

Mill Levy Oversight Committee

Overview of 2003 Mill Levy

Denver Public Schools

June 19, 2013



Discover a World of Opportunity™

Agenda

2003 Mill Levy Overview

■ Financial Update

- 2012-13 expenditures
- Reserve balances by project
- Update on financial sustainability of investments

■ Overview of Investments

- Elementary Arts
- Improving High School Graduation Rates
- Improving Student Achievement

2003 Mill Levy Update

Mill Levy Override Allocations by Investment

Allocation recommendations were made based on citizens advisory groups and are managed by Financial Services and the Academic / Operational Departments for those investments

Investment	1998 MLO	2003 MLO	2012 MLO	Total MLO
Arts / Music Enrichment		\$6.5M	\$11.0M	\$17.5M
ECE & Full-Day Kinder		\$3.5M	\$13.0M	\$16.5M
Instructional Support			\$15.5M	\$15.5M
Textbooks	\$1.1M	\$3.5M	\$4.0M	\$8.6M
Technology	\$2.3M		\$4.0M	\$6.3M
Capital Improvements / Maintenance	\$3.5M	\$2.0M		\$5.5M
Facilitators	\$4.2M			\$4.2M
Improving Graduation Rates		\$2.0M		\$2.0M
Approved SIG Grants		\$1.2M		\$1.2M
Improving Student Achievement		\$0.9M		\$0.9M
New School Start-up Grants		\$0.9M		\$0.9M
Other (smaller investments)	\$5.9M		\$1.5M	\$7.4M
Total	\$17.0M	\$20.0M	\$49.0M	\$86.0M

Summary of 2003 MLO Expenditures and Reserve Balances

Budgets for key projects in the 2003 Mill Levy Overrides are included below

Project	FY10-11 Actuals	FY11-12 Actuals	FY12-13 Proj Actuals	Projected Reserves as of June 30, 2013	FY2013-14 Budget
Arts and Music in Elementary and K-8 Schools	\$ 7,011,078	\$ 8,072,714	\$ 8,091,587	\$ 5,426,914	\$ 8,530,069
ECE and Full-Day Kindergarten	5,827,594	3,381,167	3,635,506	-	3,400,000
Textbooks	2,332,092	2,389,467	2,265,165	3,345,470	3,980,529
Improving Graduation Rates	2,064,916	2,158,218	2,501,910	1,236,676	2,815,262
Maintenance	1,743,628	1,867,919	1,959,015	-	1,977,397
School Innovation Grants	1,242,301	1,484,388	1,044,844	-	841,527
Improving Student Achievement	780,468	659,865	913,930	235,343	1,808,715
New School Start-Up Grants	992,680	1,344,817	660,052	-	800,000
Other (Primarily Reserves)	50,215	154,533	125,601	4,770,980	51,799
Total	\$ 22,044,971	\$ 21,513,090	\$ 21,197,610	\$ 15,015,383	\$ 24,205,298

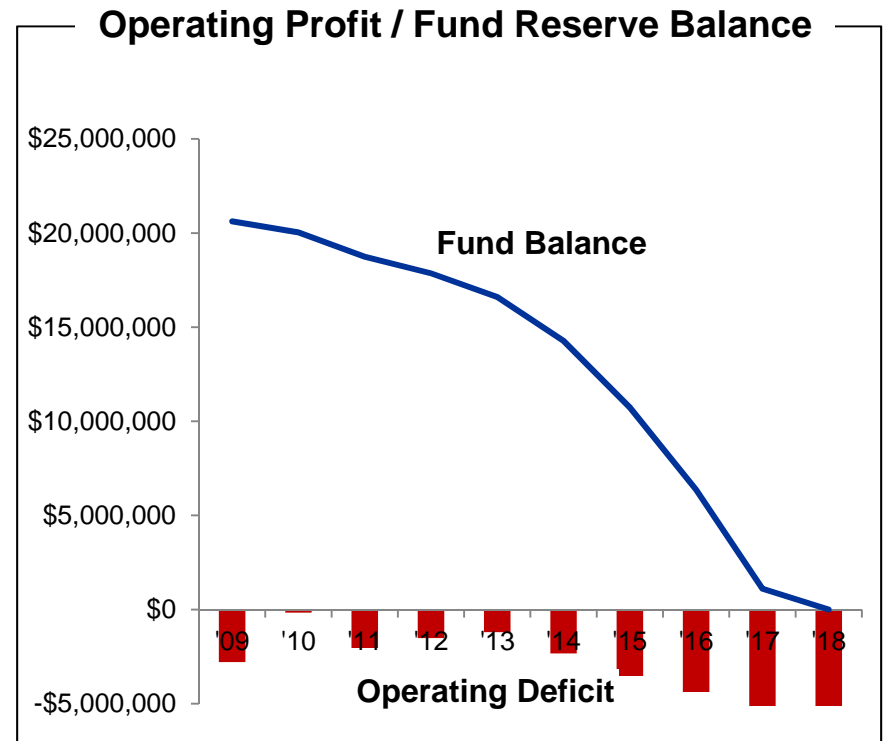
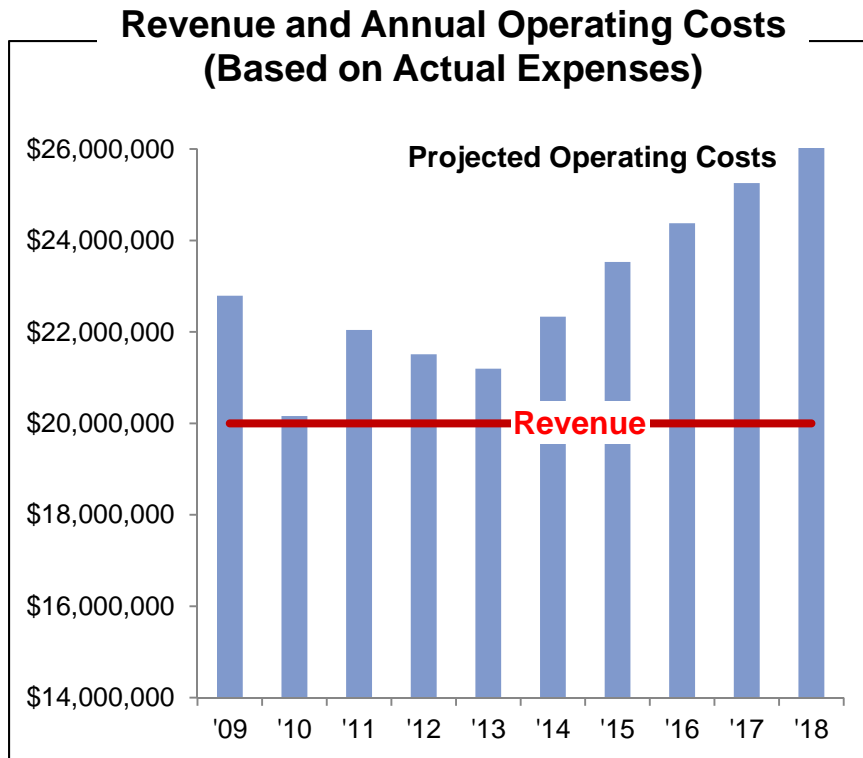
Key Observations

- FY2012-13 spending projected to decrease 1.5% from the prior year. The majority of this reduction is in new school start-up grants and SIG grants.
- Reserves reflect the dollars remaining after FY2012-13 closes.

Commentary on 2003 Mill Levy Expenditures in FY2012-13

Arts / Music: Flat Spend	Spending remained relatively flat at \$8.0 million. Additional arts/music funding is now available to secondary schools (6-12) in the 2012 Mill Levy.
Early Childhood Education: Increase \$0.3M	ECE runs at a deficit due to lack of state funding for full-day kinder and pre-K programs. To preserve as much general fund balance as possible, mill levy reserves have been exhausted to support these programs. Going forward, ECE mill levy funding will be used to provide schools the same funding for kinder students as grades 1-12.
Textbooks: Flat spend	Spending remained relatively flat at \$2.3 million. This is below the \$3.5 million allocation, because the curriculum department is completing a long-term strategic vision for the roll-out of common core materials, and is being fiscally prudent in minimizing expenditures prior to the completion of that vision. E-textbooks will be included in this plan.
Improving Graduation Rates: Increase \$0.3M	Slightly higher spending for credit recovery and assessment programs.
Student Achievement: Increase \$0.2M	Slightly higher spending for instructional staff training.
School Innovation Grants: Decrease \$0.4M	Lower spending reflects 9 fewer schools budgeted to receive SIG grants in FY2012-13 than in FY2011-12 for an overall lower SIG allocation.
New School Grants: Decrease \$0.7M	Lower spending reflects 2 fewer schools budgeted to receive new school grants in FY2012-13 than in FY2011-12. Decreased spending reflects previous year awards that were fully spent.
Maintenance: Flat spend	Spending remained relatively flat at \$1.9 million, in-line with the 2003 Citizens Committee recommendation of \$2.0 million.

2003 Mill Levy: Operating Projections and Fund Balance Reserves



Key Observations

- The 2003 MLO provides \$20M annual revenue.
- Purchasing power has been reduced an estimated 25% due to inflation and enrollment increases.
- Projecting off of prior year actuals and using a 5.36% increase through FY2014-15 and then a 3.6% annual cost increase assumption, expenses already exceed revenue and create an operating deficit until current reserves (approximately \$17M) are exhausted.
- The existing reserve are projected to cover the annual operating deficits until 2018. At that time, current year expenses must be cut to match the \$20M annually received or such costs must be subsidized from other revenue sources.

**Academic Achievement from 2003
Mill Levy Investments**

Elementary Arts Investment Overview

Overview	The 2003 mill levy allocates \$6.5 Million towards elementary arts education by providing schools funding for arts teachers (visual, performing, drama, and dance).
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Funding Formula	Positions are allocated to elementary schools (including K-8 schools) based on their enrollment. Schools are required to fund a given number of positions from the general fund in order to receive the mill levy match.			
	Enrollment	General Fund Positions	Mill Levy Matching Position	Combined Positions (minimum)
	≤ 200	0.5	0.5	1.0
	200 – 400	0.5	1.0	1.5
	401 – 549	1.0	1.0	2.0
	550 – 600	1.0	1.5	2.5
	> 600	1.5	2.0	3.5

Elementary Arts Funding Uses

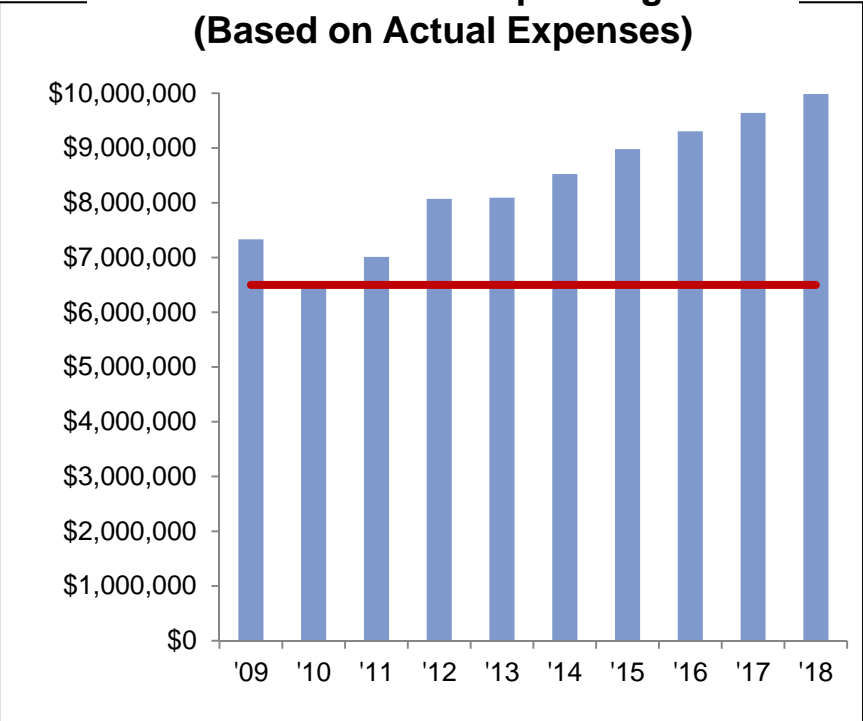
Positions & Supplies	<p>101 arts teachers are funded out of the mill levy, with roughly 100 additional arts teachers funded through the general fund at elementary schools. \$7 per pupil is also allocated for supplies.</p> <p>This category makes up the majority of arts spending (over \$7.0 Million)</p>
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Arts Events	<p>In addition to classroom teachers, the mill levy also funds arts programs and events like concerts, performances, workshops, and professional development.</p> <p>818 visual artists</p> <p>519 Musicians</p> <p>450 dancers</p> <p>2,210 actors</p>
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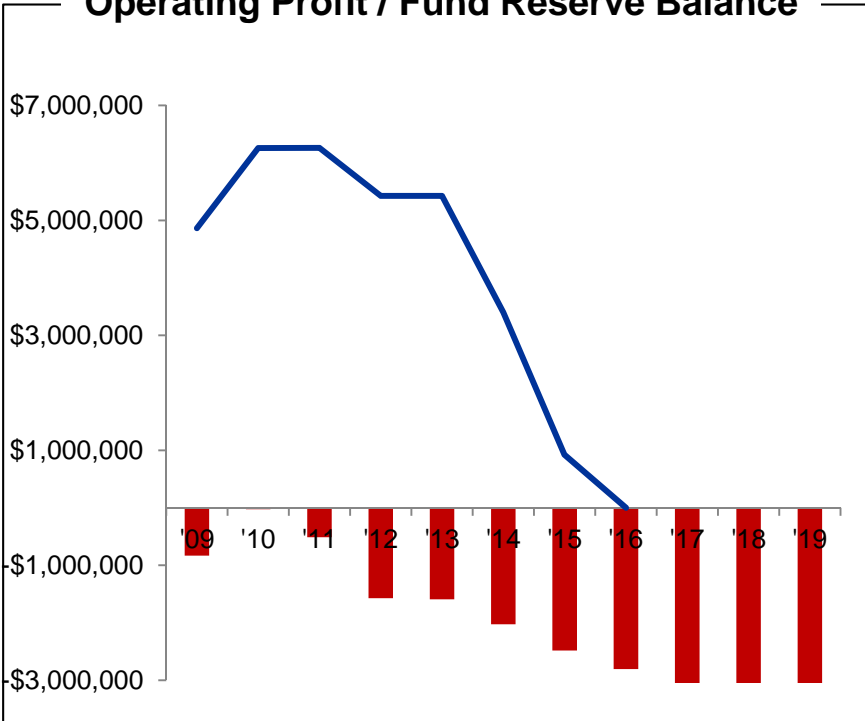
2003 Mill Levy: Arts / Music Operating Projections and Fund Balance

Due to increasing student enrollment and new schools, the arts/music mill levy is drastically outspending the \$6.5 Million allocation recommendation from the 2003 Citizens Committee.

**Revenue and Annual Operating Costs
(Based on Actual Expenses)**



Operating Profit / Fund Reserve Balance



Contributing Factors to Spending Increases

- At the time of the 2003 mill levy, there were 35,509 K-5 students for a per pupil allocation of \$183. The average teacher salary & benefits in 2003-04 was \$50,837.
- In 2012-13 there are 40,254 students. This reduces the per pupil allocation to \$161. Meanwhile, the average teacher salary is \$65,308, 28% higher than 2003, adding further pressure to the total expense.
- The arts and music investments originally included \$10 per pupil for supplies. That has been reduced to \$7 per pupil.

Overview of “Improving Graduation Rates” Investment

“Improving Graduation Rates” provides funding to four post-secondary readiness initiatives.

Assessment Programs (\$0.7M)



Concurrent Enrollment (\$0.7M)



College Readiness (\$0.6M)

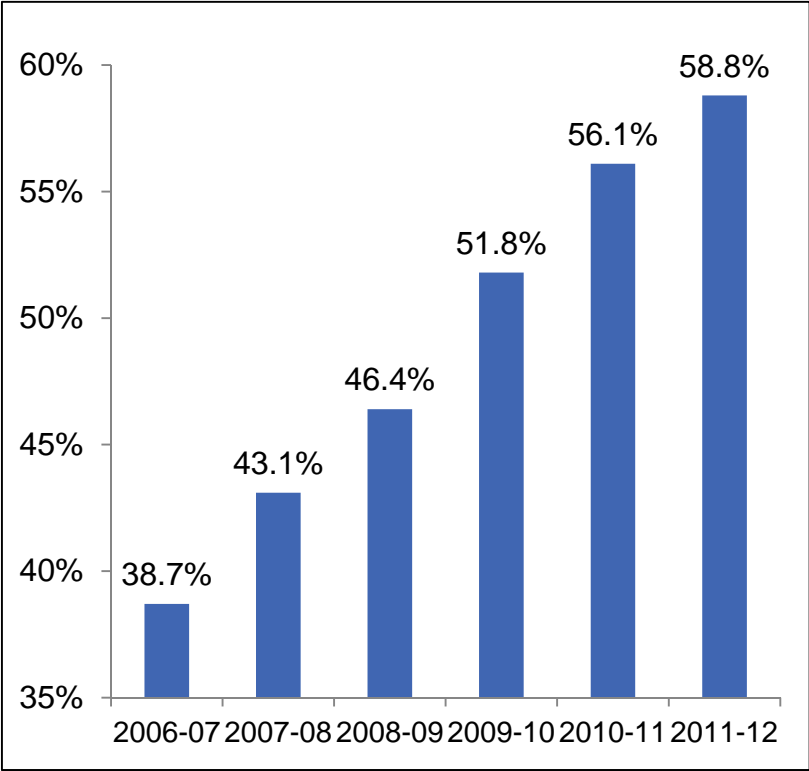


Credit Recovery (\$0.5M)

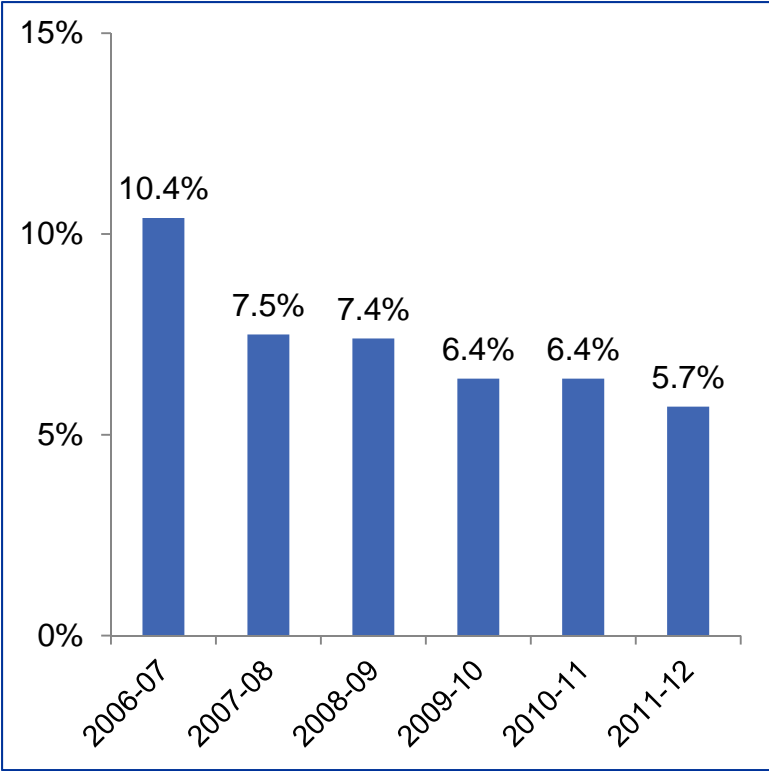


Both Graduation Rate and Drop-out Rate continue to improve

On-Time Graduation Rate*



Dropout Rate



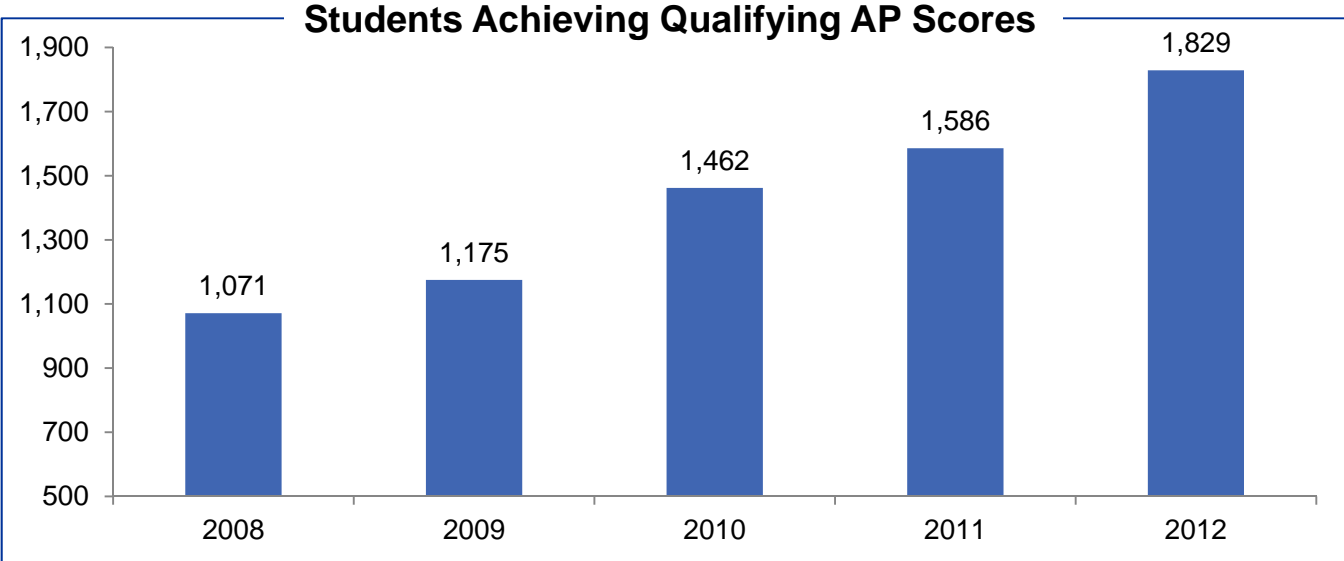
* Defined as 4-year graduation rates in all high schools. 5-year graduation rates have increased from 53% in 2009 to 62% in 2012.

Graduation Rates Projects: College Readiness

Description	<ul style="list-style-type: none"> ▪ Provides counseling services and programs directly in schools that prepare students for college ▪ Includes paying for 0.5 counselors in several high schools ▪ Also pays for mentoring curriculum used in some high schools with mentoring programs
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Benefits	<ul style="list-style-type: none"> ▪ Prepares under-represented students for college readiness by giving them access to advanced classes with support ▪ “Career Planning Tools” to support personal education plans
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2011 Highlights	<ul style="list-style-type: none"> ▪ College Readiness Director coordinates efforts to improve AP, IB, and Concurrent Enrollment efforts across the district ▪ Events focused on college and beyond, such as a Career Fair for 8th graders, 9th Grade Expo
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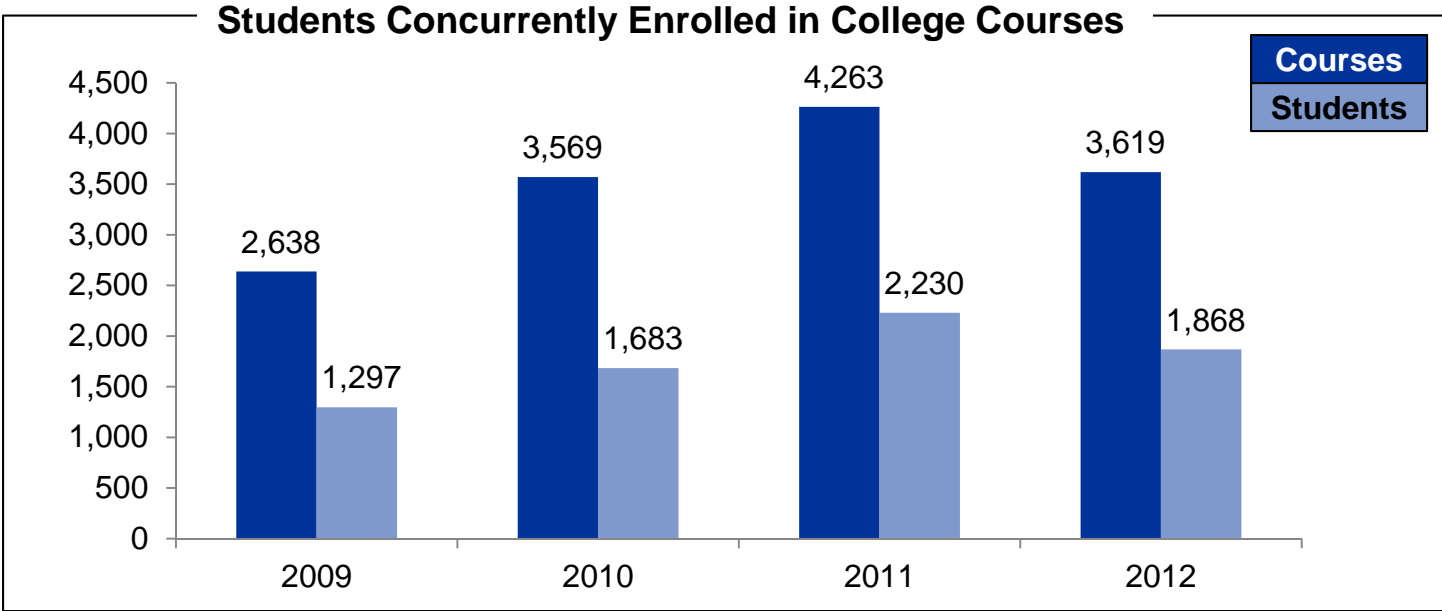


Graduation Rates Projects: Post-Secondary Education Options

Description	<ul style="list-style-type: none"> Support ASCENT legislation, which allows students to earn college credit while enrolled in HS as well as enroll in college remediation courses during their senior year
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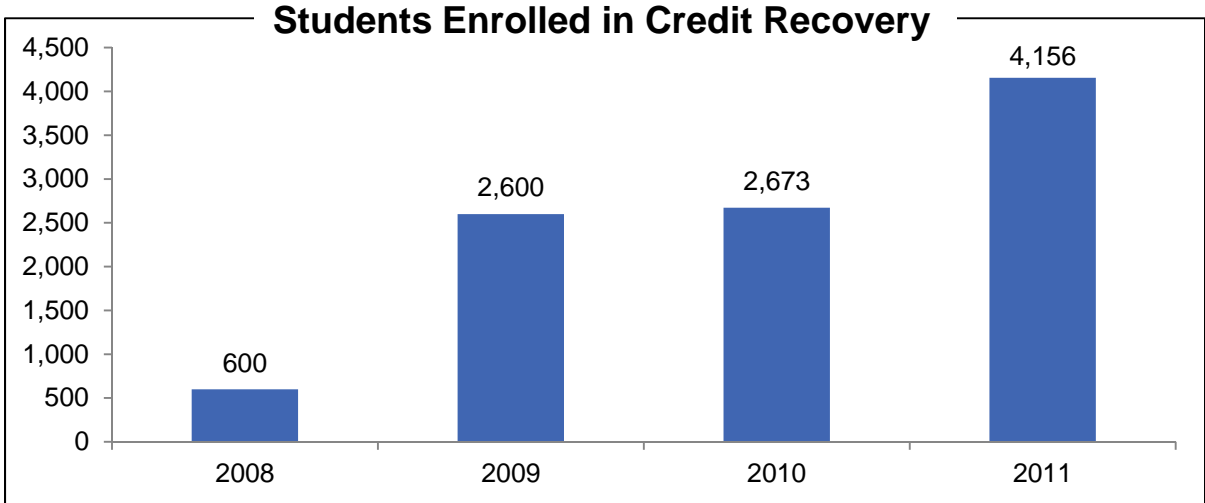
Benefits	<ul style="list-style-type: none"> Prepares more students to be ready for college Decreases the level of college remediation Opens college access to underserved students, increasing their drive to graduate
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2012 Highlights	<ul style="list-style-type: none"> 93% of students receive passing scores, with 64% scoring a “B” or higher (2011 scores) Declines in enrollment occurred due to a state guidelines reclassification of concurrent enrollment
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Graduation Rates Projects: Credit Recovery

Description	<ul style="list-style-type: none"> ▪ Targeted support to students that have failed classes recover those credits with faculty that has expertise in smaller class environments ▪ Allows students to work at their own pace through blended learning in non-traditional hours that are more accommodating to students flexible schedules
Benefits	<ul style="list-style-type: none"> ▪ Establishes an early warning system for schools to target at-risk students earlier and proactive in preventing dropouts ▪ Provides pathways to graduation for students who would otherwise dropout ▪ Recovers dropouts through Engagement Centers, which have expanded operating hours to increase convenience
Recent Highlights	<ul style="list-style-type: none"> ▪ Expanded program throughout the district; All HS have Credit Recovery tutoring ▪ Established new school options to support graduation, such as new Vista Academy and Denver Center for 21st Century Learning to increase options for students who need additional support



Improving Student Achievement Investment: APEX Overview

Program Overview	<ul style="list-style-type: none"> ▪ Leading provider of blended and virtual learning solutions. ▪ Digital curriculum provides an active learner experience that engages all students in rigorous coursework to prepare them for college and work. ▪ The standards-based digital curriculum — in math, science, English, social studies, world languages, electives and Advanced Placement — is widely used for original credit, credit recovery, remediation, intervention, acceleration and exam preparation.
Participants	<ul style="list-style-type: none"> ▪ Currently 35 DPS locations participate in APEX, ranging from K-8 schools, engagement centers, 19 high schools, and pathways locations ▪ In 2012-13, 2,229 different students enrolled in an APEX course, with 3,048 completions
Program Rigor	<ul style="list-style-type: none"> ▪ Among those who remained at the end of the classes, APEX classes have significantly lower pass rate (earning credit) than regular classes. ▪ Students who earned APEX credits perform at about the same level on standardized tests (TCAP and ACT), compared to students who earned regular classroom credits. ▪ Students who earned APEX credits were generally more likely to earn credit in subsequent courses than students who earned credits through regular settings.