

# DOLLARS & SENSE



## **2016/2017 ADOPTED BUDGET**

July 2016

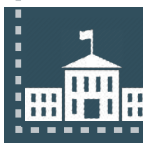
# Quick Facts



## Student Membership 2015/2016: 86,571\*

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

## State Total Program Per Pupil Funding for 2016/2017: \$7,237



## Number of Schools: 155

Elementary (includes three grades K-8).....	92
Middle (includes five grades 6-8).....	17
High Schools (includes two grades 7-12).....	17
Charter Schools.....	17
Option Schools (includes Jeffco Virtual Academy).....	10
Outdoor Laboratory Schools.....	2



## 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 9,810 full-time equivalents (FTEs). Below is a breakout of General Fund compensation dollars by employee type.

74% Licensed	6% School-Based Administration
16% Support	4% 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.



## Ethnic Distribution:\*\*

American Indian/Alaska Native.....	1%
Asian & Pacific Islander.....	3%
Black.....	1%
Hispanic.....	25%
White.....	67%
Multiple Races.....	3%

\*\*Jeffco Enrollment Statistics 2015/2016.

The 2016/2017 budget was developed through a community engagement process directed and supported by the Board of Education that began in August 2015. The process included feedback from an online community interactive budget tool, Board of Education community forums, input from school accountability committees (SAC) through the district's District Accountability Committee (DAC), advice from the Financial Oversight Committee, district leadership, and public comments and 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

Jeffco Public Schools has a long tradition of excellent education and accountability, and the mission to remain great continues. As a district, our focus is on student growth and achievement. The challenge for leadership is to remain diligent in using limited resources to best benefit our students while assuring the long-term financial health of the district.

We are excited about the Jeffco 2020 Vision that defines the outcomes we want for Jeffco students. After a rigorous, collaborative process with students, parents, teachers, district leadership, accountability committees and the community, the district has a

strategic plan in place that sets priorities and breathes life into how we will align the district to accomplish our goals and grow success for all students.

The 2016/2017 school year begins the second year of Student Based Budgeting (SBB), a student-based allocation model that empowers schools to direct resources at the school level to meet students' needs and drive growth and achievement results. New for 2016/2017 is the phased implementation of Budgeting for Outcomes (BFO), a budget model for departments that works in unison with SBB to identify department activities, how the activities link to the strategic plan, and measurable goals from which the district will aim to fund those programs that directly support Jeffco 2020 Vision.

The district has budget needs well beyond what could be accomplished with the adoption of the 2016/2017 budget. While the outlook for K-12 education funding remains uncertain as the state continues to face constraints in balancing the state budget, the district will remain focused on accomplishing our goals and supporting our students.

I am proud of the educational opportunities we provide our kids and look forward to working with the community, district leadership and our teachers to continually raise the bar and ensure that all students in Jeffco have opportunities for bright futures ahead.



*Superintendent Dan McMinimee*

# Jeffco Budget Highlights

- **State funding** for the 2016/2017 school year increased slightly over the funding level for 2015/2016 by approximately 1.2 percent for inflation including a decline of 17 students district-wide.
- Jeffco continues to experience a significant loss of funding due to the **negative factor** which was added to the School Finance Act funding formula by legislation in 2009 to allow the state to cut funding across-the-board for all Colorado school districts as a mechanism to help the state balance its budget. As a result, Jeffco's loss of funding for 2016/2017 is approximately \$77M with a cumulative shortfall of \$490M since the inception of the negative factor in 2009/2010.
- The loss of funding is evident. Jeffco's 2016/2017 General Fund budget for **expenditures** is an increase of less than 2 percent from six years ago.
- A **placeholder** of \$16.1M for additional compensation, which included \$2M for the legislatively mandated increase of 0.5 percent for employer contributions to Public Employees' Retirement Association (PERA), was used throughout the budgeting process. **Bargaining agreements** were approved at the same meeting as budget adoption within the \$16.1M placeholder.
- The Board of Education recognized the importance of having adequate **reserves** and chose not to program all of the 2014/2015 and 2015/2016 underspend in order to add \$12.7M to district reserves and keep levels in the recommended range based on best practices.
- The 2016/2017 budget begins year two of **student based budgeting (SBB)**. The model continues to allow for more autonomy and flexibility at the school level by directing funds to support school-based decision-making thus eliminating one-size-fits-all, centralized budgeting for better equity based on the population served by the individual school.
- To further the budget department's goal of aligning the budgeting process for departments with the district's strategic plan and long term financial plan, the district introduced a phased implementation of **Budgeting for Outcomes (BFO)**. This modified priority based budgeting model presents an opportunity to identify and focus resources on departmental activities that directly support the district's already established goals.
- **On-going funding** for expenditure increases totaling \$6.2M, in addition to compensation, was approved for the mandated English Language Proficiency Act (ELPA) professional development, additional clinic aide hours and mental health support at schools, security, paraprofessional support/school-based therapist, a contract review FTE, and the Wheat Ridge High School Gifted and Talented Program.
- The Board also approved **one-time funding** for compensation, athletics, automation of choice enrollment, website improvements, district-wide Unified Improvement Plan support, two new campuses (Candelas and Rose Stein), hard to staff schools, Human Resources technology support, Information Technology licensing, and additional teachers for Outdoor Lab for training.

# 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:

	2016/2017 Budget	% of Total
General Fund	\$698,537,409	69%
Capital Project Funds	\$71,953,517	7%
Debt Service Fund	\$49,199,435	5%
Special Revenue Funds	\$98,905,696	10%
Enterprise Funds	\$40,592,292	4%
Internal Service Funds	\$48,820,349	5%
<b>Total Budget</b>	<b>\$1,008,008,698</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, as authorized by Colorado School Law, 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 used to fund ongoing capital needs such as site acquisition, building additions, maintenance and renewal projects.

The Building Fund is 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.

## District Charter Schools

District charter schools appropriate their own budgets. The district budget does not include detail for these schools. Detailed information on charter schools can be located on the Jeffco Public Schools district website at [www.jeffcopublicschools.org/schools](http://www.jeffcopublicschools.org/schools).

# General Fund 2016/2017

## Adopted Budget with Mandatory Transfers

Revenue	
Property Tax .....	\$322,703,505
State Revenue .....	\$311,283,784
Specific Ownership Tax.....	\$27,900,000
Investment Earnings .....	\$250,000
Tuition, Fees, Other .....	\$20,700,000
<b>Total Revenue .....</b>	<b>\$682,837,289</b>

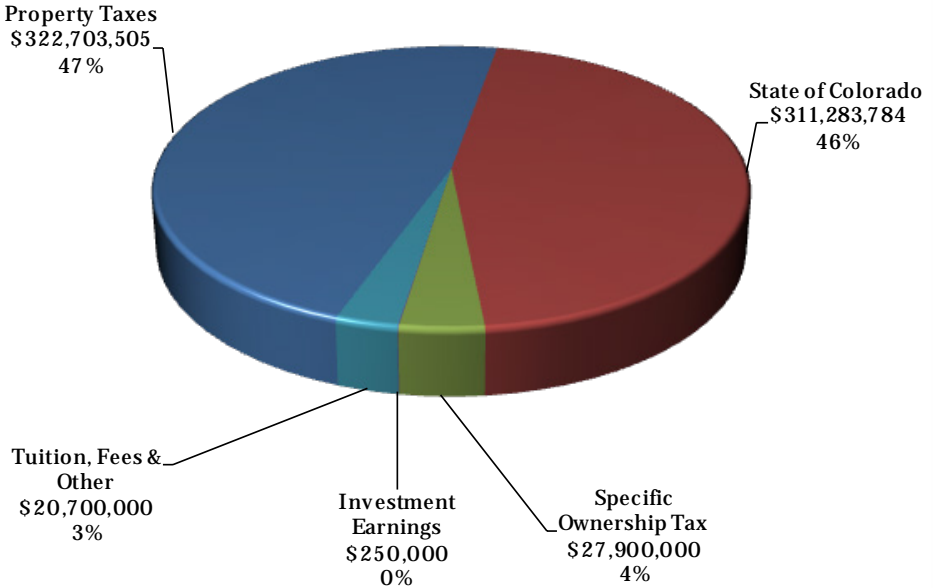
Expenditures	
General Administration.....	\$29,224,475
School Administration .....	\$55,422,389
General Instruction.....	\$349,038,912
Special Ed Instruction .....	\$57,279,679
Instructional Support .....	\$79,471,038
Operations and Maintenance .....	\$71,357,849
<b>Total General Fund Operating .....</b>	<b>\$641,794,342</b>
<b>Transfers to Other Funds.....</b>	<b>\$56,743,067*</b>
<b>Total Expenditures &amp; Transfers....</b>	<b>\$698,537,409</b>

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

**Because Jeffco Public Schools  
is a labor intensive organization,  
79 percent of General Fund expenditures  
goes to employee compensation.**

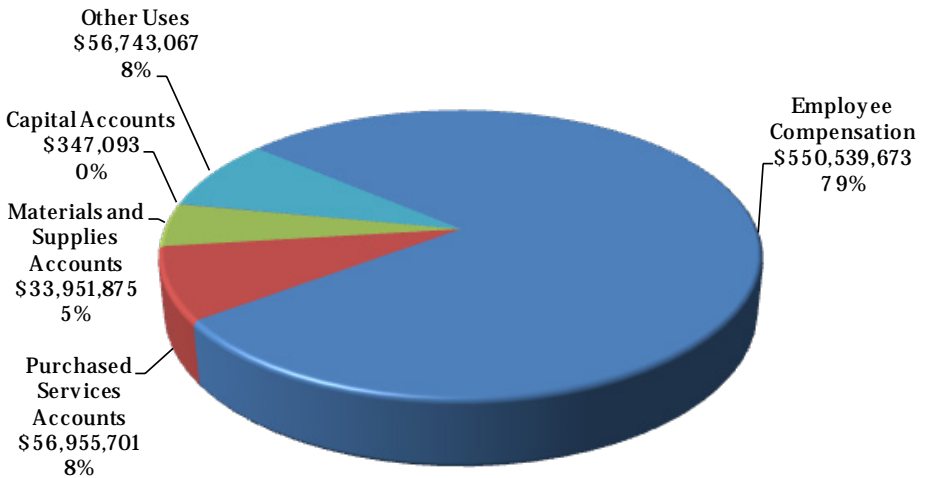
# General Fund Revenues & Expenditures

## Where the \$'s come from



**Total Revenues: \$682,837,289**

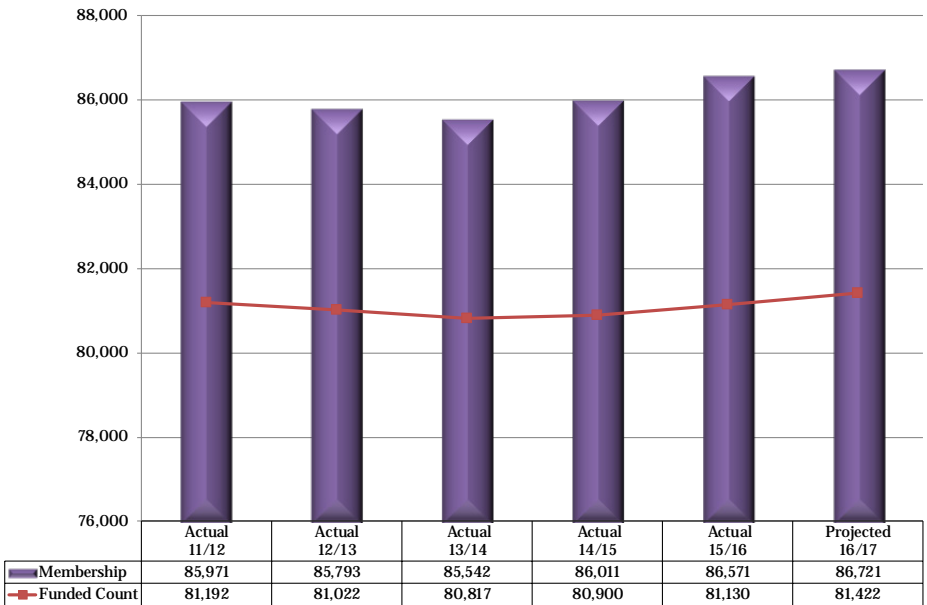
## Where the \$'s go



**Total Expenditures and Transfers: \$698,537,409**

# Budget Driver — Enrollment

## How Many Students Does Jeffco Serve?



Student enrollment at Jeffco has increased slightly since 2013/2014. Current projections indicate the trend will continue with a slight increase expected in 2016/2017.

- The graph above 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 shift in enrollment from district-managed schools to in-district charter schools is projected to continue. 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 funded student count is the final number of students for which Jeffco receives funding for through the School Finance Act.

**Enrollment increased slightly in the last three years and is projected to increase again in 2016/2017.**



# 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.

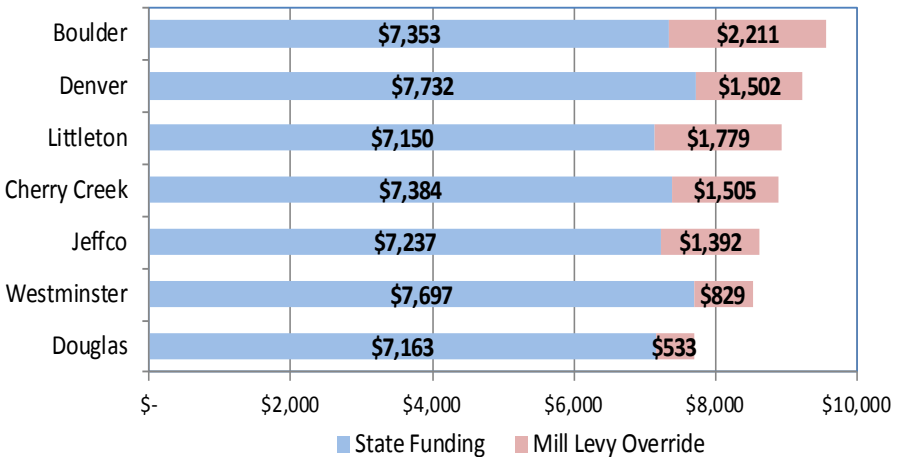
- As calculated by the Colorado Department of Education, Jeffco's share of state funding increased \$8.9M or \$111 per pupil. Jeffco will also receive \$1.4M from the state to fund the mandated English Language Proficiency Act (ELPA) professional development.
- The increased funding includes \$1.7M that flows directly through to charter schools. Thus, the net increase for the General Fund from state funding will be \$7.2M for 2016/2017.
- The following chart illustrates the funding on a per pupil basis.

## *Per pupil funding remains just above 2009/2010 levels*

- 2009/2010 .....\$7,070
- 2010/2011.....\$6,637
- 2011/2012.....\$6,310
- 2012/2013 .....\$6,317
- 2013/2014 .....\$6,482
- 2014/2015 .....\$6,850
- 2015/2016 .....\$7,126
- 2016/2017 .....\$7,237

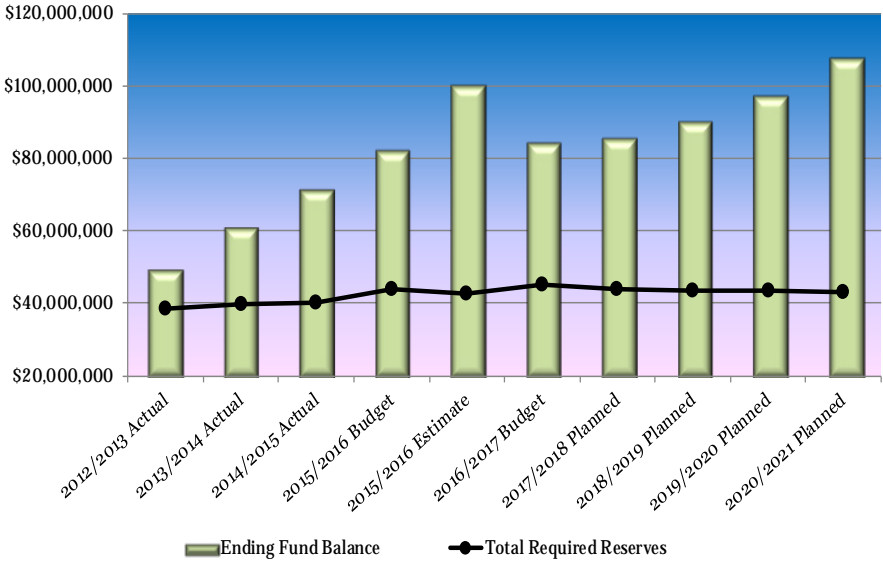
**Application of the negative factor is still reducing funding to Jeffco by approximately \$77M for 2016/2017.**

## 2016/2017 State and Local Per Pupil Funding by District Comparison



# Reserves

**General Fund Reserves**



Jeffco has a highly responsible and prudent financial track record. The chart above shows reserve balances in the General Fund over time compared to the required reserve balance as directed by the Taxpayer Bill of Rights (TABOR) and the Board of Education. Per Colorado law, a minimum reserve balance of 3 percent is required under TABOR, and Jeffco's Board of Education set a Board policy that requires an additional 4 percent reserve amount on top of the TABOR requirement.

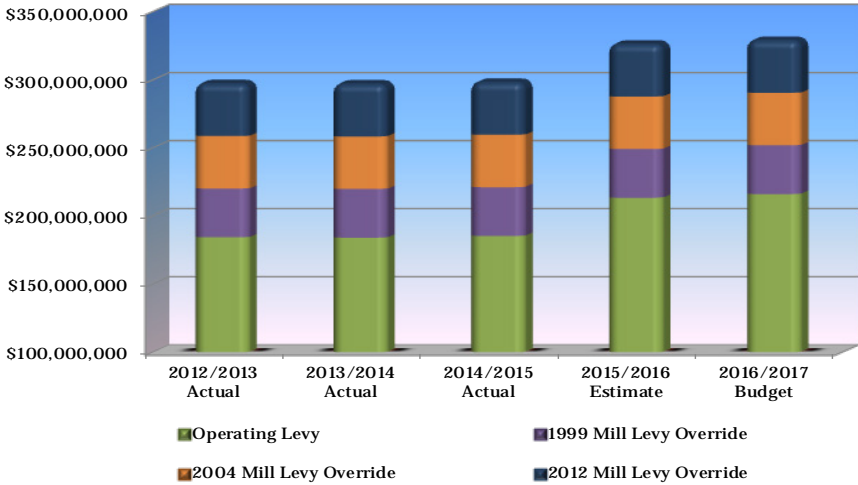
District advisory groups, including the Financial Oversight Committee and District Accountability Committee, have recommended that reserve balances be rebuilt from the legal minimum per Board of Education policies and as mandated by state statute (TABOR) to a level more in line with industry standards. The district continues to target reserve levels between 8 and 17 percent of expenditures. For 2016/2017, the budgeted unassigned reserves is \$59M, or approximately 9 percent of total expenditures.

**The commitment to 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

Jeffco voters approved a \$99M bond in November 2012. Funds from the bond 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. The scope of work will be completed by the end of the 2017 calendar year.

- 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.

# What Does the Budget Buy for 2016/2017?

## Money Spent in the Right Places for Academic Excellence



### For every dollar spent

\$.50	.....	General Instruction
\$.12	.....	Instructional Support
\$.10	.....	Operations and Maintenance
\$.08	.....	Special Education Instruction
\$.08	.....	Transfers to Other Funds
\$.08	.....	School Administration
\$.04	.....	General Administration

### In 2016/2017 for approximately \$46 a day, Jeffco Public Schools provides each student:

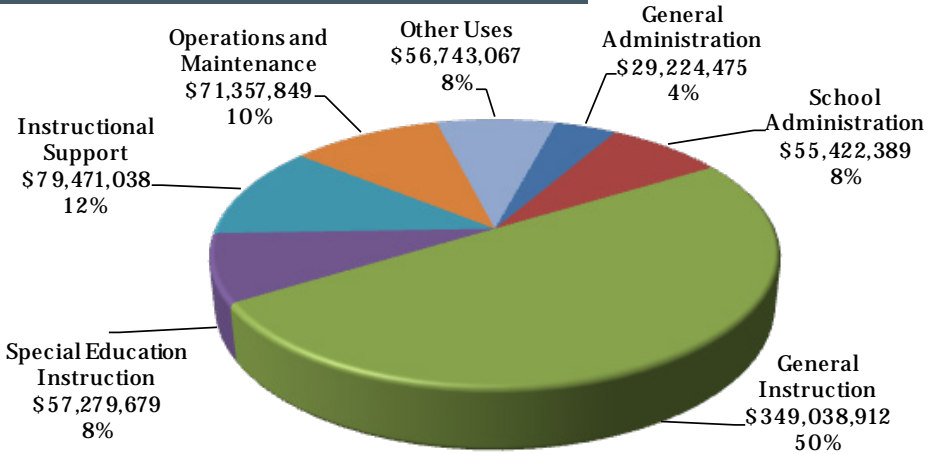
- ✓ Highly skilled and trained teachers that make a difference in students' lives
- ✓ Specialized learning services for students with special needs
- ✓ Access to library resources and technology
- ✓ Guidance, counseling and other support services
- ✓ Materials such as textbooks and equipment
- ✓ Transportation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

**86,721  
students**

**175  
days**

**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
<b>General Instruction</b>	Teachers Teacher Librarians ESL, Dual Language Instructional Coaches Paraprofessionals Materials & Supplies Teacher Librarians	
<b>Special Ed Instruction</b>	Special Ed Teachers Intervention Services Special Ed Preschool Center Program Transition Services	
<b>Instructional Support</b>	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
<b>School Administration</b>	Principals Assistant Principals School Secretaries	
<b>Operations &amp; Maintenance</b>	Campus Supervisors Custodial Services Utilities	Field Services Property Management
<b>General Administration</b>	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 were refined in 2015/2016 to include specific expectations that 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 2016/2017 school year.

In 2015/2016, district leadership introduced Jeffco 2020 Vision which identifies specific competencies to gauge the effectiveness of district divisions in achieving the Ends goals as defined by the Board. The 2015–2017 Strategic Plan includes three strategies that lay out essential actions that will be taken to make progress toward the Jeffco 2020 Vision competencies.

## Budgetary Revenue and Savings

As calculated by the Colorado Department of Education per the final legislated School Finance Act, Jeffco will receive a net increase for the General Fund of \$7.2M for 2016/2017. In addition, the budget reflects other revenue from 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.

The district will use underspend from the 2014/2015 and 2015/2016 budgets to fund one-time expenditures. Any portion of these one-time funds not programmed will fall to reserves. The total of one-time revenue is \$28.5M.

Details of the revenue changes are described below.

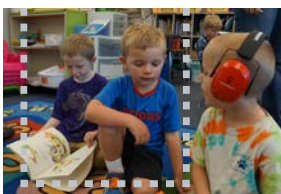
2016/2017 Increases to Revenue		
School Finance Act Revenue	On-Going	One-Time
School Finance Act less Passthrough to Charter Schools	\$ 7,200,000	
Loss of Student Enrollment	\$ (4,254,500)	
English Language Proficiency Act (ELPA)	\$ 1,400,000	
<b>Subtotal School Finance Act revenue</b>	<b>\$ 4,345,500</b>	
<b>Other Revenue</b>		
2016 Savings (Retirement and Turnover & Benefits)	\$ 7,400,000	
2017 Estimated Retirement and Turnover Savings	\$ 6,000,000	
Unprogrammed Revenue (Math Expressions/Utilities)	\$ 2,265,900	
Virtual Academy Reduction	\$ 295,000	
2015 Underspend (one-time)		\$ 15,000,000
2016 Underspend (one-time)		\$ 13,500,000
<b>Subtotal other revenue</b>	<b>\$ 15,960,900</b>	<b>\$ 28,500,000</b>
<b>Net Revenue Increases</b>	<b>\$ 20,306,400</b>	<b>\$ 28,500,000</b>

## Budgetary Direction

Expenditures reflected in the 2016/2017 budget are responsive to community values and support the Board-identified goals for improving student achievement. The district is dedicated to supporting schools and minimizing administrative costs by making sure that the majority of funding is expended at the schools where it can make the most direct impact on the students of Jeffco.

The Board of Education chose to direct the majority of increased revenue to align with the priorities heard through the community engagement process, feedback from the School Accountability Committees and prioritizations per district leadership. Following are highlights of the budgetary direction from the Board for 2016/2017:

<b>2016/2017 Requests for Budget Increases</b>		
<b>Compensation</b>	<b>On-Going</b>	<b>One-Time</b>
PERA SAED mandated increase	\$ 2,025,000	
District wide compensation increase	\$ 14,094,405	\$ 10,400,000
<b>Subtotal employee compensation package increase</b>	<b>\$ 16,119,405</b>	<b>\$ 10,400,000</b>
<b>Other Employer Costs</b>		
Mandated English Language Proficiency Act (ELPA) Professional Development (funded from state)	\$ 1,400,000	
Additional clinic aide hours at schools	\$ 1,125,000	
Mental Health Support - additional FTE	\$ 2,786,321	\$ 1,000,000
Security - increases for central department and identified high schools	\$ 634,838	
Connections Learning Center - paraprofessional support and school-based therapist	\$ 39,000	
Financial Services: Contract review administrator	\$ 103,000	
Wheat Ridge HS Gifted and Talented Program	\$ 146,336	
Athletics - additional pay, game costs, trainers, officials, fees, and equipment		\$ 639,000
Automate choice enrollment		\$ 100,000
Communications - website improvements		\$ 200,000
District wide Unified Improvement Plan (UIP) support		\$ 1,000,000
Establishment of two new campuses - Candelas, Rose Stein		\$ 451,072
Hard to staff schools - improved shared leadership, teacher collaboration, additional school improvement professional development		\$ 1,116,000
Human Resources technology support for substitute and recruiting system		\$ 261,000
Information Technology - Microsoft licensing, development of identity management system		\$ 535,000
Outdoor labs - additional teachers for training		\$ 120,000
<b>Subtotal other employer costs</b>	<b>\$ 6,234,495</b>	<b>\$ 5,422,072</b>
<b>Net Proposed Increases</b>	<b>\$ 22,353,900</b>	<b>\$ 15,822,072</b>
<b>Unprogrammed (otherwise be reserves)</b>	<b>\$ -</b>	<b>\$ 12,675,000</b>



<b>Board of Education</b>	
Ron Mitchell .....	President
Ali Lasell .....	First Vice President
Susan Harmon .....	Second Vice President
Amanda Stevens .....	Secretary
Brad Rupert .....	Treasurer
Dan McMinimee .....	Superintendent

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

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