
DOLLARS & SENSE



**2017/2018
ADOPTED BUDGET
July 2017**



Quick Facts



Student Membership 2016/2017: 86,361*

*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 2017/2018: \$7,483



Number of Schools: 157

Elementary (includes three grades K-8).....	93
Middle (includes five grades 6-8).....	17
High Schools (includes two grades 7-12).....	17
Charter Schools.....	18
Option Schools (includes Jeffco Virtual Academy).....	10
Outdoor Laboratory Schools.....	2



Student Ethnic Distribution:**

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

**Jeffco Enrollment Statistics 2016/2017.



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 9,809 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.

The 2017/2018 budget was developed through a community engagement process directed and supported by the Board of Education that began in September 2016. The process included feedback from an online community interactive budget tool, Board of Education telephone town halls, 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

With a long tradition of excellent education and accountability at Jeffco Public Schools, it is a pivotal time to create a new chapter of greatness at the district. Our focus for 2017/2018 will be on transformation where it can make the greatest impact for the students of Jeffco.

The purpose of school is to prepare our children for the world they will inherit. The goal for district leadership is to create a curricular experience that gives students the opportunity to learn important concepts and skills to prepare them for their future. The Jeffco 2020 Vision defines the outcomes and the strategic plan sets the priorities and establishes measurable goals. The challenge will be how to delve deep into the learning process and focus the district's limited resources on those things that will directly make a difference for improving student success outcomes.

The 2017/2018 school year begins the third 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. The Budgeting for Outcomes (BFO) model, which was implemented across all departments this year, works in unison with SBB to identify department activities, define how the activities link to the strategic plan, and set 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 2017/2018 budget. While the outlook for K-12 education funding remains uncertain as the state continues to face constraints in balancing its budget, the district will remain committed to accomplishing our goals and supporting our students.

I am incredibly proud to be your superintendent and excited about the educational experience that Jeffco offers. I look forward to working with the community, district leadership and our teachers to achieve genuine greatness and continually raise the bar to deliver the educational excellence our children deserve.



Dr. Jason Glass, Superintendent

Jeffco Budget Highlights

- **State funding** for the 2017/2018 school year increased slightly over the 2016/2017 funding level at \$18.1M (\$238 per pupil) with approximately 2.8 percent for inflation and a slight increase in districtwide enrollment. The district acts as a pass through for funding to charter schools which reduces the amount that remains in the General Fund. Thus, after the \$1.6M pass through, the **net increase to the General Fund from state funding is \$16.5M.**
- Jeffco continues to experience a **tremendous loss of funding due to the budget stabilization (negative) factor** which was added to the School Finance Act funding formula by legislation in 2009 to allow the state to cut funding for all Colorado school districts as a way to help the state balance its budget. For 2017/2018, the state balanced its budget with no change to the budget stabilization factor; however, Jeffco's **loss of funding for 2017/2018 is significant at approximately \$76M** with the cumulative shortfall at \$642M.
- This loss of funding is evident when you look at Jeffco's 2017/2018 General Fund budget for **expenditures**, an increase of less than 9 percent from six years ago.
- Compensation was a top priority for the Board of Education (BOE) for 2017/2018. **Bargaining agreements** with employee associations were approved at the May 4, 2017, BOE meeting. **Compensation is budgeted at \$26.8M** which includes \$2.1M for the legislatively mandated 0.5 percent increase for employer contributions to Public Employees' Retirement Association (PERA); this is the last mandated increase. Key to achieving the targeted compensation increase were reductions, reallocations and retirement and turnover savings.
- The Board voted to use 2015/2016 underspend that would have otherwise gone to **reserves** to fund additions at Dunstan (\$10M) and Drake (\$4.5M) middle schools. The district's unassigned reserves remain adequate and within recommended ranges per best practices.
- The **student based budgeting (SBB)** model continues to allow schools more autonomy and flexibility to direct funds to support school-based decision-making to meet the needs of the population served by the individual school.
- To further align the budgeting process for departments with the district's strategic and long term financial plans, the district implemented phase two of **Budgeting for Outcomes (BFO)** in 2017/2018 across all departments. The BFO model enables the district to identify and prioritize resources toward departmental activities that directly support the district's already established goals. The Adopted Budget includes detailed BFO requests for all departments.
- With rapid growth occurring in some areas of the district, the BOE authorized the reconfiguration of K-6 schools to K-5, conversion of 7-8 schools to 6-8, and the use of Certificates of Participation to fund construction of Three Creeks K-8 and phase II of Sierra Elementary. With an aging district portfolio of capital assets and limited resources, **funding for capital needs is critical** to ensure students are in a conducive learning environment in support of the district's 2020 Vision.

District Fund Summary

As a governmental entity, the district must utilize fund accounting to track revenues and expenditures. Separate funds are created to track revenue that is received for a specific purpose and to assist with meeting special reporting requirements. The General Fund is the district's main operating fund. Colorado Statutes require school districts to appropriate for all funds. However, adding appropriations for all funds together does not equal the total of district expenditures because some funds receive transfers from the General Fund. Adding these funds together would result in double counting because expenditures occur in both funds, and some funds represent revenue received for a specific purpose that is not available to transfer to the General Fund. The following is a high-level summary of district funds:

	2017/2018 Budget	% of Total
General Fund	\$697,704,558	71%
Capital Project Funds	\$47,873,484	5%
Debt Service Fund	\$43,632,761	4%
Special Revenue Funds	\$124,158,776	13%
Enterprise Funds	\$18,339,079	2%
Internal Service Funds	\$47,207,302	5%
Total Budget	\$978,915,960	100%

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. The bond program ended in FY2017.

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

These 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 Food Services Fund was changed from an Internal Service Fund to a Special Revenue Fund beginning July 2017.

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. These include the Child Care and Property Management Funds.

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. Employee Benefits is one example of Internal Services Funds.

District Charter Schools

The district budget does not include detail for charter schools. These schools are required by Statute to appropriate their own budgets, and revenue received from the state is reported in individual charter school budgets. Detailed information on charter schools can be located on the district's website at www.jeffcopublicschools.org/schools.

General Fund 2017/2018

Adopted Budget with Mandatory Transfers

Revenue	
Property Tax	\$330,137,419
State Revenue	\$315,879,996
Specific Ownership Tax.....	\$29,400,000
Investment Earnings	\$250,000
Tuition, Fees, Other	\$22,050,000
Total Revenue	\$697,717,415

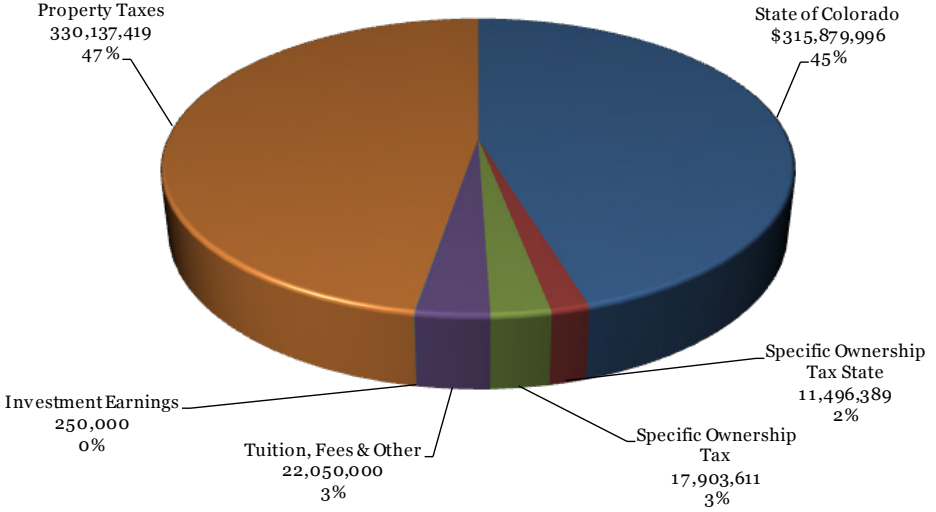
Expenditures	
General Administration.....	\$27,443,383
School Administration.....	\$57,230,653
General Instruction.....	\$351,212,807
Special Ed Instruction	\$58,894,982
Instructional Support	\$78,129,557
Operations and Maintenance	\$70,569,712
Total General Fund Operating	\$643,481,094
Transfers to Other Funds.....	\$54,223,464*
Total Expenditures & Transfers...	\$697,704,558

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

**Jeffco Public Schools
is a labor intensive organization with
80 percent of General Fund expenditures
going to employee compensation.**

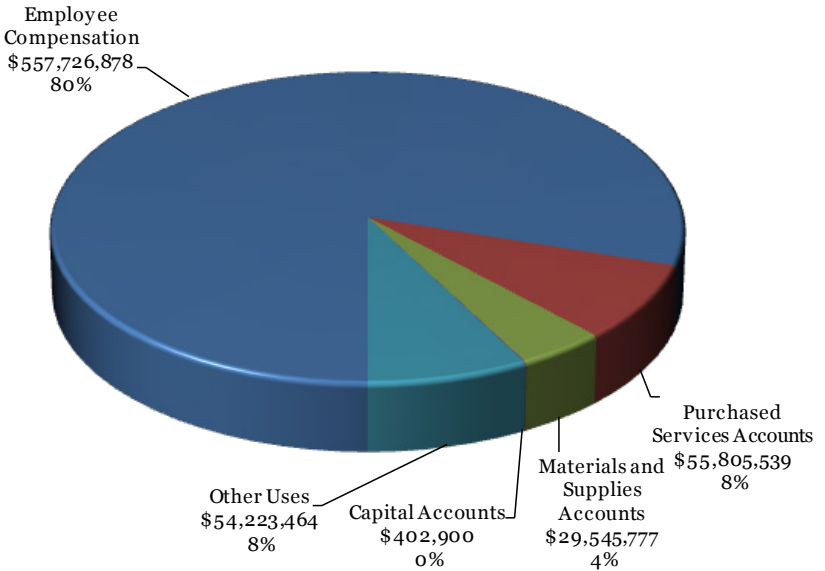
General Fund Revenues & Expenditures

Where the \$'s come from



Total Revenues: \$697,717,415

Where the \$'s go



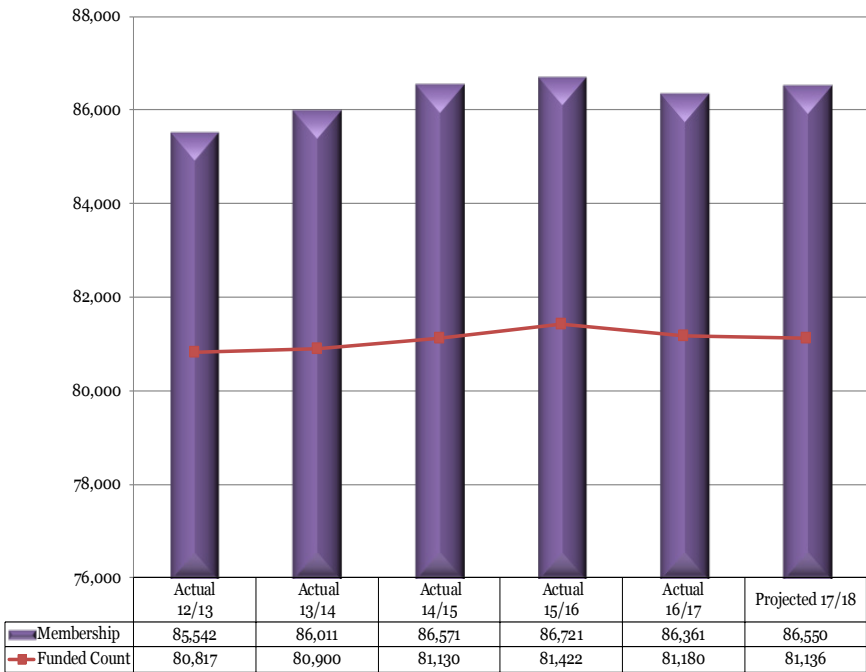
Total Expenditures and Transfers: \$697,704,558

Budget Driver — Enrollment

Student enrollment at Jeffco is projected to increase slightly into 2017/2018. Enrollment in some areas of Jeffco remains flat whereas other areas are experience rapid growth.

- 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 **funded student count** is the final number of students for which Jeffco receives funding through the School Finance Act.
- The shift in enrollment from district-managed schools to in-district charter schools continues. Because Jeffco acts as a pass through for state funding to its district-managed charter schools, when enrollment shifts from neighborhood to charter schools, the amount of state funding that passes through to charter schools increases and the amount that remains in the General Fund decreases.

How Many Students Does Jeffco Serve?



Per Pupil Funding

School funding in Colorado is determined by legislation that is referred to as the School Finance Act. The Act prescribes how much funding each district receives for total program funding using a per-pupil funding formula. Because the state budget remains strained, the state continues to apply a budget stabilization factor to that amount that reduces funding to schools in order to balance its budget.

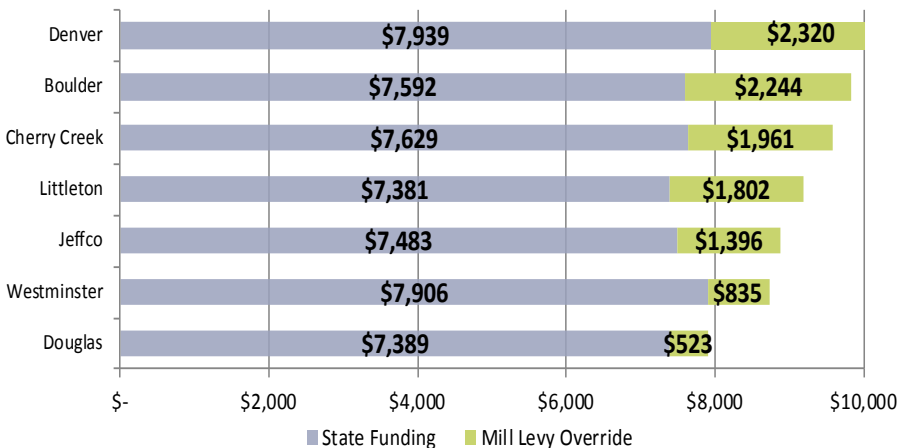
- For 2017/2018, the Colorado Department of Education, Jeffco's share of state funding increased \$18.1M or \$238 per pupil.
- This increase in funding includes \$1.6M that flows directly through to charter schools; and after the pass through of \$1.6M, the net increase to Jeffco's General Fund from state funding will be \$16.5M for 2017/2018.
- NOTE: This funded amount is after the application of the budget stabilization factor which reduced the amount of state funding otherwise due to Jeffco for 2017/2018 by \$76M (or approximately \$934 per student).
- The following chart illustrates funding from the state on a per pupil basis.

Per pupil funding

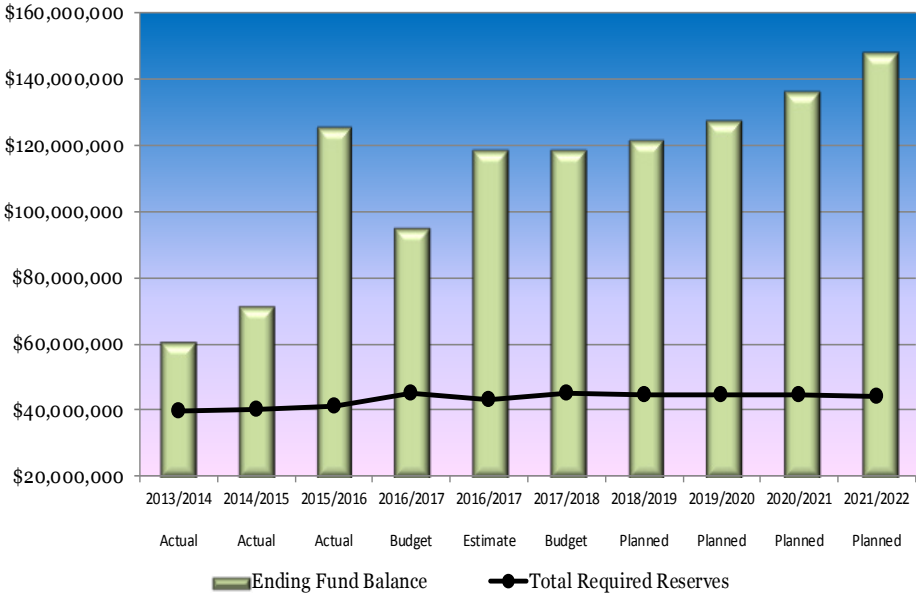
- 2009/2010\$7,070
- 2010/2011.....\$6,637
- 2011/2012.....\$6,310
- 2012/2013\$6,317
- 2013/2014\$6,482
- 2014/2015\$6,850
- 2015/2016\$7,126
- 2016/2017\$7,245
- 2017/2018\$7,483

The budget stabilization (negative) factor reduces funding to Jeffco for 2017/2018 by approx. \$76M with the cumulative shortfall at \$642M.

2017/2018 State and Local Per Pupil Funding by District Comparison



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.

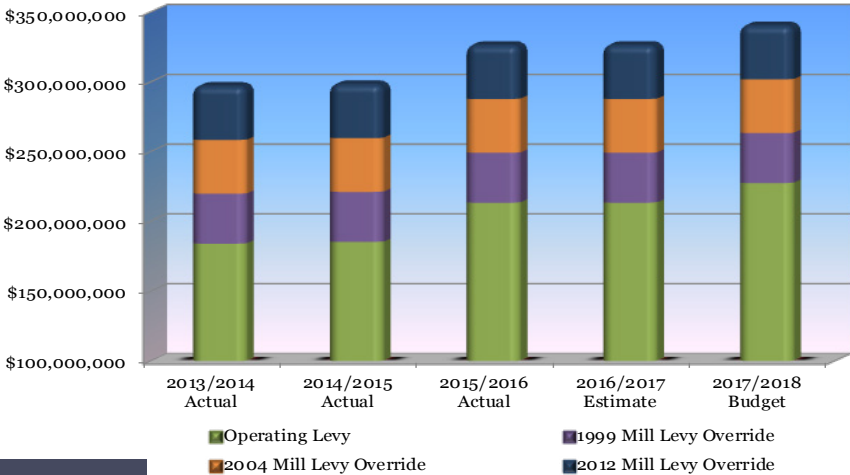
Reserves provide the flexibility and means to withstand fluctuations in funding without immediate impact to classrooms, programs or staffing. In addition, unassigned reserves provide an important benchmark for fiscal health used by the Colorado Department of Education, Colorado State Auditor, Government Finance Officers Association and rating agencies. As a result of demonstrated strong fiscal management, Jeffco maintains an Aa2 credit rating from Moody's and an AA- from Standard & Poor's.

District advisory groups, including the Financial Oversight Committee and District Accountability Committee, have recommended that reserve balances be maintained per Board of Education policies and as mandated by state statute (TABOR) at a level in line with industry standards. The district continues to target reserve levels between 8 and 15 percent of expenditures. The budgeted unassigned reserves for 2017/2018 are within that target with \$90.6M or approximately 14 percent of total expenditures.

Mill Levy Overrides

Mill levy override (MLO) property tax revenue provides additional funding for general operating expenses. A district's authorization by voters to levy and collect MLO revenues does not affect the amount of state funding the district receives. Jeffco's MLO funds are fixed amounts and are not adjusted for inflation or enrollment growth; therefore, the purchasing power actually diminishes over time. New legislation passed in 2017 requiring school districts to share MLO funds with charter schools; however, Jeffco already shares these funds with its district charter schools.

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

- Jeffco voters approved a \$99M bond in November 2012. Funds from the bond were specifically targeted to address high priority facility deficiencies at 141 sites, including neighborhood schools, charter schools and other district facilities. These projects included roof replacements, upgrades to safety and fire protection systems, and many other necessary projects. The scope of work was completed at the end of the 2017 school year.
- In 2016, a major capital improvement bond that would have provided for critical facility needs and improvements as identified in the 2016 Facility Master Plan was defeated.

What Does the Budget Buy for 2017/2018?

Money Spent in the Right Places for Academic Excellence



For every dollar spent

\$.50	.....	General Instruction
\$.11	.....	Instructional Support
\$.10	.....	Operations and Maintenance
\$.09	.....	Special Education Instruction
\$.08	.....	Transfers to Other Funds
\$.08	.....	School Administration
\$.04	.....	General Administration

In 2017/2018 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

For 2017/2018

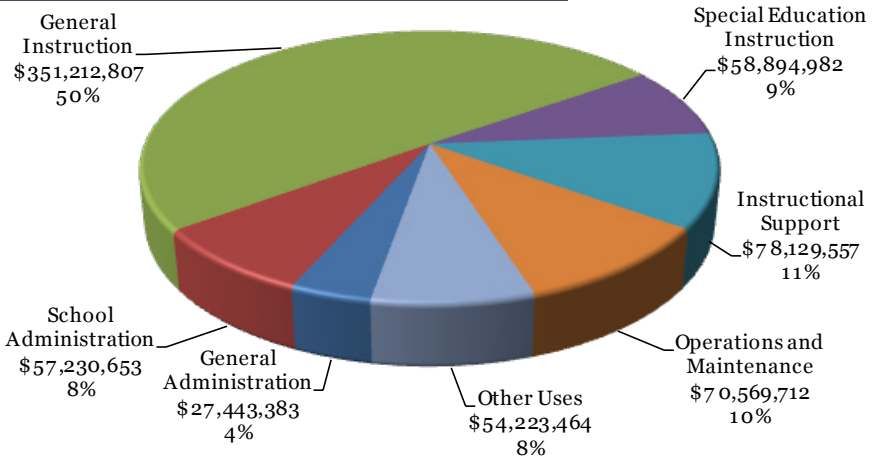
**86,550
students**

**175
days**

\$46/day

More than 75 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/Substitute Teachers Teacher Librarians ESL, Dual Language Instructional Coaches Paraprofessionals Materials & Supplies Teacher Librarians	
Special Ed Instruction	Special Ed Teachers Intervention Services Special Ed Preschool Center 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. These Ends policies have driven the academic planning and financial decision making for the 2017/2018 school year.

The Jeffco 2020 Vision defines the characteristics of a successful graduate and the corresponding strategic plan sets priorities for the district to provide all students—from Pre-K through 12th grade—the educational experiences necessary to achieve the Jeffco 2020 Vision. These documents are available from the district’s webpage at www.jeffcopublicschools.org under the About Jeffco tab.

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 \$16.5M for 2017/2018. However, an anticipated student enrollment loss of approximately 500 students from neighborhood schools will reduce revenue by \$4.4M.

The budget also 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.

In anticipation of limited new funds from the state, the district financial team reviewed all district-wide revenue and expense lines to recognize and free up additional budget amounts. Including the results of this analysis with increased state revenue, anticipated enrollment loss, and use of retirement and turnover savings, there was a total of \$14.9M for the Board of Education to allocate for the 2017/2018 budget. Actual savings for 2016/2017 retirement and turnover as well as estimated savings for 2017/2018 were included in the projection.

Details of the revenue changes are described below.

2017/2018 Increases to Revenue	
Revenue	On-Going
School Finance Act less Passthrough to Charter Schools	\$ 16,500,000
Loss of Student Enrollment	(4,400,000)
Specific Ownership Tax (from BOE reduction list)	1,500,000
Athletic & activities fee increase (from BOE reduction list)	250,000
Change in Food Service support billing	1,100,000
Other Revenue	\$ 14,950,000

Budgetary Direction

Expenditures reflected in the 2017/2018 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 identified employee compensation as a top priority for 2017/2018. Because early estimates showed limited revenue from the state, there was a budget shortfall to fully fund the compensation increase targets. To move closer toward targeted compensation increases, staff identified and implemented budget reductions for 2017/2018. District leadership reviewed budgets and proposed \$20.4M in budget reductions. The Cabinet recommended reductions were presented to the Board of Education, and the district was directed to move forward with \$10.8M of the reductions.

The budget includes an increase in district-wide employee compensation of \$26.8M. This includes \$2.1M for the legislated increase of 0.5 percent for the employer contributions to the Public Employee Retirement Association (PERA) and \$24.7M for employee pay increases to meet the negotiated agreement between the Board of Education and the district’s employee associations.

Details of the expenditure changes are below. Details of the reductions are on page 66 of the Adopted Budget Book.

2017/2018 Budget Expenditure Changes	
Compensation	On-Going
PERA SAED mandated increase	\$ 2,100,000
District wide compensation increase	24,700,000
Change in food service support billing, offset by indirect revenue	1,100,000
Subtotal employee compensation package increase	\$ 27,900,000
Other Employer Costs / Adjustments	
Expense and transfer reductions	\$ (8,850,000)
Retirement & Turnover savings (2017 actual over estimate & 2018 estimate)	(9,000,000)
Property Management transfer into GF (from BOE reduction list)	(700,000)
Additional SBB Allocation for One-time Use	3,700,000
SBB High School Alternative Pathway Factor	600,000
Support for High School Athletics & Activities	669,000
IT Funding for School & Community Engagement	412,000
Maintain Custodial Services for North Area Elementary Schools	98,908
Assessment Technical Support & Staff Training for All Schools	96,000
.	\$ (12,974,092)
Net Proposed Increases	\$ 14,925,908
Unprogrammed (otherwise be reserves)	\$ -



Board of Education

Ron Mitchell	President
Ali Lasell	First Vice President
Susan Harmon	Second Vice President
Amanda Stevens	Secretary
Brad Rupert	Treasurer
Dr. Jason Glass	Superintendent

**More detailed budget information is available
in the full Adopted Budget Book
on Jeffco's website.**

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