



DCSD Funding Challenges FAQ (edited on May 31, 2017)

Why is the School District facing funding challenges?

(1) DCSD will see significant cost increases (about \$9 M) in 2017-18, including:

- PERA – \$1.4 M (statutory .5% increase in rate to 19.94%)
- Medical – up to \$2.5 M (8% increase)
- SPED – \$2.2 M (in schools)
- Mental Health – \$1.1 M (in schools)
- Nursing – \$450 K (in schools)
- Highly Impacted – \$1.65 M (for schools - nearly tripled the current allocation)
- Elementary AP Allocation – \$300 K (in schools)

Additionally: note that every 1% in salary increases costs \$3 M, and the yearly need of an additional \$3 M for student device refresh has been funded the past 5 years with one-time monies. The total need, then, is about \$12 M plus another \$3 M to fund a 1% pay increase.

(2) Many DCSD schools are also facing declining enrollment directly impacting funding.

- Elementary Schools Enrollment Declines: (\$2.4 M)
- Middle Schools Enrollment Declines: (\$1.2 M)
- High Schools Enrollment Increases: \$0.6 M

Economy of scale is an important factor to consider when thinking of declining enrollment; smaller schools have a very difficult time making ends meet, and in 2017-2018, DCSD will have more low-enrollment schools (under 500 students) than ever before .

Won't DCSD receive additional revenue from the state?

Well...it depends. The state legislature does not finalize the budget until about April. The combined impact of TABOR and Gallagher Amendments is causing serious funding issues at the state level. Below is what funding *could* look like. Again, the chart below includes the device refresh, which is an additional \$3 M need for ongoing monies.

Potential Funding Scenarios: Neighborhood Schools

Note: DCSD charter schools are also impacted but the dollar amounts are not reflected here.

	Worst Case	Possible	Best Case
Change to PPR	(\$15)	\$100	\$175
Impact to DCSD Funding	(\$0.8 M)	\$5.1 M	\$9.0 M
Cost Increases	\$12.0 M	\$12.0 M	12.0 M
DCSD Funding Gap*	(\$12.8 M)	(\$6.9 M)	(\$3.0 M)

*Should the worst case occur, potential funding sources to fill in the gap: additional central administration cuts, reallocation of Additional Pay budget (former Pay for Performance), reduce or eliminate device refresh, potential increase in SOT or abatement levy property taxes (not realized until August 2017).

Note: Schools carried over \$16.9 M in the General Fund last year. These dollars are available for schools to use to fill in gaps.

Can we cut central administration?

Yes. Schools are our priority and already much of the increased costs are being covered by cuts made in central administration, including \$500,000 in a reorganization of senior leadership and over \$2 M from central departments. Positions have already been cut from Professional Development and Curriculum (9 FTE), School Leadership (1 FTE), Business Services (1 FTE) and Human Resources (0.5 FTE).

I've heard that money is being taken from high schools?

A change was made to the school-based budgeting templates to more accurately reflect the cost of teachers. Instead of all schools paying the same average amount for a teacher during the budgeting process, now elementary, middle and high school levels will be differentiated (as they are in reality). DCSD already had practiced this type of differentiation with other job categories. All averages include salary, benefits, and PERA.

2017-2018 Budget - Average Teacher Cost

Overall: \$74,574

Elementary: \$71,801

Middle: \$76,092

High: \$76,971

The chart below shows the 2017-18 purchasing power and enrollment impacts along with revenue changes, carry over, and fees on average along with the added per student allocation and projected available carryover.

	Purchasing Power Impact (Avg)	Additional \$60/Student Allocation (Avg)	Enrollment Change Impact (Avg)	Projected Available Carryover (Avg)	Student Fees/Athletic Funding (Avg)
High	(\$217 K)	\$119 K	\$62 K	\$413 K	\$865 K
Middle	(\$116 K)	\$62 K	(\$135 K)	\$275 K	\$243 K
Elementary	\$63 K	\$28 K	(\$51 K)	\$70 K	\$23 K

The information above shows averages, but the reality is that some individual schools (at all levels) were hit harder than others. **For this reason, we allocated \$2.4 M in “highly-impacted” dollars to fill in the gaps** for our schools that are struggling the most due to low enrollment (loss of economy of scale) and/or their population of highly-impacted students. \$1.2 M of those dollars went to secondary schools.

Haven't our high schools been cut before in recent years?

It is true that our schools, and especially our high schools, have coped with some rough financial times over the past several years as DCSD's funding gap with other districts continues to widen.

Here is a breakdown of decreases and increases to our schools' Student Based Budget Pupil Allocation (SBBPA) allocations:

Ongoing Money Only - No I&D				With One-Time - No I&D		
Fiscal Year	Elementary	Middle	High	Elementary	Middle	High
FY08-09	3,552	3,728	3,598	3,552	3,728	3,598
FY09-10	3,589	3,792	3,566	3,589	3,792	3,566
FY10-11	3,318	3,542	3,316	3,318	3,542	3,316
FY11-12	3,318	3,442	3,216	3,318	3,442	3,216
FY12-13	3,318	3,392	2,991	3,443	3,517	3,116
FY13-14	3,443	3,517	3,116	3,548	3,622	3,221
FY14-15	3,648	3,722	3,321	3,648	3,722	3,321
FY15-16	3,822	3,896	3,495	3,822	3,896	3,495
FY16-17	3,907	3,981	3,580	3,907	3,981	3,580
FY17-18	3,967	4,041	3,640	3,967	4,041	3,640

FY 2015-16 and on do include the \$124/student that was formerly Innovation & Development (I&D).

There were one-time allocations provided to the SBB in 12/13 and in 13/14 that became ongoing in the next year.

Will high schools be forced to change their schedules?

While schedule changes are a local decision, none of our high schools are currently planning on a change to their schedules. The measures taken, including backfilling with highly-impacted dollars, will ensure that our high schools are able to largely operate as they did last year (depending on enrollment changes).

What about student fees and athletics?

Student fees and athletic funding are allocated directly to the schools over and above the Site Based Budget Pupil Allocation. High schools receive \$207/student in academic fees and \$231/student in athletic funding (\$7.8 M total; \$865 K each on average) and middle schools receive \$102/student in academic fees and \$126/student in athletic funding (\$2.2 M total; \$243 K each on average). Elementary schools receive only \$48 per student in fees (\$1.1 M total; \$23 K each on average). Over the past two years, we have had to increase the transfer from the general fund to the athletics and activities fund due to additional sports and increases in coaches pay.

How is budgeting done at the school level?

School Based Budgets (SBBs) have four major components:

- Discretionary Per Pupil Allocation (SBBPA): This is the bucket principals use to budget general education teachers, support staff, programming expenses, supplies, etc.
- Discretionary Site Allocation: Principal, AP, Mental Health, Library, etc.
- Non-Discretionary Staffing: SPED staffing, custodial, security, ESL, etc.
- Highly-Impacted Funding: This funding is allocated to the school *based on needs* due to loss in enrollment, highly-impacted students, etc.

As discussed above, increases to school budgets are happening in all three areas for 17-18, paid for by cuts to central administration.

I'm paying more in property taxes. Where is that money going?

The State of Colorado determines how much each school district should receive per pupil to educate its students. This amount is shared by the state and the local communities. When a community experiences property tax increases, as Douglas County has because of increasing home values, the state decreases its share -- so that the final amount remains the same.

**Our schools DO NOT BENEFIT from
increased assessed values.
If schools get more local tax revenue, we get LESS state revenues.**

What about the marijuana money? Shouldn't that be going to our schools?

As explained in a recent 9NEWS story (<http://on9news.tv/2kz5IYS>) the relatively small proceeds from marijuana taxes are being spread across many school districts across the state:

“The first \$40 million goes to a state program called BEST, which awards grants to local school districts to build and improve school facilities.

Again, \$40 million is not enough to build a bunch of schools and change the face of education in the state, but it is producing tangible upgrades through the BEST program, particularly in rural districts.

This most recent year, the state collected \$2.6 million above that \$40 million cap. That money is transferred to a public school fund, where it contributes a tiny amount to the \$5.4 billion cost of running public schools each year in Colorado.”

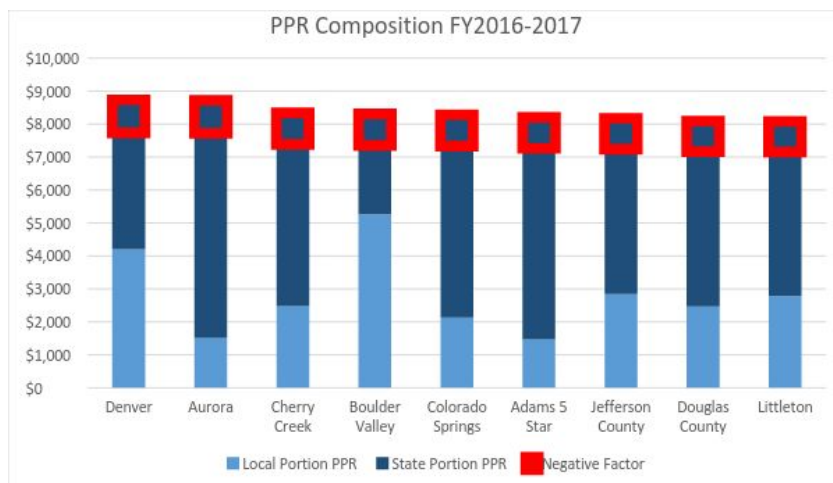
DCSD received one BEST grant in 2009-2010. Additionally, some DCSD charter schools have received capital support funding from the Charter School Capital Allocation Fund, available to any of Colorado's nearly 240 charter schools. Approximately 20 percent of this fund's overall budget comes from marijuana tax revenue each year.

Learn more here: [The Marijuana Money Myth](#)

Why can't we compete with neighboring districts in teacher compensation?

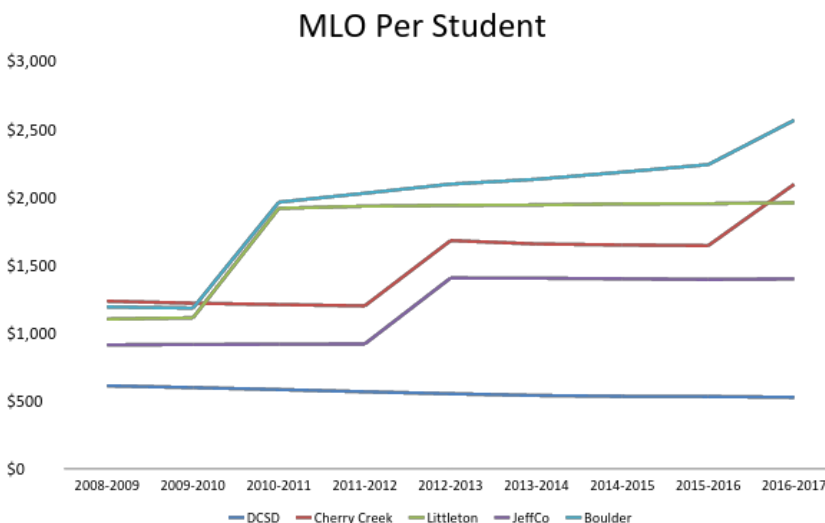
Keeping and attracting the best teachers for our students is our highest priority. In order to accomplish this goal, we strive each year to increase compensation within the means that we have, however, we are at a tremendous disadvantage over other districts.

As you'll notice, however, the School Finance Act PPR from the state is very similar across our comparative districts.



Therefore, the real answer is the disparity in Mill Levy Override funding. The gap between DCSD and other districts has grown significantly over time.

MILL LEVY OVERRIDE FUNDING DISTRICT COMPARISON



MLO funding gap in 2008: **\$621**
MLO funding gap in 2016: **\$2,037**

Will this information change?

If DCSD were funded at the same MLO per student as Cherry Creek School District (for example), we would have \$100 Million more each year.

We are currently formulating the *initial* (proposed) 2017-2018 budget for DCSD. While we have provided the information that we have at the moment, there are a number of variables that could change, the largest being the state funding picture. DCSD's 2017-18 budget will not be finalized until we know the outcome of the state budget in April, which could alter things significantly (in either direction).

Bottom Line: This is not a high school vs. elementary school issue. DCSD schools at all levels are stretched too thin with too few resources. Making sure that every DCSD school can make ends meet is a huge challenge, and will continue to be unless funding improves significantly.

In the meantime, we are determined to overcome these challenges with the resources we have.