENUE

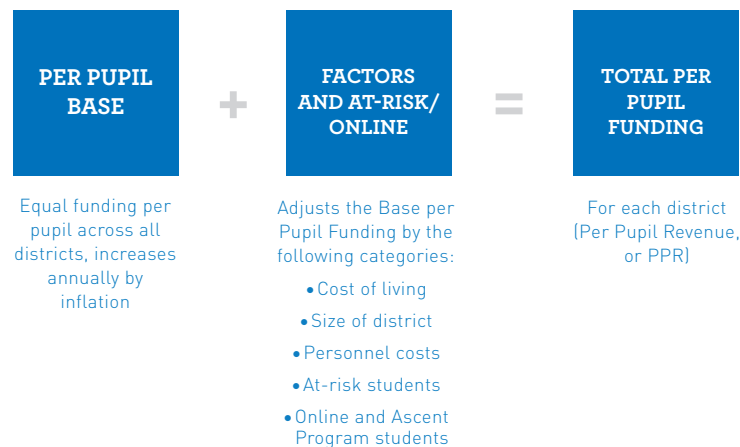




SCHOOL FINANCE ACT

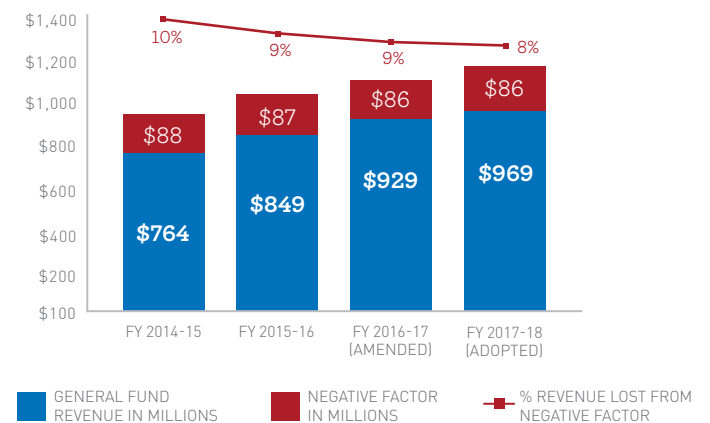
The Colorado School Finance Act outlines the total program funding formula used to determine a per pupil funding level for each school district. The total program funding includes a base amount plus additional factors, which vary by district and compensate for financial differences among districts, such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

The following diagram outlines the total program formula.



THE NEGATIVE FACTOR

Beginning in FY2010-11, the Colorado Legislature implemented the “negative factor.” In effect, the negative factor was used as a mechanism to shrink state funding on education during the Great Recession. While many state and constitutional dynamics contribute to the decisions, the legislature has not fully eliminated the negative factor despite the economic recovery in Colorado. In FY2017-18, DPS’ share of the negative factor will be slightly more than \$85 Million. Since FY2009-10, DPS’ funding has been reduced by nearly \$700 Million through the state’s use of the negative factor. While the legislature took steps to keep the negative factor flat in recent years, this practice continues to reduce the DPS general fund budget by nearly 8% every year.



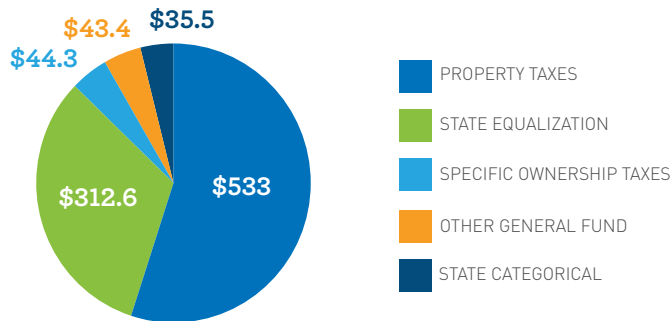
GENERAL FUND REVENUE

General fund revenue is the source of funding that is mostly used to cover the traditional costs of operating a school district – like funding school budgets, facilities, running the bus service, etc. Capital, federal and philanthropic funds often prescribe the use of the funding. The district’s general fund is the source in which leaders have the most autonomy to make adjustments.

DPS may seek approval from its voters to raise additional property tax revenues via an additional mill levy, called a mill levy override. This is in addition to the amount authorized to fund the total program. All override revenue is from property taxes and the voter approval to raise override revenues does not impact state share funding.

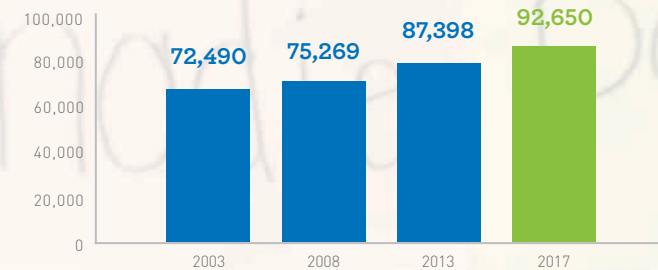
The pie chart identifies the different sources making up the DPS general fund revenue sources and includes funding for mill levy overrides. As assessed value of Denver real estate has grown over the past several years, the increase of property taxes as a portion of general fund has grown and the state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

GENERAL TOTAL REVENUE



STUDENT ENROLLMENT HISTORY AND PROJECTED GROWTH

DPS is a rapidly growing district. Since 2003, enrollment has increased from just under 73,000 students to nearly 93,000 projected for the 2017-18 school year. This growth of almost 20,000 students represents an increase of more than 25%. The increase in DPS enrollment resulted from by a variety of factors, including population growth, strong residential development and improved school offerings drawing students back into DPS, particularly at the middle and high school grades.



By using a variety of data inputs, including population growth, new residential development and the increasing percentage of students living within the district who choose to attend a DPS school, DPS expects enrollment to continue to grow in the future, albeit at a slower rate than in previous years. DPS anticipates most of this growth in the Green Valley Ranch, Stapleton and Lowry neighborhoods, where most of the new residential development is occurring. Some areas of the city are likely to see a decline in student enrollment over this same period.

**2017 Enrollment data (noted in green) is the projected enrollment for the 2017-18 school year; the official student count is completed in October 2017.*



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

SCHOOL-BASED VS. CENTRALLY ALLOCATED RESOURCES IN DISTRICT MANAGED SCHOOLS

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

DPS expects to spend just over \$10,500 per student in our district-managed schools this school year. DPS is shifting even more funds over to be managed at the school level in the coming year.

The following graphic demonstrates the amount of funds allocated to district-run schools and school supports, and the total allocation to central office across all district-run schools. Early Childhood Education and charter school costs excluded to make this comparison fair between all school types.

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

COST CENTER (in millions)	TOTAL FY17-18 BUDGET	% OF TOTAL BUDGET	K-12 PER STUDENT EXPENDITURE
SCHOOL SUPPORT			
Principal Managed Resources	\$476	62%	\$7,063
Operations	\$118	15%	\$1,745
Centrally Budgeted School Expenditures & School Supports	\$115	15%	\$1,708
Center Programs & SEO Services	\$31	4%	\$463
CENTRAL	\$33	4%	\$497
GRAND TOTAL	\$773	100%	\$11,476

K-12 PROJECTED STUDENTS 67,335

SCHOOL BASED BUDGETING

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

DPS implemented student-based budgeting the 2007-2008 school year. It is because of the wide-array of student and school needs that the district implemented a model to allow for site-level autonomy. We believe school leaders make the best decisions on how the school is structured; the SBB process is a reflection of that belief.

2016 MILL LEVY OVERRIDE INVESTMENT

In November 2016, Denver voters approved a mill levy override funding measures for students in DPS, agreeing to invest \$56.6 Million in operating dollars to support proven initiatives.

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

The "yes" from voters means all DPS schools will benefit from increased support for classroom programs.

- INVEST EARLY: EARLY LITERACY SUPPORTS \$6.8M**
 - Teacher and Staff Training
 - Planning and Collaboration Time
- READY FOR COLLEGE AND CAREER \$8M**
 - CareerConnect
 - Concurrent Enrollment
- CLASSROOM TECHNOLOGY \$6.6M**
- GREAT TEACHERS IN EVERY CLASSROOM, GREAT LEADERS IN EVERY SCHOOL \$14.5M**
 - Teacher Leadership & Collaboration
 - Principal Pipeline
 - DPS Workforce Diversity
- SUPPORT FOR THE WHOLE CHILD \$15M**
 - SBB Funding for Whole Child Supports
 - Expanded Learning Opportunities
- GREAT LEARNING ENVIRONMENTS \$4.9M**
 - Preventative, proactive, deferred and predictive maintenance
- IMPROVED ACCESS TO EDUCATIONAL OPPORTUNITIES \$400K**
 - Increased transportation options for high school students

2016 BOND PROGRAM

\$252 MILLION INVESTMENT

in maintaining facilities, including funding for critical maintenance items that are necessary for the safe operation of schools. Approximately half of DPS facilities were built before 1969.



\$70 MILLION

to provide cooling solutions for our 79 schools

\$26 MILLION

in sustainability, such as converting entire district to LED lighting

\$70 MILLION

investment to increase student technology access, significantly bolster the number of schools offering one device per student

\$4.9 MILLION

investment in preventative, proactive, deferred and predictive maintenance in Denver classrooms.

\$142 MILLION INVESTMENT

in constructing new schools and creating additions to existing schools to support the projected 4,000-student enrollment increase by 2020.

\$400,000

investment to support low-income high school students who need transportation.

\$108 MILLION INVESTMENT

in upgrading learning environments at our older facilities, including focused investments at our large “baby boomer”-era secondary facilities that have received minimal visible updates or remodels in recent decades. This includes Abraham Lincoln, Thomas Jefferson, John F. Kennedy and George Washington high schools.

Includes flexible awards to 151 schools/programs averaging \$90,000 to make targeted improvements

CAPITAL PROGRAM

2016 BOND PROGRAM:

In November 2016, Denver voters approved a bond measure for students in DPS, agreeing to invest \$572 million in bond funding to build and improve schools.

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

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

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

