



Budget for Success

A GUIDE TO UNDERSTANDING DENVER PUBLIC SCHOOLS' BUDGET



Every Child Succeeds



Widely recognized today as one of the best urban school systems in the country, Denver Public Schools proudly serves the residents of the City and County of Denver, Colorado.

Overview

THE MISSION of Denver Public Schools is clear: "Provide all students the opportunity to achieve the knowledge and skills necessary to become contributing citizens in our society."

Denver Public Schools is committed to meeting the educational needs of every student with great schools in every neighborhood.

The District's goal is to provide every child in Denver with rigorous, enriching educational opportunities from preschool through high school graduation to ensure they are prepared for success in college, career, and in life.

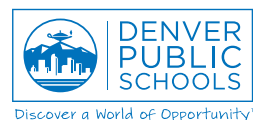
Guided by the tenets of The Denver Plan, DPS has become the fastest-growing urban school district in the country in terms of enrollment, and is the fastest-growing large school district in Colorado in terms of academic growth. As of the 2013-2014 school year, DPS is the largest school district in Colorado.

DPS is committed to establishing Denver as a national leader in student achievement, high school graduation, and college and career readiness.

Achievement of this mission requires an intentional alignment of resources across a multitude of funding sources. As part of our commitment to fiscal transparency and the most effective use of resources, we have developed this guide. Its purpose is to provide an overview of how our district receives funding and how that funding is allocated. While we understand the process is complicated, we hope that after reading this guide you will have a better understanding of how dollars align to the vision of "Every Child Succeeds".



Look for this icon throughout this guide.
See page 19 for links to more information.



Denver Plan 2020

Quick Facts



183 SCHOOLS

- 89 Elementary
- 19 K-8
- 25 Middle
- 12 6-12
- 35 High
- 3 ECE-12



87,398 STUDENTS*

- 72,218 District Run
- 13,567 Charter



DEMOGRAPHICS

- 58% Latino
- 21% White
- 14% African American
- 3% Asian
- 3% 2 or More Races
- 1% American Indian/Alaskan Native



72% FREE/REDUCED LUNCH ELIGIBLE



LANGUAGES

- More than 170 languages spoken in DPS
- 42,726 English Language Learners
- 33,922 receive English Language Acquisition (ELA) services

*For FY2013-14 academic year, including charters

EDUCATORS, FAMILIES AND COMMUNITY MEMBERS have already begun the journey toward the vision of Every Child Succeeds. Denver Public Schools (DPS) first created the Denver Plan in 2006 and updated the plan in 2010. The results are promising. In the last six years, DPS dramatically expanded preschool and kindergarten opportunities, posted record enrollment increases, drove the highest rate of student progress of any major district in the state, increased the graduation rate by 23 percentage points and cut its dropout rate in half.

While our vision is clear and our progress certain, there is a long road ahead. We are grateful for the commitment and hard work of our educators, which has led DPS to become the fastest growing urban district in the country. At the same time, our large achievement gaps are not closing, and not every child is succeeding.

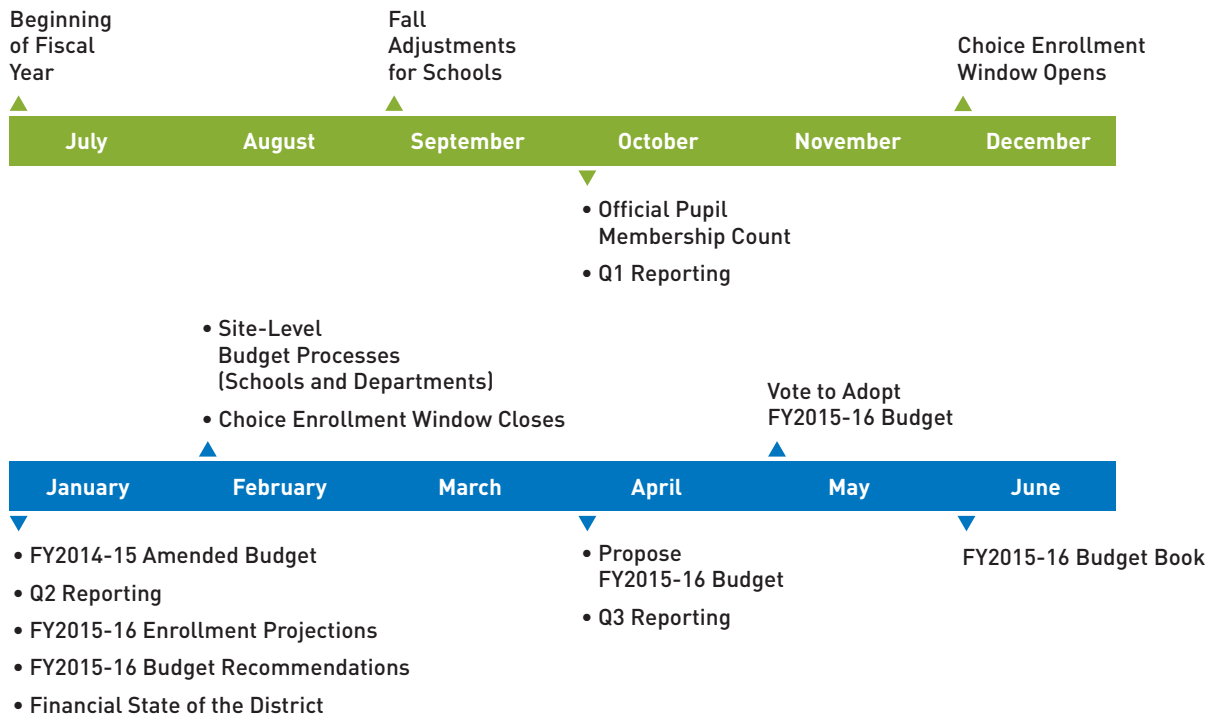
To build upon the momentum of the last several years, DPS will focus on the changes that have proven successful and introduce new strategies to continue to drive innovation and progress. In the first half of 2014, we spoke with nearly 3,000 stakeholders—students, parents and families, teachers, school leaders, community partners and other school district employees—who have offered us vital feedback. Based on this input, we have established a few critical goals and key strategic priorities. DPS is raising the bar to ensure that our children have every possible advantage on the road to becoming well-prepared, successful, civically engaged adults.



See page 19 - #1



Budget Calendar

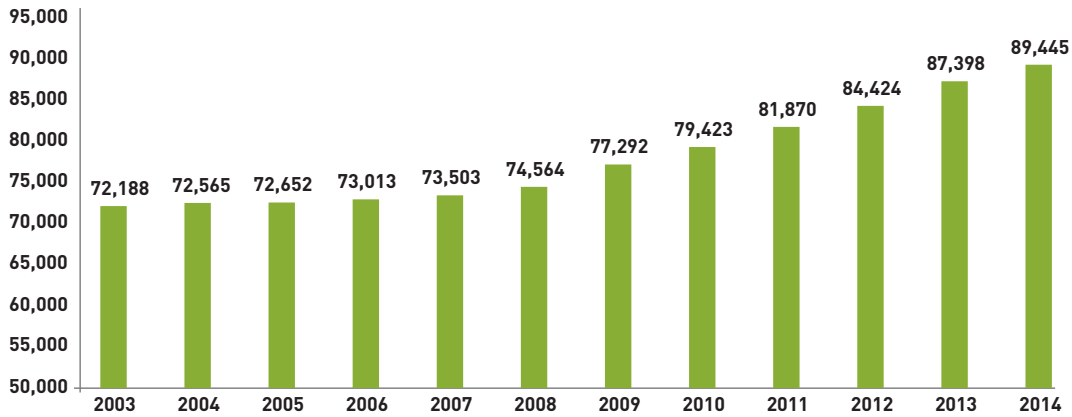




Student Enrollment History and Projected Growth

DPS IS A RAPIDLY GROWING DISTRICT. In the last five years, enrollment has increased from just over 73,500 students in 2007 to 87,398 students in 2013. This growth of almost 14,000 students represents an increase of almost 19 percent, which is above the state-wide growth of 5.4 percent from 2009 to 2013. The increase in DPS enrollment has been driven by a variety of factors including improved school offerings drawing students back into DPS as well as overall population growth and strong residential development.

DPS Enrollment Growth



DPS expects that it will continue to grow in the future, albeit at a slower rate than the previous five years. By 2018, DPS expects to add 6,455 students over the 2013 October Count. Most of this growth will come from Green Valley Ranch, Stapleton, and Lowry, where most of the new residential development is occurring.



[See page 19- #2](#)

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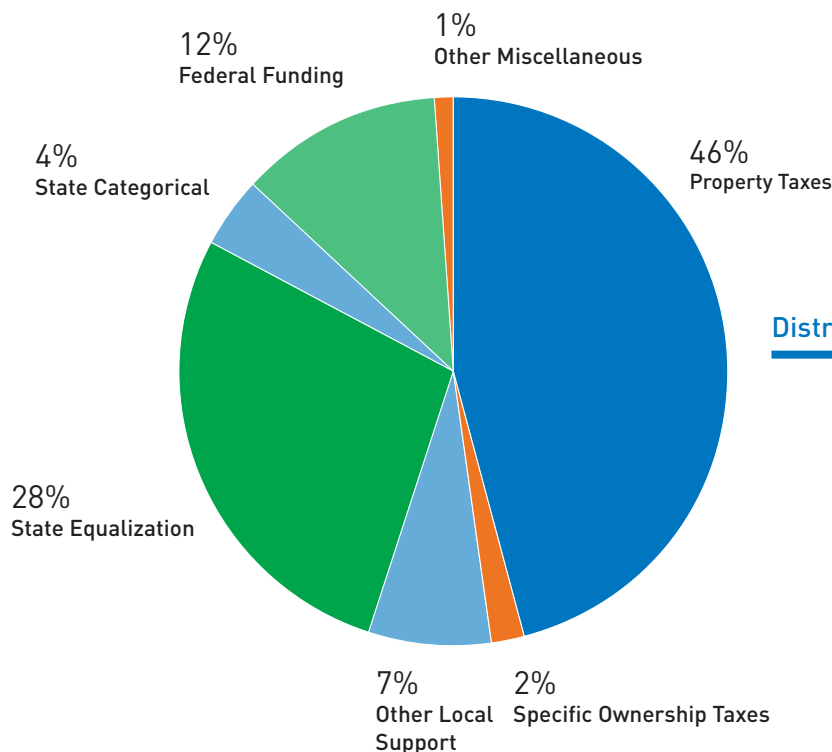
Sources of Funding

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 46% 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 70% of Denver Public Schools’ total revenue.

Other major revenue sources include:

- ▶ **Federal Funding** – comprised mainly of Title I, Title II, and IDEA revenue as well as several large competitive grants. The revenue received from both Title I and Title II is variable year to year based on student demographics in DPS, as well as the state of the national economy. Food Services revenue for meals is also a type of federal funding.
- ▶ **Other Local Sources** – grants from many different institutions and foundations, including, but not limited to the Bill & Melinda Gates Foundation, Michael & Susan Dell Foundation, DPS Foundation, and the Wallace Foundation. 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. Various other funding sources such as Risk Management Fund revenue or Pupil Activity Fund revenue are also types of Other Local Sources.

The following chart depicts all DPS revenue sources (100% of total revenues of all appropriated funds).



District Revenue Distribution



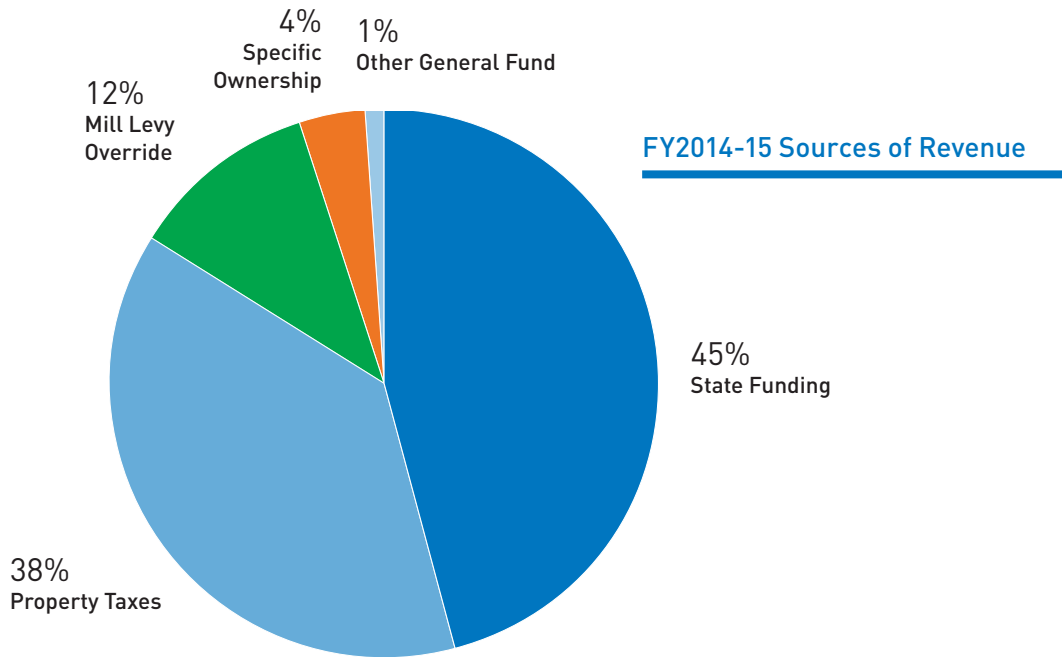
General Fund Revenue

ALL REVENUE ASSUMPTIONS are based on the FY2014-15 School Finance Act (HB14-1298) and the Student Success Act (HB14-1292), which were adopted by the legislature on April 30, 2014 and May 1, 2014, respectively. The passage of these two acts resulted in a \$386 increase to per pupil revenue, from \$7,013 in FY2013-14 to \$7,399 in FY2014-15. With this increased per pupil revenue and increasing enrollment, FY2014-15 general fund (exclusive of Mill Levy Overrides) revenue is forecasted to increase ~8% over FY2013-14.

Local share of revenue is a combination of property taxes and specific ownership tax. Each district imposes a property tax levy on its district, and the revenues remain in the district that imposes the tax (not shared with other districts). Specific ownership is vehicle-registration taxes.

A district, such as DPS, may seek approval from its voters to raise additional property tax revenues via an additional mill levy called a Mill Levy Override. All override revenue is from increased property taxes and the voter approval to raise override revenues does not impact state share funding.

The following pie chart is of all General Fund revenue sources and includes funding for mill levy overrides.



Maximizing Dollars in the Classroom

DPS CONTINUES TO MAXIMIZE FUNDING in the classrooms by reducing centrally budgeted services, and is among districts with the lowest percentage of central funding. Currently, DPS spends 95% of its General Fund and ProComp Special Revenue Fund budget in Schools or in School Support Services. Only 5% of its budget goes towards central school support functions. DPS continues to reduce centrally budgeted services and remains among comparative urban districts with the lowest percentage of central funding in order to maximize funding in our classrooms. The analysis and calculation methodology was confirmed independently by the consulting firm Education Resource Strategies (ERS) in FY2009-10.



District Expenditure Distribution (excludes capital and building funds)



HOW A DOLLAR IS SPENT

59¢

DIRECT SCHOOL FUNDING

36¢

SCHOOL-BASED SERVICES

5¢

CENTRAL SCHOOL SUPPORT SERVICES

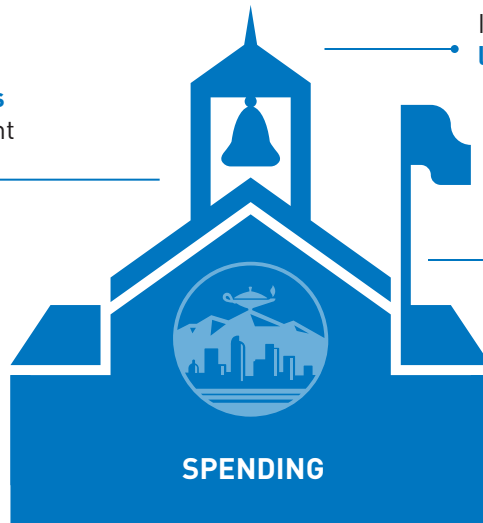
- 11¢** SPECIAL EDUCATION AND STUDENT SERVICES
- 8¢** ACADEMIC SUPPORTS
- 5¢** FACILITIES, UTILITIES AND INSURANCE
- 4¢** FOOD SERVICE
- 3¢** COMMUNITY ENGAGEMENT, ADULT EDUCATION, VOC ED, OTHER ED
- 2¢** TRANSPORTATION
- 2¢** OTHER
- 1¢** ATHLETICS



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FY2014-15 Budget Highlights

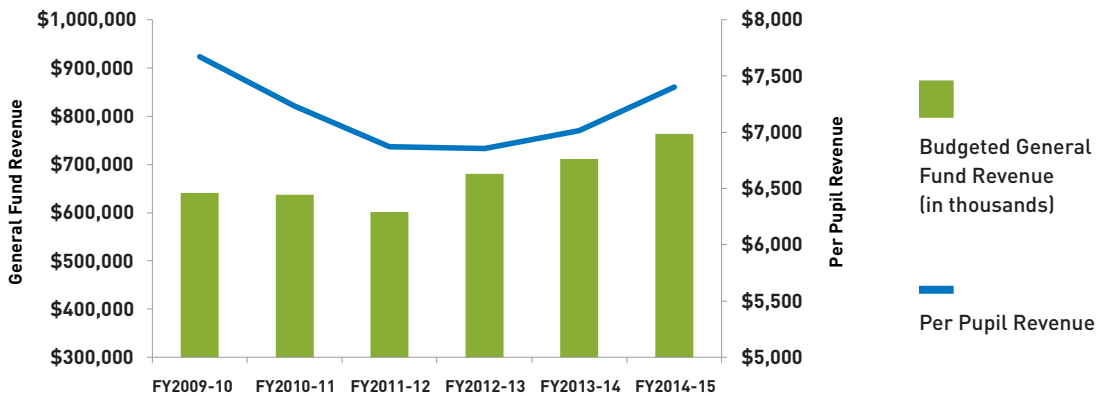
Increased dollars to schools allocated through the Student Based Budgeting (SBB) model by \$13M year over year for all funding sources



Implemented **blended learning** pilot program

Implemented **new grant initiatives:** Youth CareerConnect grant, Next Gen Systems grant, and Educator Effectiveness

Per Pupil Revenue (PPR) to General Fund Revenue



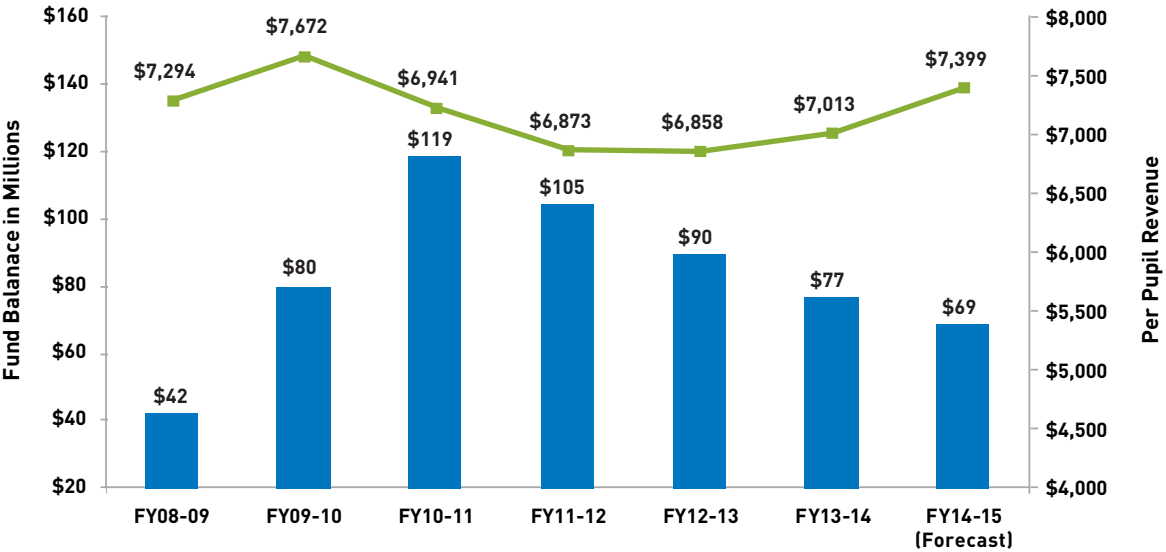
The overall budget revenue has increased since FY 2010-11, but per pupil revenue remained largely flat until FY2014-15.

Fund Balance

SINCE FY2010-11 DPS has used fund balance to supplement declining state revenue. As state funding has slightly increased, DPS has reduced its use of fund balance; however, increasing pressures from inflation and other rising costs continue to pressure the District's ability to meet students' needs.



Ending Fund Balance and PPR



Every child succeeds!



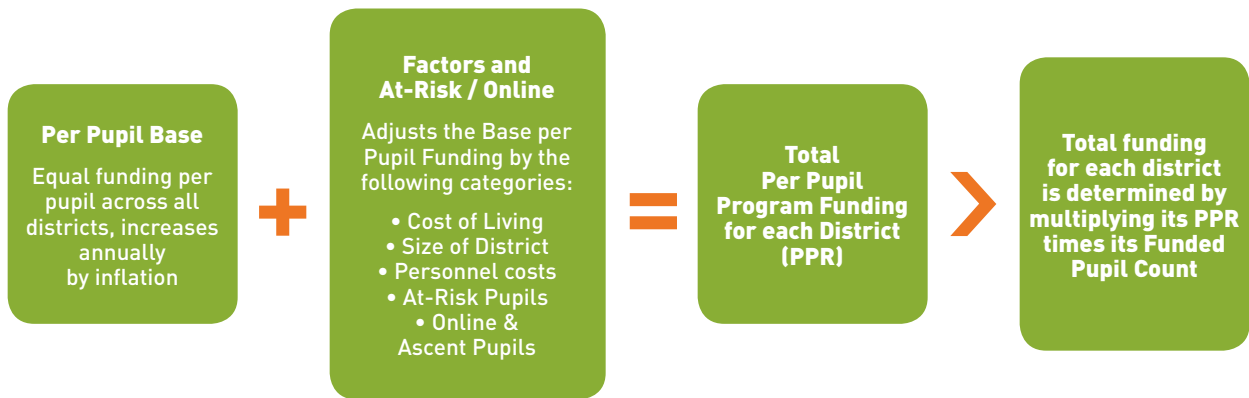


School Finance Act

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 that 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, funding is also allocated for At-Risk and Online pupil counts.

The following diagram outlines the Total Program formula.

Total Program Formula



See page 19- #3

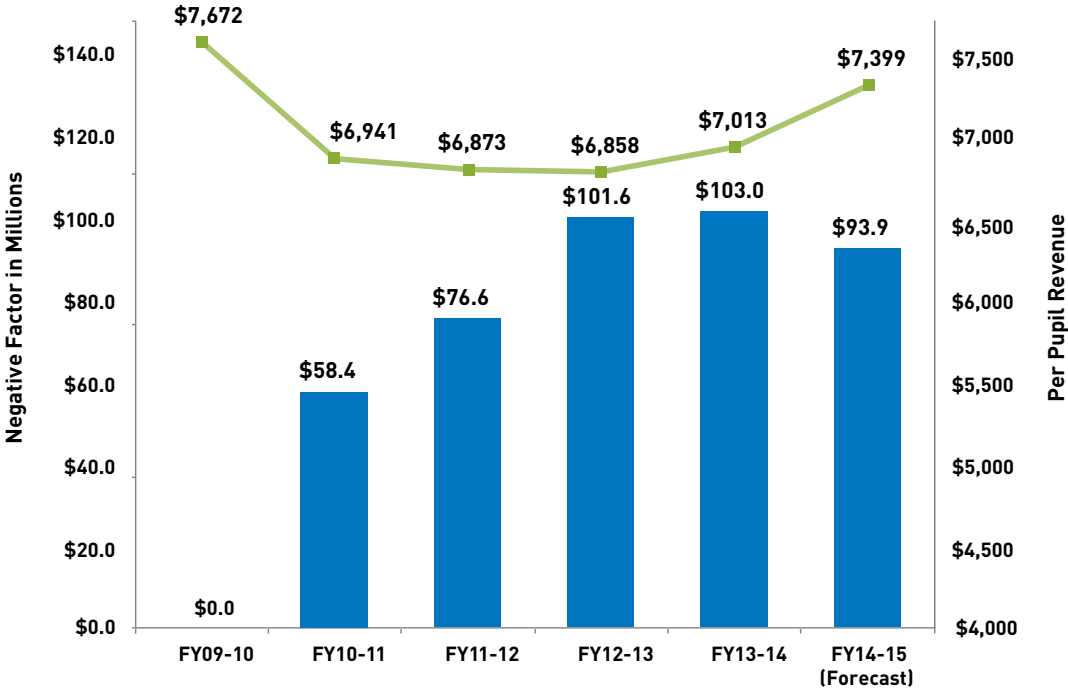


The Negative Factor

BEGINNING IN FY2010-11, the Colorado Legislature implemented the “Negative Factor,” due to lower revenues associated with the economic downturn. In FY2014-15, DPS’ share of the Negative Factor will be \$94M or \$1,117 per student. Since FY2009-10, DPS’ funding has been reduced by a total of \$340M through the state’s use of the Negative Factor.



DPS' Share of Negative Factor and Effect on PPR



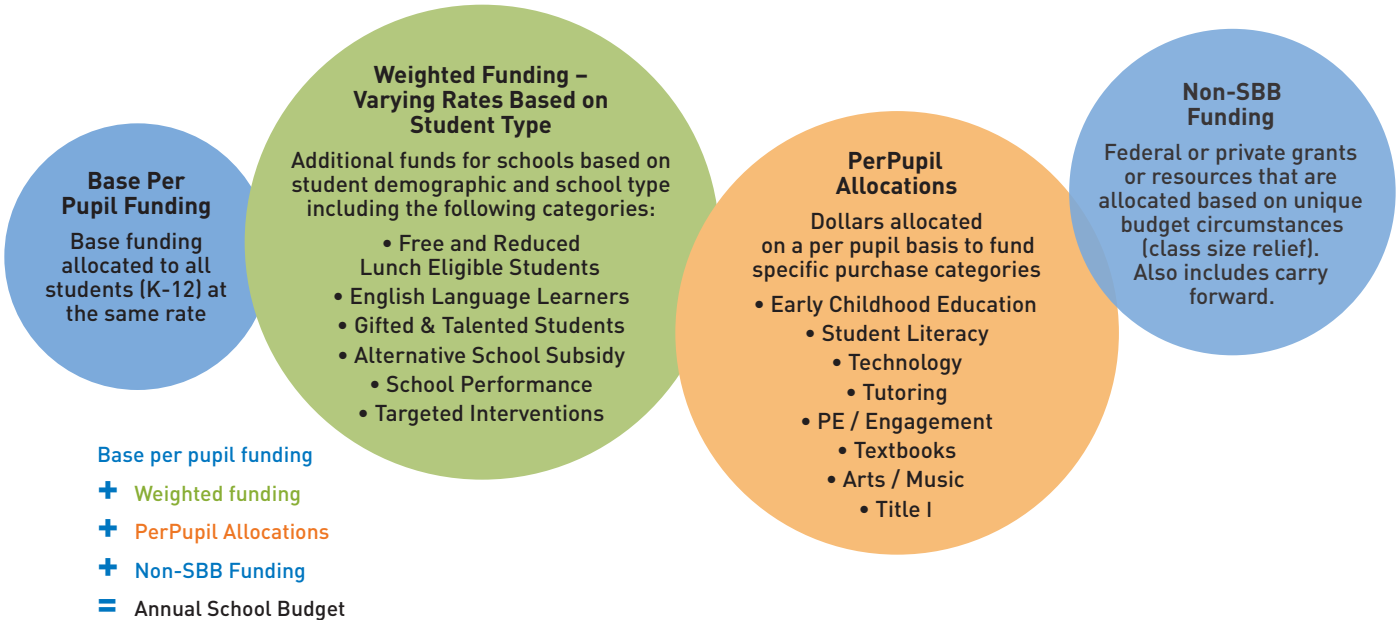
Together, we are TEAM DPS

Student-Based Budgeting (SBB)

HOW SCHOOLS Receive FUNDS

DISTRICT RUN SCHOOLS RECEIVE FUNDING SOURCES from three primary sources: The General Fund, Mill Levy Overrides, and Private and Federal Grant Funding. The majority of school-based resources are allocated through a methodology called student based budgeting, or SBB which allocates dollars to schools on a per pupil basis based on student need. Dollars are allocated directly to the school, and then school leaders are given the autonomy to make site-level decision around school structure. SBB is comprised of 3 main components: Base Per Pupil Funding, Weighted Funding and Per Pupil Allocations.

Schools can also receive dollars in their budget outside the Student Based Budget formula. These funds are usually in the form of private donations or resources that are allocated based on unique budget circumstances. This category also includes unused school funds that roll over from the prior year known as carry forward.



See page 19- #4

Below is a sample that outlines the resources broken down by the categories above ▼

Sample School	
Enrollment	
Students Served	581
% Free/Reduced Lunch Eligible	98%
% ELA	63%
Resources	
SBB Base Per Pupil Funding	\$ 2,049,388
SBB Weighted Funding	\$ 753,169
SBB Per Pupil Allocations (Mill Levy)	\$ 372,187
SBB Per Pupil Allocations (Federal)	\$ 214,864
Non-SBB Funding	\$ 71,642
Total Resources	\$ 3,461,250
Total \$'s per Pupil	\$ 5,957

As part of the budgeting process, school and district leaders work together to develop comprehensive school plans that are used to determine the number of school staff required. This includes principals, teachers, support staff, paraprofessionals, other professionals (nurses, psychologists, social workers). School leadership will then develop a comprehensive budget based on the funding available and staffing requirements.



Below is a sample that shows the budget and staffing plans for school year 2014-15 ▼



Sample School	\$'s	FTEs	Pupils per FTE
Employee Salaries			
School Leadership	\$ 212,140	3.0	193.7
Professional - Instructional	\$ 2,041,054	38.4	15.1
Professional - Other	\$ 32,321	1.0	581.0
Paraprofessionals	\$ 267,709	14.7	39.6
Office Supports	\$ 26,117	1.0	581.0
Crafts, Trades and Services			
Total Employee Salaries	\$ 2,579,341	58.1	10.0
Benefits	\$ 682,056		
Purchased Services	\$ 32,000		
Supplies and Materials	\$ 164,853		
Property	\$ 3,000		
Other			
Total Expenditures	\$ 3,461,250		
Total Expenditures per Pupil	\$ 5,957		

The figures do not include teacher incentives paid through ProComp)



See page 19- #5



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Funding Capital Needs

2012 General Obligation Bonds:

In November of 2012, the Denver County electorate authorized the issuance of \$466M (par value) in municipal bonds from DPS. DPS responded by issuing \$445M (par value) of bonds at a \$67M premium to the market and was able to raise approximately \$512M through this issuance. These funds were approved for the following:

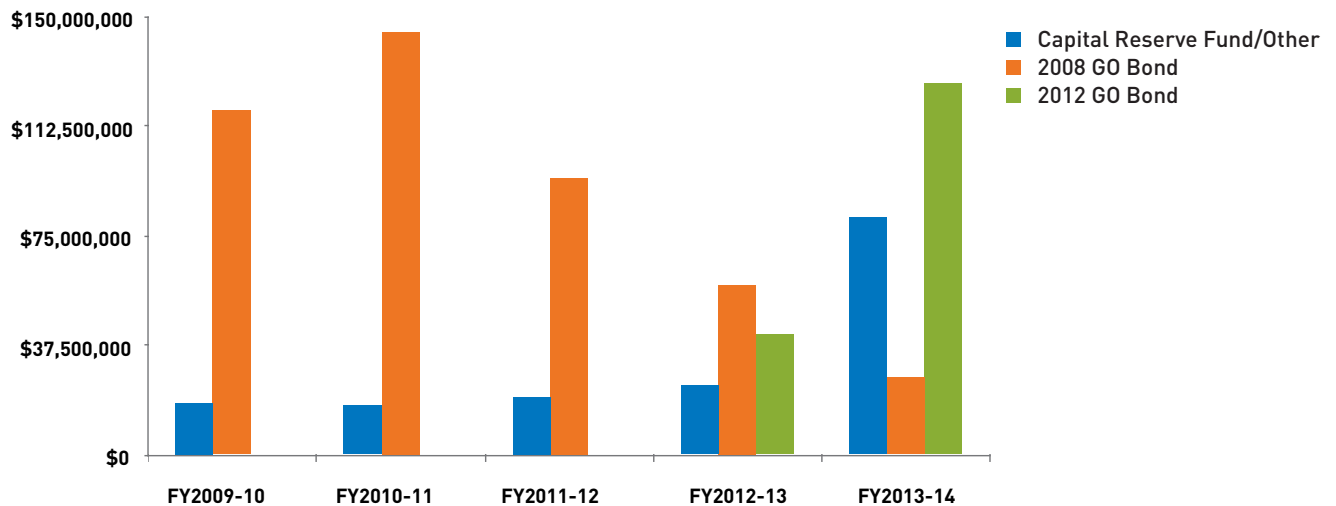
- ▶ **Technology** – Classroom devices, infrastructure, and software for learning and operational efficiencies (Approximately \$39M)
- ▶ **Critical Maintenance** – Performing repairs and renovations to address health, safety and security concerns and improve the sustainability of all schools (Approximately \$230M)
- ▶ **New Schools/Capacity** – Constructing new buildings and additions to existing buildings to address enrollment increases and reduce overcrowding across the district. (Approximately \$196M)

In March of 2014, DPS issued the remaining \$21 million of authorized bonds from the \$466 million originally approved. Once again, DPS took advantage of favorable market conditions and investor demand for premium bonds, netting over \$25 million to fund additional high priority projects. The funds were approved to increase capacity in the following areas:

- ▶ Expand school capacity in the Far Northeast & Southwest regions
- ▶ Expand program offerings at existing schools for students with significant disabilities.

The following chart outlines expenses for the Capital Reserve Fund, 2008 General Obligation Bonds and 2012 General Obligation bonds from FY2009-10 to FY2013-14.

Capital Program from FY2009-10 to FY2013-14



Capital Reserve Fund/Other also includes funds with designated repayment sources (e.g., TIF, building sales).

WHILE DPS ALWAYS SEEKS to maximize intergovernmental funding (Federal, State, Municipal and private grants) the District has historically used general obligation bonds and lease purchase certificates of participation to fund major capital improvements including construction of new schools, renovation and maintenance projects and technology upgrades. Additionally, capital funding is also obtained in specific situations from the use of tax increment financing proceeds (through inter-governmental agreements with Denver Urban Renewal Authority), federal and state programs and grants, as well as private grants.

Operating Budget:

Replacement of the district's school bus fleet, maintenance vehicles and equipment, capital improvements and purchases of equipment are included in the operating budget on a pay-as-you-go basis.

Certificates of Participation:

Certificates of Participation are annually appropriated lease purchase financing vehicles used to fund capital facility improvements as well as other large scale financing needs of the District.



Tax Increment Financing:

The District is in agreement with the Denver Urban Renewal Authority (DURA) on the redevelopment of the former Lowry Air Force Base and Stapleton International Airport sites. DURA agrees to reimburse the District from tax increment revenues for costs incurred in connection with the construction of an elementary school at Lowry and one elementary school at Stapleton. The District, DURA, CCD and Park Creek Metro District have entered into several additional agreements over the past 5 years which allowed for the construction of 3 additional schools and development of site infrastructure at a new high school, and which will ultimately be funded through reimbursements from DURA based upon new tax revenues generated in the Stapleton development.

Capital Reserve Fund (CRF):

There are two categories of spending within the Capital Reserve Fund (CRF) which can be most adequately described as recurring and non-recurring capital project spending. Recurring capital spending can generally be classified as funding that is appropriated annually to departments so that they have well-maintained capital assets necessary in order to maintain the quality of the services they provide to schools. An example of recurring capital spending is school bus purchases by the Transportation Department as well as a portion of maintenance staff. Non-recurring capital outlays are typically spent out of the CRF and are typically for one-time, large-scale construction projects.

Glossary

All glossary term definitions are provided by Colorado Department of Education (CDE) Financial Policies and Procedures Handbook, CDE Chart of Accounts, CDE Understanding Colorado School Finance and Categorical Program Funding, Denver Public Schools Budget Guidance Manual and other Denver Public Schools publications available on dpsk12.org unless otherwise stated in the definition.

Assessed Valuation – The value of a home, plot of land, or other piece of property which is used as the basis for tax collection.

At-Risk Enrollment – To describe a number of different subgroups of students whose typical academic performance is less than the median or average. Often this describes student in schools determined to be eligible to participate in the Free Lunch Program under the National School Lunch Act.

Charter School – Independently operated public schools that are governed by an independent Board of Directors. All charter schools are accountable to the DPS Board of Education and to the same academic performance standards as district-managed schools. Charter schools have flexibility to design their own educational programs and school-based policies. Some charter schools serve a neighborhood boundary or give priority to students who live within a designated area.

Common Core State Standards (CCSS) – The Common Core State Standards Initiative is a state-led effort coordinated by the National Governors Association Center for Best Practices (NGA Center) and the Council of Chief State School Officers (CCSSO). The standards were developed in collaboration with teachers, school leaders, and experts to provide a clear and consistent framework to prepare our children for college and the workforce. More information: http://www.cde.state.co.us/contentareas/ccss_in_the_colorado_standards.

English Language Acquisition (ELA) – The English Language Acquisition (ELA) Program is designed to teach students who speak languages other than English how to understand, speak, read and write in English. The program is also designed to help other students whose language skills are hindering their academic progress because a language other than English is spoken in the home.

English Language Learners (ELL) – Students who are not fluent in English. Children are identified as English language learners because their parents have said that they speak a language other than English and do not speak English well or at all. An objective assessment of the child's

language skills in English also indicates that the child is not proficient in English. A student may also be identified as an English language learner if oral English is good, but reading and writing skills in English are not.

Free/Reduced Lunch (FRL) – Referring to students who qualify for free or reduced lunch through the federal school lunch program administered through the United States Department of Agriculture. This designation also is used as a measure of poverty and also is used to determine a schools' eligibility for Title I supplemental funding.

Fund Balance – In accordance with Generally Accepted Accounting Principles, the term fund balance refers to the difference between assets and liabilities under the modified accrual basis of accounting for governmental funds.

Funded Pupil Count – The funded pupil count is defined as the district's "on-line pupil count" plus the district's Colorado Preschool Program Pupil Count plus the district's Supplemental Kindergarten Enrollment (.08 of the Kindergarten headcount), plus the district's ASCENT program pupil enrollment, plus the higher of current year enrollment or the average of 2, 3, 4, or 5 years enrollment.

Gifted & Talented – In Denver Public Schools, "gifted and talented children" means those students whose demonstrated abilities, talents and/or potential for accomplishment are so exceptional or developmentally advanced that they require special provisions to meet their educational needs. These students perform, or show the potential of performing, at remarkably high levels in intellectual, specific academic or creative areas when compared with others of their age and experience.

Mill Levy – The rate of taxation based on dollars per thousand of assessed valuation.

Mill Levy Override – A school district may desire to spend more property tax revenues than authorized/required to fund its Total Program. In this event, a district must seek approval from its voters to raise and expend "override" property tax revenues via an additional mill levy.

October Count – Funding is based on an annual October pupil count. Each school district counts pupils in membership as of the school day nearest October 1 (the official count day).

Per Pupil Revenue (PPR) – Funding to school districts is based on a per-pupil formula that calculates Total Program. Per Pupil Revenue (PPR) would be the District's Total Program funding divided by the funded pupil count of the District for said budget year.

Property Taxes – Each school district is required to impose a property tax levy to finance its Local Share of Total Program. The county assessor determines the valuation of all property located within a district's boundaries. Regardless of property type, assessed valuation is based on a percentage of the property's actual value. One mill of tax is the same as one-tenth of one percent.

Student Based Budgeting (SBB) – Student Based Budgeting is a methodology where resources follow students and allocations are based on various per pupil amounts.

Student Enrollment – Refers to the actual number of students enrolled at a particular time during the year. Student enrollment can vary throughout the year as it can occur at any time and is subject to different variables.

Title I – Title I is the largest federal program supporting both elementary and secondary education and is aimed to support the improvement of academic achievement of the disadvantaged. The program's resources are allocated based upon the poverty rates of students enrolled in schools and districts and are designed to help ensure that all children meet challenging state academic standards.

Title II – Title II is intended to increase student academic achievement by improving teacher and principal quality. These funds can be used to prepare, train and recruit high-quality teachers and principals capable of ensuring that all children will achieve to high standards.



For More Information

1. Denver Plan 2020 – Denver Public Schools has launched the Denver Plan 2020, an ambitious and challenging set of five goals, along with strategies to achieve them, to dramatically raise student achievement and reach the DPS vision of Every Child Succeeds over the next five years.

<http://denverplan.dpsk12.org/wp-content/uploads/2014/02/Denver-Plan-2020-Final.pdf>

2. Strategic Regional Analysis – The SRA seeks to understand data on a regional scale to drive strategies around school quality improvement, new school approval and placement, allocation of capital funding for facility improvements, and enrollment and boundary decisions.

<http://planning.dpsk12.org/enrollment-reports/strategic-regional-analysis>

3. Colorado Department of Education – Information on public school funding including district by district comparisons.

<http://www.cde.state.co.us/cdefinance>

4. School Budget Guidance Manual – Outlines the Student Based Budgeting Methodology and provides guidance to school leaders on the use of SBB funds.

<http://financialservices.dpsk12.org/wp-content/uploads/2014/02/14-15-BGM-FINAL.pdf>

5. FY2014-15 Adopted Budget Book – The Budget Book provides a comprehensive overview of the FY14-15 Budget including budget summaries for all departments and district-run schools.

<http://financialservices.dpsk12.org/wp-content/uploads/2014/07/DPS-Adopted-Budget-Book-FY2014-15.pdf>



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