



April 28, 2011



Cost & Resource Management Plan Update for FY2011-12

Senate Bill 11-230 School Finance Act
Impact on the Cherry Creek School District

EXECUTIVE BRIEFING FOR THE
BOARD OF EDUCATION
STUDY SESSION
FOR DISCUSSION PURPOSES



Executive Summary

State Budget Plan for FY2011-12

Impacts on Cherry Creek School District

- ◆ Senate Bill 11-230 authorizes a decrease of \$227.5 million in net Total Program Funding for K-12 education.
 - Statewide K-12 education support has now fallen to \$5.211 billion, as compared to \$5.987 billion under Amendment 23, which results in:
 - ✓ A wide gap of \$776 million between Amendment 23 and actual funding.
 - The FY2011-12 funding reduction is \$14.7 million to Cherry Creek General Fund revenue.
 - ✓ Revenue reductions from FY2010-11 to FY2011-12 are estimated to be \$371 per pupil; a 5% decline in per pupil revenue.

State Budget Plan for FY2011-12

Impacts on Cherry Creek School District

- ◆ School Finance Formula funding will now be 13% below Amendment 23 statutory funding levels, which results in:
 - Cherry Creek funding being \$47.5 million below funding specified in Amendment 23
 - Actual per pupil revenue, including override revenue, being \$956 per pupil less than Amendment 23
- ◆ Although Cherry Creek has had enrollment increases of nearly 2,000 students over the last 4 years, funding per student is regressing to near levels of 4 years ago.
- ◆ State funding reductions result in a \$571 per student reduction over a 2-year period of FY2010-11 and FY2011-12, severely diminishing resources that serve our student population.

State Budget Plan for FY2011-12

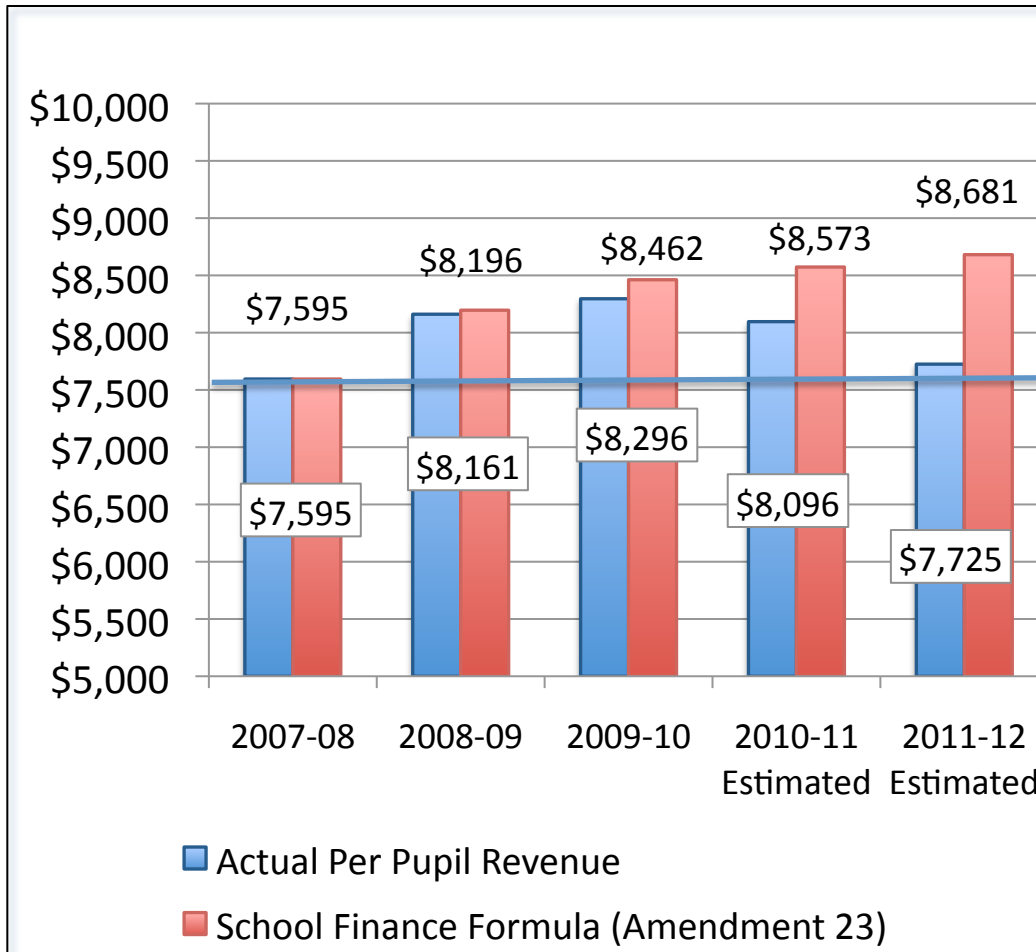
Impacts on Cherry Creek School District

- ◆ Amendment 23 was intended to allow Districts to serve a growing population with funding that keeps up with inflationary costs, with the formula to support increased funding for enrollment and inflation.
- ◆ The current scenario does not fund enrollment and at-risk students with an adequate per pupil funding level.
 - Funding level will now be slightly higher than in FY2007-08, while average inflation per year during the recent 4-year period is about 2%.

Cherry Creek Schools

Comparative Per Pupil Revenue

General Fund



	Actual Per Pupil Revenue Change	SFF Per Pupil Revenue Change	SFF Revenue Reduction (in Millions)
2007-08	\$ -	\$ -	\$ -
2008-09	566	(35)	(1.72)
2009-10	135	(166)	(8.10)
2010-11	(200)	(477)	(23.55)
2011-12	(371)	(956)	(47.54)

The charts presented show Disparity Between Actual Funding Per Pupil & School Finance Formula (SFF) Funding Per Pupil Under Amendment 23

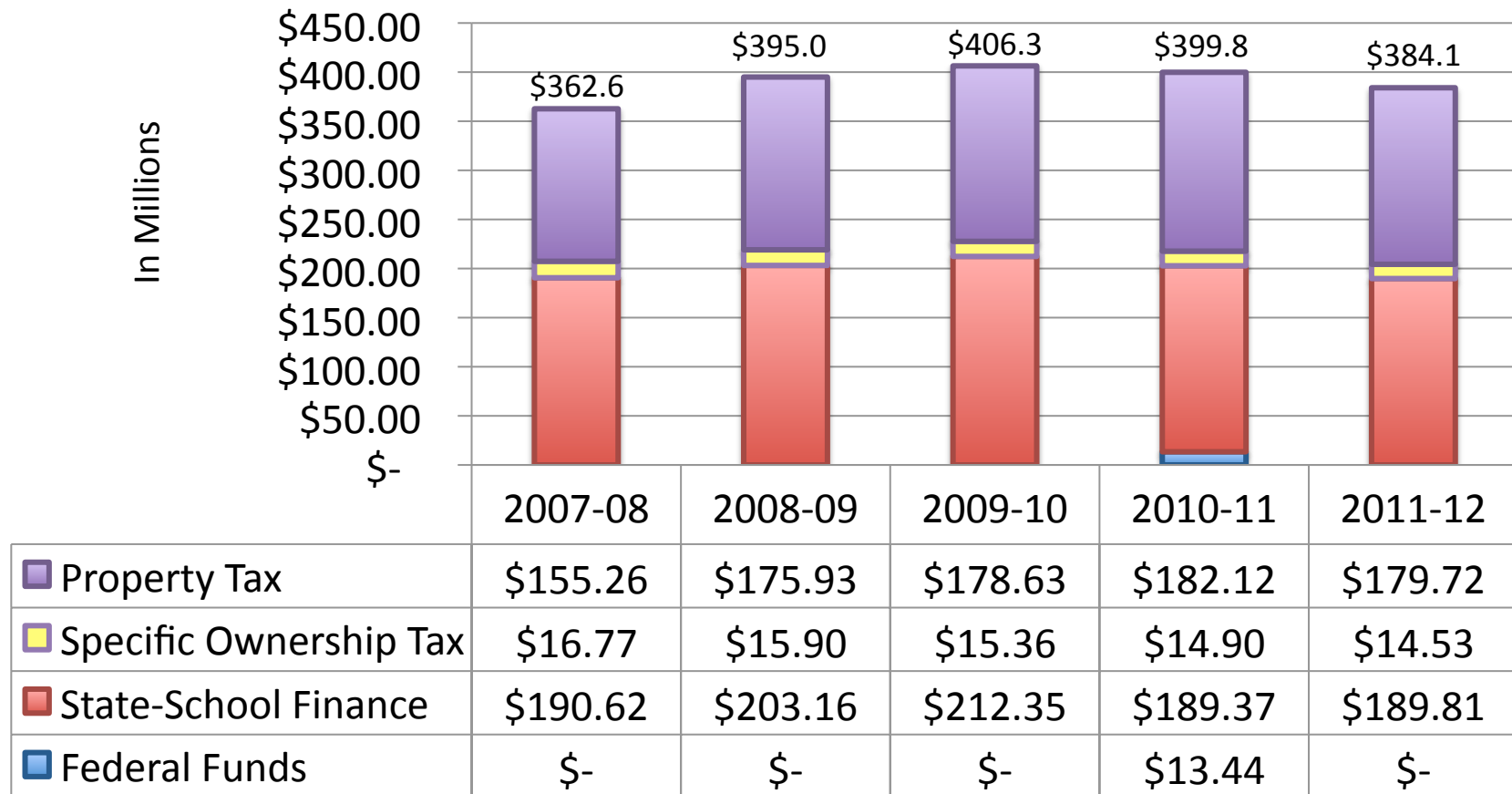
All Figures include Property Taxes, Specific Ownership Taxes, & State Aid

Cherry Creek Schools

General Fund Revenue



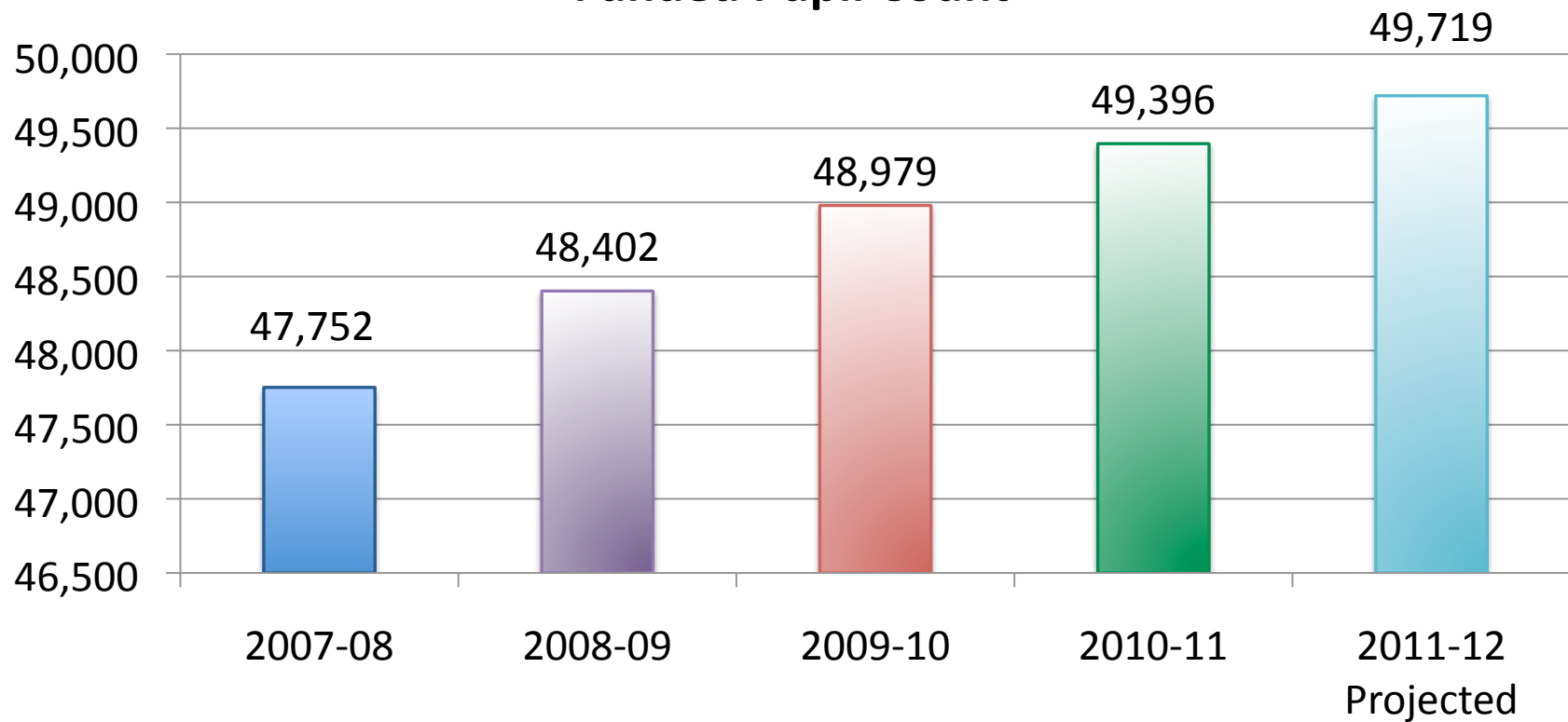
Five-Year General Fund Revenue Comparison



Cherry Creek Schools Enrollment



Five-Year History of Funded Pupil Count



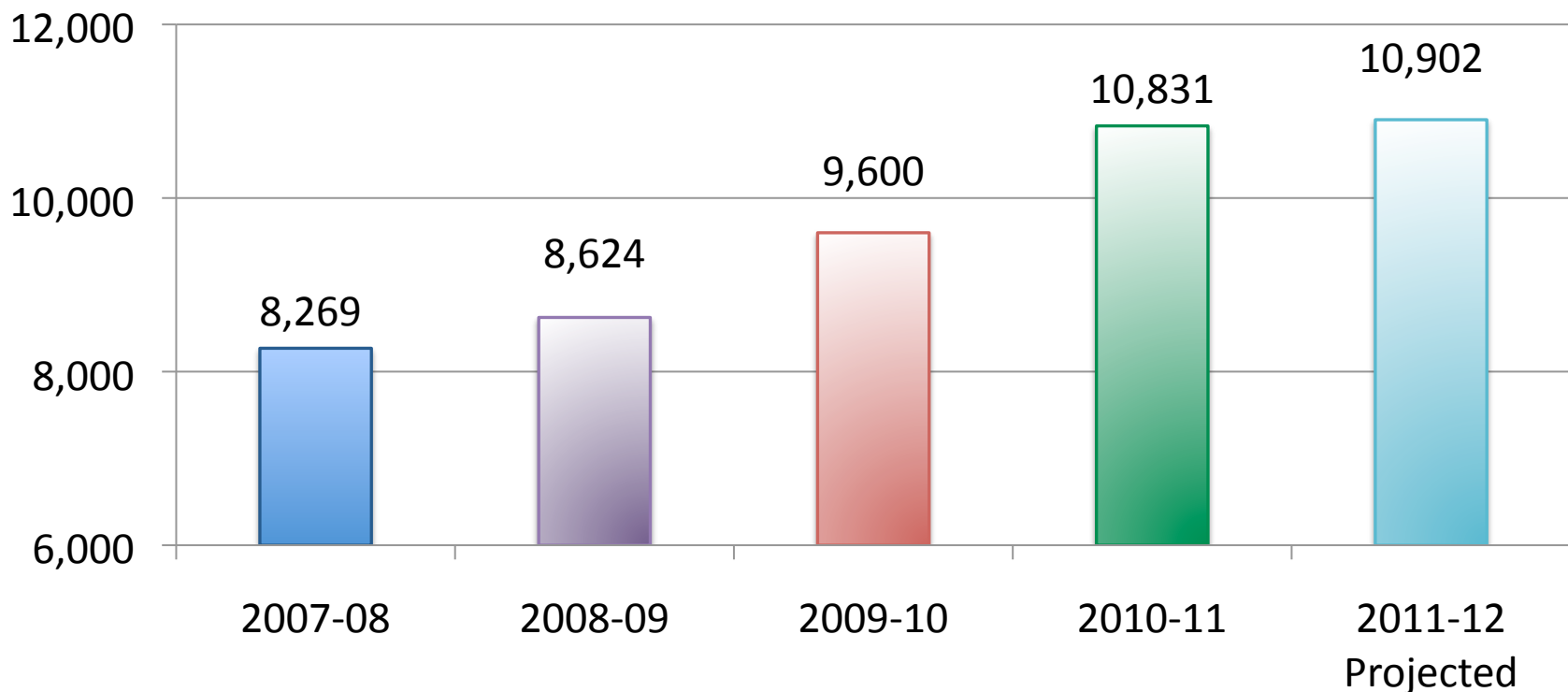
Enrollment has grown by 1,967 students over the 5-year period.

Cherry Creek Schools

At-Risk Student Enrollment



Five-Year History of At-Risk Funded Pupil Count



Over the 5-year period, At-Risk Student Enrollment has grown by 2,633 students at a growth rate of 32%.

School Finance Funding Per Pupil Estimate

DESCRIPTION	FY2010-11	DESCRIPTION	FY2011-12
TOTAL PROGRAM (49,395.8 FTE)	\$356,578,281	TOTAL PROGRAM (49,718.8 FTE)	\$365,729,130
LESS:		LESS:	
-6.6% "STATE BUDGET STABILIZATION FACTOR"	(23,547,185)	-12.97% "NEGATIVE FACTOR"	(47,435,068)
FEDERAL FUNDS RESCISSION - ED JOBS - SFSF ARRA	(9,708,777) (3,727,878)		
PLUS:			
FEDERAL FUNDS DISTRIBUTION - ED JOBS - SFSF ARRA	9,708,777 3,727,878		
LESS:		LESS:	
SCHOOL FINANCE ADMIN. RESCISSION	(104,177)	SCHOOL FINANCE ADMIN. RESCISSION	(104,177)
NET TOTAL PROGRAM	\$332,926,919	NET TOTAL PROGRAM	\$318,189,885
DIVIDED BY FUNDED PUPIL COUNT (FTE)	/ 49,395.8	DIVIDED BY ESTIMATED FUNDED PUPIL COUNT (FTE)	/ 49,718.8
EQUALS FUNDING PER PUPIL ESTIMATE	\$6,740	EQUALS FUNDING PER PUPIL ESTIMATE	\$6,400

Financial Planning

Illustration of Revenue Loss by Year & Cumulative

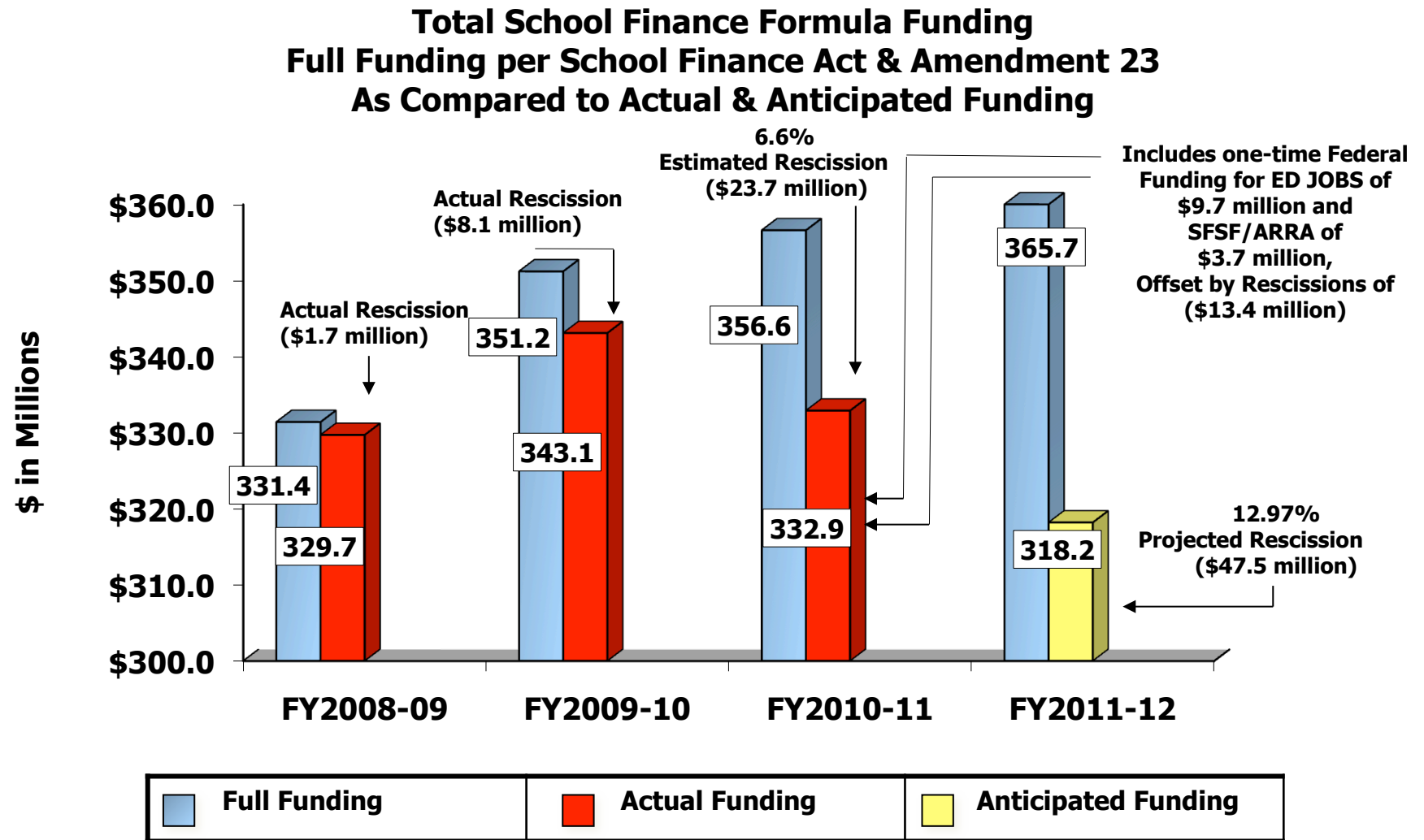
(\$ Millions)	Actual 2008-09	Actual 2009-10	Estimated 2010-11	Projected 2011-12	Rev.Loss (Cum.)
Total Program Funding - Amend. 23	\$331.4	\$351.2	\$356.6	\$365.7	
Less: Effect of Statewide Rescission (Revenue Loss)	(1.7)	(8.1)	(23.7)	(47.5)	(\$81.0)
Net Program Funding	\$329.7	\$343.1	\$332.9*	\$318.2	

	Actual 2008-09	Actual 2009-10	Estimated 2010-11	Projected 2011-12
Funded Student Count	48,401.8	48,979.3	49,395.8	49,718.8
Total Program Funding per Pupil	\$6,847	\$7,170	\$7,219	\$7,356
Less: Funding per pupil Reduction	(35)	(165)	(479)	(956)
Net Program Funding per Pupil	\$6,812	\$7,005	\$6,740	\$6,400

Revenue loss indicates disparity between Amendment 23 at full funding and actual reduced funding.

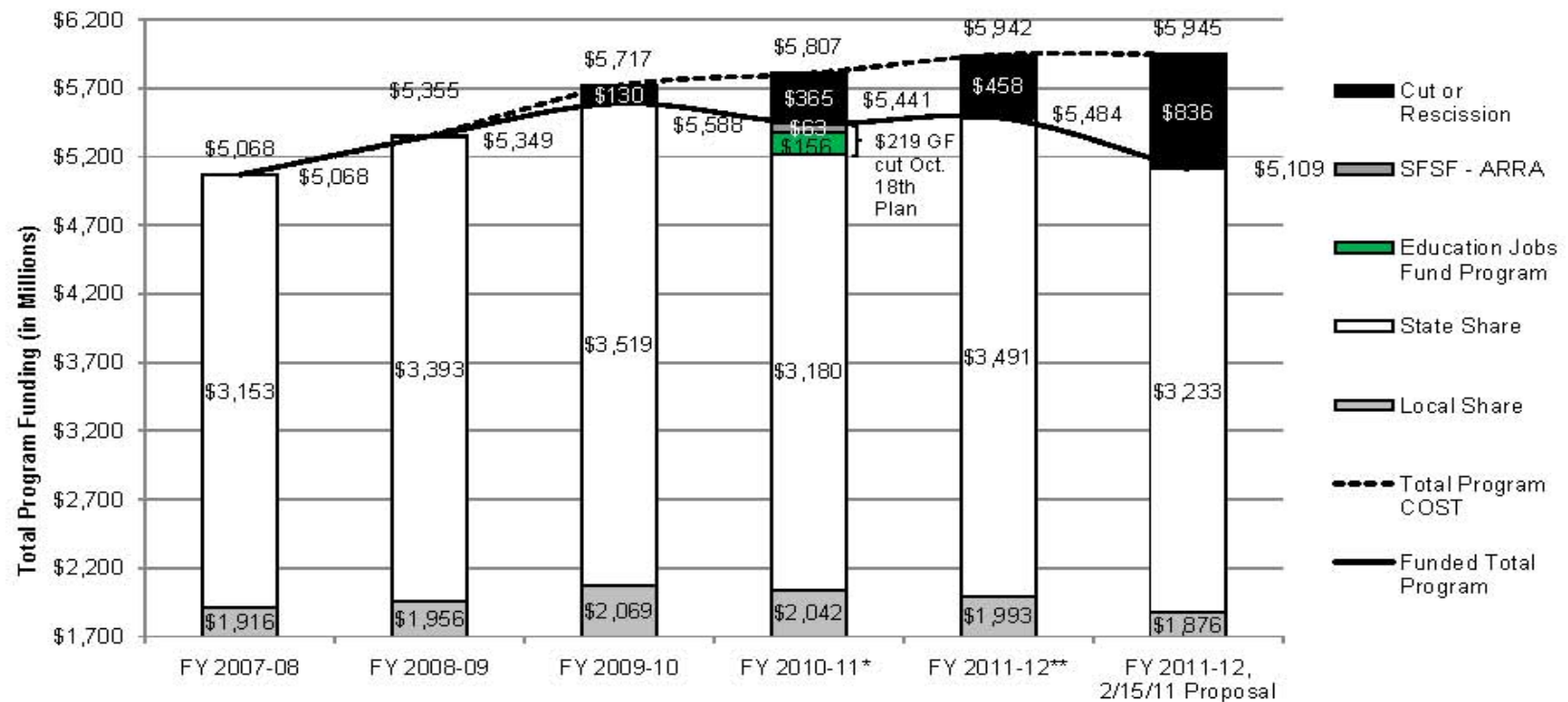
* Includes one-time Federal funding.

Full Funding vs. Actual Funding Comparison For Cherry Creek School District





K-12 Funding History



Office of State Planning and Budgeting

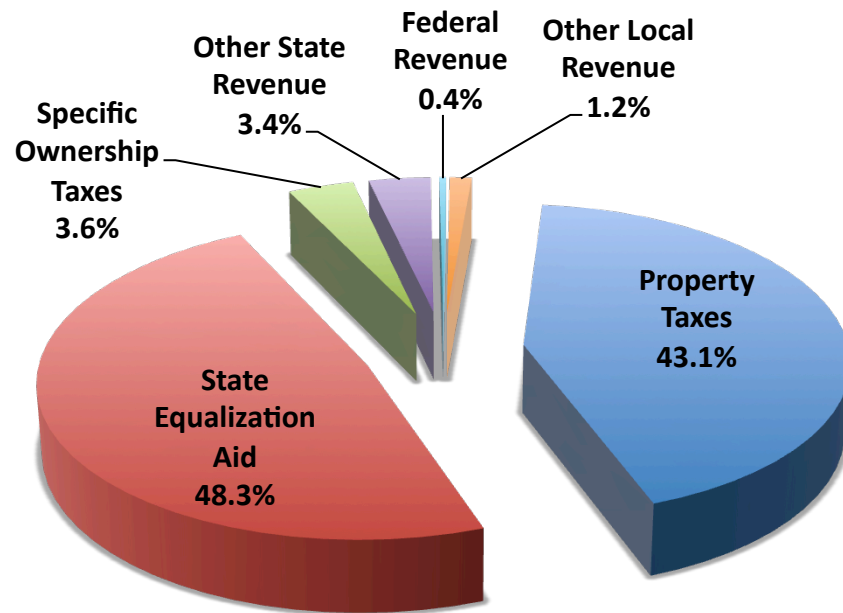


Executive Summary

Cherry Creek General Fund Budget for FY2010-11

Cherry Creek General Fund Adopted Budget

2010-11 Revenue

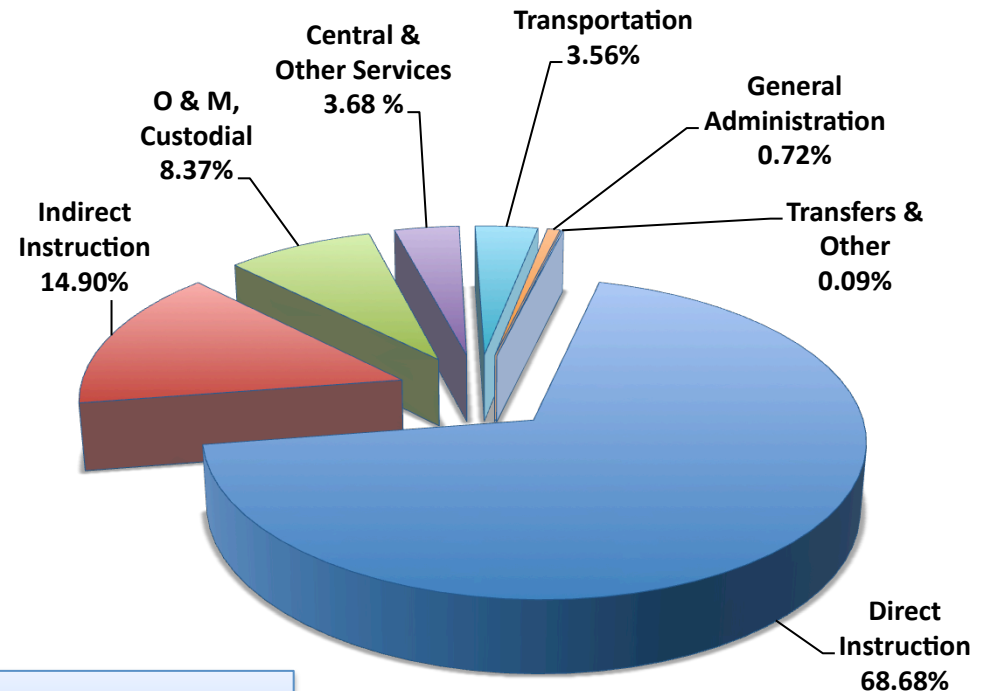


REVENUE	\$ In Millions
PROPERTY TAXES	\$181.14
STATE EQUALIZATION AID/FEDERAL	203.27
SPECIFIC OWNERSHIP TAXES	15.32
OTHER STATE REVENUE	14.38
FEDERAL REVENUE	1.57
OTHER LOCAL REVENUE	5.12
TOTAL REVENUE SOURCES	\$420.80
LESS: TRANSFERS – CAP.RESERVE/ECS	(5.17)
NET REVENUE & TRANSFERS	\$415.63

Cherry Creek General Fund Adopted Budget By Activity

EXPENDITURES	\$ In Millions
DIRECT INSTRUCTION	\$283.92
INDIRECT INSTRUCTION	61.57
O & M, CUSTODIAL	34.58
CENTRAL & OTHER SERVICES	15.20
TRANSPORTATION	14.73
GENERAL ADMINISTRATION	2.97
TRANSFERS & OTHER	.38
TOTAL EXPENDITURES	\$413.35

2010-11 Expenditures

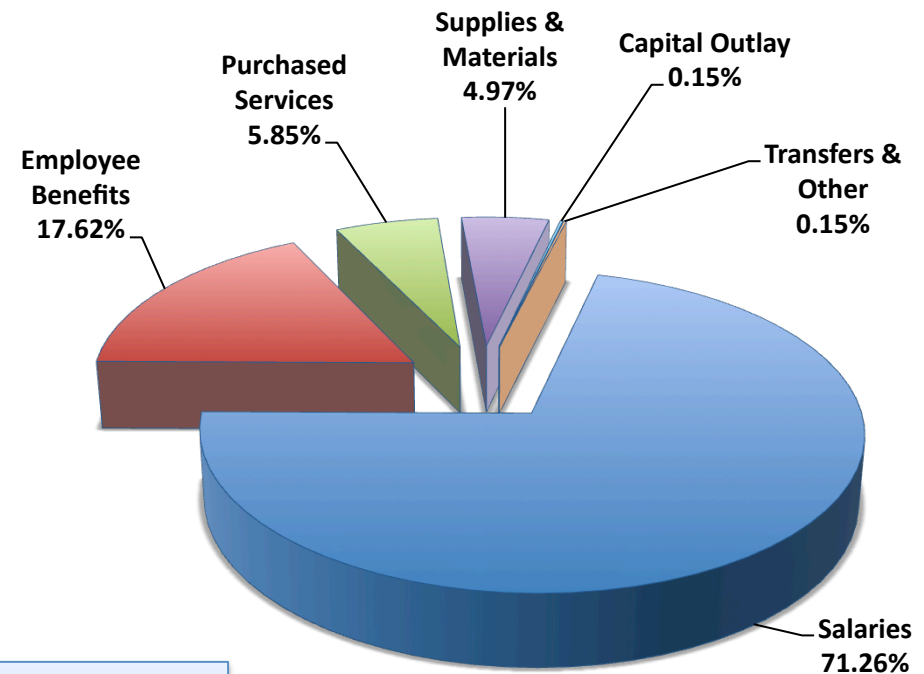


**TOTAL INSTRUCTION
83.58%**

Cherry Creek General Fund Adopted Budget By Object

EXPENDITURES	\$ In Millions
SALARIES	\$294.56
EMPLOYEE BENEFITS	72.82
PURCHASED SERVICES	24.18
SUPPLIES & MATERIALS	20.55
CAPITAL OUTLAY	.64
TRANSFERS & OTHER	.60
TOTAL EXPENDITURES	\$413.35

2010-11 Expenditures



TOTAL SALARIES & BENEFITS
88.88%



Executive Summary

Cherry Creek General Fund Budget Planning for FY2011-12

Cherry Creek Schools Budget Realities

Senate Bill 11-230 School Finance Act

2011-2012 School Year

Revenue

(A)

Property Taxes	(\$2.4)
Specific Ownership Taxes	(0.3)
State Aid	(13.0)
State Categorical	0.5
FY2010-11 Margin	3.0

**D
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N**

\$12.2 Million

\$11.9 Million

(B)

Teacher Compensation	\$7.0
Retirement Contribution	3.4
Unemployment Insurance	0.6
O&M – STEM Center	1.1
Science Materials-Elementary	0.4
MAP & ACT Testing	0.3
Employee Attrition	(0.8)
Utilities	(0.9)
Accrued Salaries & Benefits	0.8

**U
P**

Expenditures

**BUDGET REALITIES
(A+B)**

\$24.1 MILLION

Projected Cost Increases (Negotiations & Fixed Costs)

COST INCREASES	\$ Amount (in Millions)
TEACHER COMPENSATION	
EXPERIENCE STEP FOR TEACHERS	\$5.4
EDUCATIONAL ATTAINMENT FOR TEACHERS	1.6
SUBTOTAL TEACHER COMPENSATION	\$7.0
PERA CONTRIBUTION INCREASE – 0.9% INCREASE FROM 14.75% TO 15.65%	3.4
UNEMPLOYMENT COST INCREASE	.6
OPERATIONS & MAINTENANCE COSTS – INSTITUTE OF SCIENCE & TECHNOLOGY	1.1
SCIENCE MATERIALS – ELEMENTARY	0.4
MAP & ACT TESTING	0.3
ACCRUED SALARIES & BENEFITS	0.8
TOTAL COST INCREASES	\$13.6
COST DECREASES	
EMPLOYEE ATTRITION SAVINGS	(.8)
UTILITIES ADJUSTMENT FOR CONSUMPTION AND RATES	(.9)
NET TOTAL COST INCREASES*	\$11.9

* ELECTION COSTS OF \$65,000 FOR 2011 BOARD ELECTIONS ARE INCLUDED IN TOTAL.

Science Materials – Elementary

Estimated Expenditures

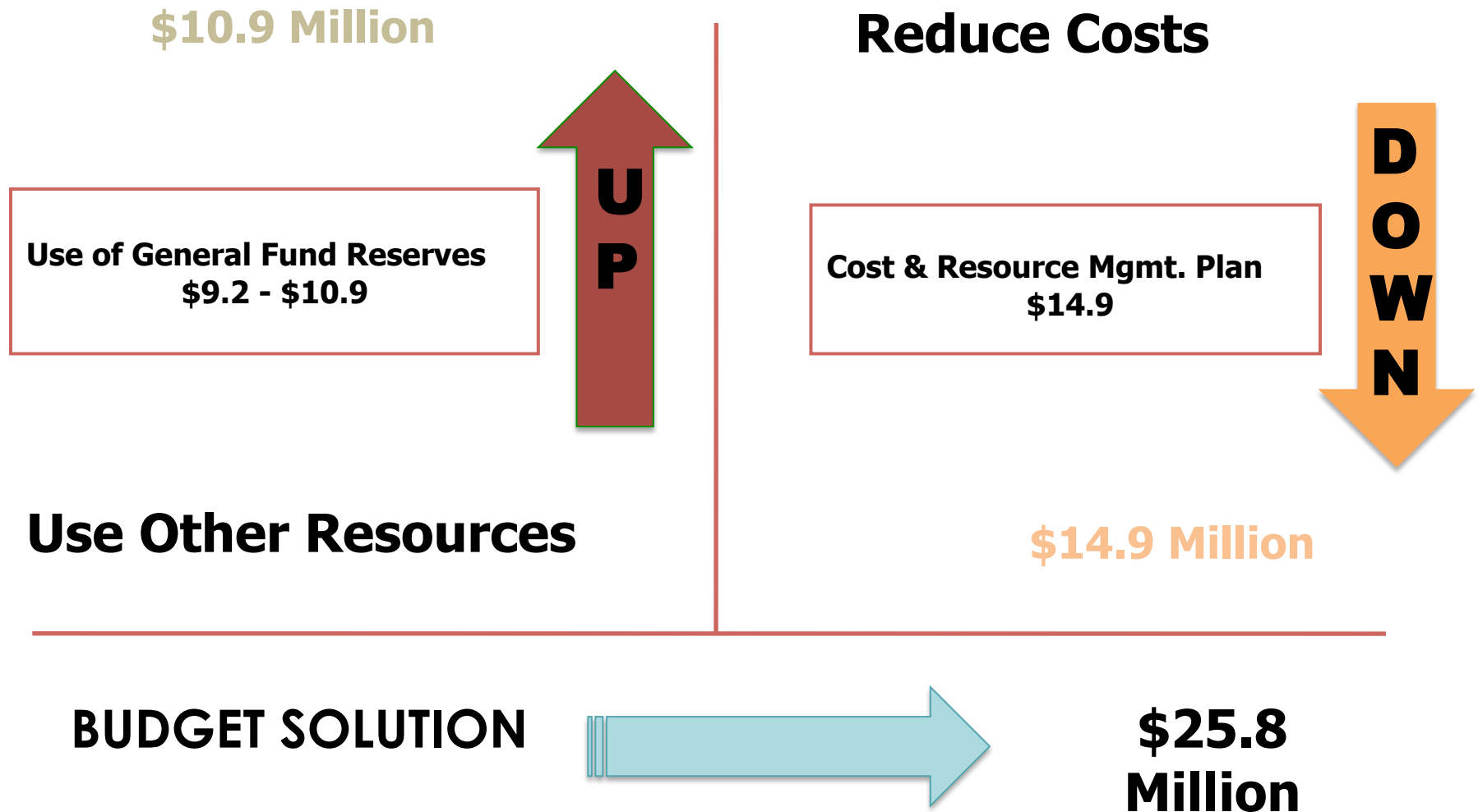
PHASE I	\$ Amount
Physical Science Kits (To be used in Elementary School Programs in FY2011-12)	\$391,000
PHASE II	
Earth Science Kits (To be used in Elementary School Programs in FY2012-13)	315,600
PHASE III	
Life Science Kits (To be used in Elementary School Programs in FY2013-14)	400,800
TOTAL ESTIMATED EXPENDITURES	\$1,107,400

- ✓ Science Material Expenditures for FY2011-12 through FY2013-14 will be paid for through yearly transfers to the General Fund from the Extended Child Services (ECS) Fund.
- ✓ Costs for Science Kit replenishment in future years will be provided for by the Elementary Schools.

Senate Bill 11-230 School Finance Act

Cherry Creek Schools - Cost & Resource Management Plan

2011-2012 School Year



Cherry Creek School District

FY2010-11 –FY2011-12 Budget Comparison

DESCRIPTION	FY2010-11 Modified Budget	FY2011-12 Estimated Budget	Changes in Revenue & Expenditures
PROPERTY TAXES	\$182.12	\$179.72	(\$2.40)
SPECIFIC OWNERSHIP TAXES	14.90	14.53	(0.37)
OTHER LOCAL REVENUE	5.12	5.17	0.05
STATE EQUALIZATION REVENUE/FEDERAL	202.81	189.81	(13.00)
OTHER STATE REVENUE	14.38	14.92	0.54
OTHER FEDERAL REVENUE	1.57	1.57	-
ALLOCATION TO CAPITAL RESERVE	(6.94)	(6.94)	-
TRANSFERS IN-NET	1.70	1.68	(0.02)
TOTAL REVENUES & TRANSFERS	\$415.66	\$400.46	(\$15.20)
TOTAL EXPENDITURES	412.62	424.52	11.90
REVENUE OVER(UNDER) EXPENDITURES	\$3.04	(\$24.06)	(\$27.10)

✓ FY2011-12 figures are based on an enrollment increase of 323 students, a -12.97% “Negative Factor”, and a State estimate of a 1.2% decline in assessed value for the Cherry Creek School District.

FY2011-12

Cherry Creek School District

Cost & Resource Management Plan



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- ✓ **The following Plan is to be considered in response to Senate Bill 11-230, the School Finance Act, for FY2011-12:**
 - **\$227.5 million decrease in net Total Program Funding**
 - **\$14.7 million in funding reductions for Cherry Creek Schools**

Cost & Resource Management Plan Summary

Budget Reductions	Group Totals	FTE Totals
Administrative	\$3,728,210	46.8
Support Services	553,979	6.0
Refinancing of Major Maintenance	4,944,300	-
School-Based	1,938,150	24.4
Change in Instructional Staffing Ratio	3,688,900	72.3
TOTAL BUDGET REDUCTIONS	\$14,853,539	149.5
USE OF GENERAL FUND RESERVES	10,900,000	
BUDGET REDUCTIONS & USE OF GENERAL FUND RESERVES	\$25,753,539	



Cost & Resource Management Plan

Administrative Reductions

Cost & Resource Management Plan

Superintendent/Board of Education

SUPERINTENDENT

Priority	Description	\$ Amount	FTE
	Superintendent/Board of Education		
1	- Board of Education - Reduce Budget	\$7,910	
1	- Reduce Contracted Legal Services	10,000	
1	- Reduce Other Contractual Expenditures	30,000	
	Communication Services		
1	Reduce Staffing Due to Attrition	46,490	1.0
1	Reduce Senior Citizen Tax Offset Costs	12,440	
	Legal Services		
1	Reduction in Decentralized Budget	2,170	
	SUPERINTENDENT/BOARD OF EDUCATION REDUCTIONS	\$109,010	1.0

Cost & Resource Management Plan

Performance Improvement Reductions

ASSISTANT SUPERINTENDENT – PERFORMANCE IMPROVEMENT

Priority	Description	\$ Amount	FTE
	Curriculum & Instruction		
1	- Professional Development	\$25,500	
1	- Language Arts – Literacy Coordinator	50,000	0.5
1	- Gifted & Talented – Differentiation Coach/EOP	150,000	2.0
	Professional Learning		
1	Media Services – Reduce Staff Support	40,000	1.0
1	Bibliographic Services/Library Media	150,000	4.0
1	Professional Learning – Reduce Substitute Budget	60,000	
1	Online Learning	42,000	0.6

Cost & Resource Management Plan

Performance Improvement Reductions

Priority	Description	\$ Amount	FTE
	Excellence & Equity		
1	- Reduction in Excellence & Equity Decentralized Budget	\$25,500	
1	- Reduction in ELA Decentralized Budget *	25,000	
1	- Reduction in AVID Decentralized Budget	25,500	
1	- Reduction in ELA Coach *	83,500	1.0
	Assessment and Evaluation		
1	Reduction in Decentralized Budget	5,000	
	Performance Improvement Department		
1	Reading Recovery – Reduction in Trainer Budget	18,000	0.2
	PERFORMANCE IMPROVEMENT REDUCTIONS	\$700,000	9.3

* Under Discussion

Cost & Resource Management Plan

Human Resources Reductions

ASSISTANT SUPERINTENDENT – HUMAN RESOURCES

Priority	Description	\$ Amount	FTE
	Purchased Services Reductions		
1	- Gallup Teacher Insight	\$58,200	
1	- Accurate Background	50,000	
	Staffing Reductions		
1	Post-Employment (attrition/retirement)	50,000	1.0
1	Benefits	50,000	1.0
	HUMAN RESOURCES REDUCTIONS	\$208,200	2.0

Cost & Resource Management Plan

Fiscal Services Reductions

CHIEF FINANCIAL OFFICER

Priority	Description	\$ Amount	FTE
	Risk Management		
1	- Reduce Funding for Property Damage Claim Deductibles (Reduce Account from \$250,000 to \$175,000)	\$75,000	
1	- Restructure Self-insurance Program for Workers' Compensation & Benefits (Reduce Reserve & Revise Actuarial Assumptions for Claim Payouts)	373,100	
1	- Rebate for Property & Liability Insurance Coverage from Colorado School Districts Self-insurance Pool	77,400	

Cost & Resource Management Plan

Fiscal Services Reductions

Priority	Description	\$ Amount	FTE
	Risk Management		
1	- Modify Cash Flow of Medical Insurance Payment by One Month (Change Premium Payment to Insurance Carrier from Month Ahead to Current Month for One-time Savings in FY2011-12)	743,600	
	FISCAL SERVICES REDUCTIONS	\$1,269,100	

Cost & Resource Management Plan

School Administration Reductions

ASSISTANT SUPERINTENDENT – EDUCATIONAL OPERATIONS

Priority	Description	\$ Amount	FTE
	Staff Support		
1	<ul style="list-style-type: none"> - Staff Support/EOP Ratio for High Schools to 100:1 - Staff Support/EOP Ratio for Middle Schools to 150:1 <p>(Plus Staff Support for Registrar & Bookkeeper) (Balance of the Reduction for the Revised Staffing Plan) (Positions have been vacated through attrition)</p>	\$625,200	17.5

Cost & Resource Management Plan

School Administration Reductions

Priority	Description	\$ Amount	FTE
	High Schools		
1	- Place Registrar within 100:1 Ratio	214,400	6.0
1	- Reduce Security Staffing	106,700	3.0
	Middle Schools		
1	- Change EOP Staffing Ratio to 160:1	142,900	4.0
1	- Reduce Security Staffing	106,700	3.0
	Elementary Schools		
1	- Reduce one EOP Position	36,000	1.0
	SCHOOL ADMINISTRATION REDUCTIONS	\$1,231,900	34.5

Cost & Resource Management Plan

Educational Department Reductions

Priority	Description	\$ Amount	FTE
1	Elementary School Education	\$40,000	
1	Middle School Education	30,000	
1	High School Education	40,000	
1	Student Achievement Services	50,000	
1	Educational Operations Department	50,000	
	EDUCATIONAL DEPARTMENT REDUCTIONS	\$210,000	
	TOTAL ADMINISTRATIVE REDUCTIONS	\$3,728,210	46.8



Cost & Resource Management Plan

Support Services Reductions

Cost & Resource Management Plan

Support Services Reductions

ASSISTANT SUPERINTENDENT – EDUCATIONAL SUPPORT SERVICES

Priority	Description	\$ Amount	FTE
	Maintenance		
1	- Reduce Rover Support	\$193,979	4.0
1	- Reduce Maintenance Support	50,000	1.0
	Custodial		
1	- 8 Furlough Days on Outside Vendor Contracts	40,000	
	Transportation		
1	- Reduce Decentralized Budget	40,000	
	Admissions		
1	- Reduce Support	50,000	1.0

Cost & Resource Management Plan

Support Services Reductions

Priority	Description	\$ Amount	FTE
	Information Systems		
1	- Reduce Training/Professional Development	60,000	
1	- Reduce Security Audit	20,000	
1	- Reduce User Support for Equipment	75,000	
	Safety & Security		
1	- Reduce Supplies and Professional Development	25,000	
	SUPPORT SERVICES REDUCTIONS	\$553,979	6.0



Dedicated to Excellence
Cherry Creek Schools

Cost & Resource Management Plan

Refinancing of Major Maintenance

Cost & Resource Management Plan

Refinancing of Major Maintenance

ASSISTANT SUPERINTENDENT – EDUCATIONAL SUPPORT SERVICES

Priority	Description	\$ Amount
	Refinancing of Major Maintenance	
1	- Reduction in General Fund Support for Major Maintenance Expenditures	1,944,300
1	- Bond Proceeds are to be Used for Major Maintenance Expenditures	3,000,000
	REFINANCING OF MAJOR MAINTENANCE	\$4,944,300



Cost & Resource Management Plan

School-Based Reductions

Cost & Resource Management Plan

School-Based Reductions

ASSISTANT SUPERINTENDENT – EDUCATIONAL OPERATIONS

Priority	Description	\$ Amount	FTE
	Elementary Education		
2	Timberline Elementary - Change from 4-track to Traditional Calendar - 1 FTE-Asst. Principal; 1.5 FTE Spec.Educ.; 1.4 FTE-4-Track	\$250,000	3.9
2	Reading Recovery	208,000	4.0
2	Differentiated Staffing	104,000	2.0
2	Reduce Middle Grade Funding by 2.5%	9,000	
	ELEMENTARY EDUCATION REDUCTIONS	\$571,000	9.9

Cost & Resource Management Plan

School-Based Reductions

Priority	Description	\$ Amount	FTE
	Secondary Education		
2	Reduce High School Allocation for I-Teams (Remaining 4 FTE for Reduction in SY2011-12)	\$200,000	4.0
2	Springboard Reduction (Prairie MS will need to budget for change in SY2011-12)	20,000	
2	Reduce Middle Grade Funding by 2.5%	9,000	
2	Reduce At-Risk Funding	52,000	1.0
2	Reduce Reading Support	26,000	0.5
2	High School Achievement	104,000	2.0
2	High School Reading	104,000	2.0
	SECONDARY EDUCATION REDUCTIONS	\$515,000	9.5

Cost & Resource Management Plan

School-Based Reductions

Priority	Description	\$ Amount	FTE
	Student Achievement Services		
2	Reduce Responsibility Factor/Extended Contracts (Special Education/Non-Instructional Staff)	\$134,400	
2	Reduce Extra Days for Early Childhood Educ. Programs	52,000	1.0
2	Reduce Autism Team	52,000	1.0
2	Reduce Occupational Therapists	156,000	3.0
	STUDENT ACHIEVEMENT SERVICES REDUCTIONS	\$394,400	5.0

Cost & Resource Management Plan

School-Based Reductions

Priority	Description	\$ Amount	FTE
	Athletics & Activities		
2	Reduce Athletics/Activities Budget by 5%	\$271,000	
	School Instructional Materials		
2	School Decentralized Budgets Reduce Per Pupil Allocation by 2 1/2%	186,750	
	TOTAL SCHOOL-BASED REDUCTIONS	\$1,938,150	24.4

	Change School Instructional Staffing Ratio		
2	- Change Staffing Ratio from 18:1 to 18.5:1 (Elementary & Secondary Schools)	\$3,688,900	72.3
	TOTAL SCHOOL STAFFING ALLOCATION	\$3,688,900	72.3

Cost & Resource Management Plan Recap

Budget Reductions	Group Totals	FTE Totals
Administrative	\$3,728,210	46.8
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TOTAL BUDGET REDUCTIONS	\$14,853,539	149.5
USE OF GENERAL FUND RESERVES	10,900,000	
BUDGET REDUCTIONS & USE OF GENERAL FUND RESERVES	\$25,753,539	

Summary of General Fund Reserves

General Fund Reserves	\$ Amount
GENERAL FUND RESERVES – JUNE 30, 2010	\$23,449,751
Estimated Additions to Reserves – FY2010-11	3,040,000
ESTIMATED GENERAL FUND RESERVES – FY2010-11 (FISCAL YEAR-END)	\$26,489,751
Use of General Fund Reserves FY2011-12	(10,900,000)
ESTIMATED GENERAL FUND RESERVES – FY2011-12 (FISCAL YEAR-END) (3.76% OF ESTIMATED GENERAL FUND BUDGET EXPENDITURES)	\$15,589,751

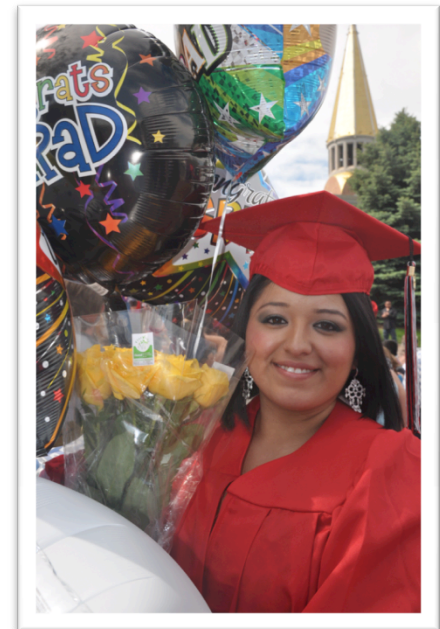
TABOR RESERVE

The District, in addition to the above, has a 3% TABOR Reserve in the amount of \$12,135,000 that is secured by a Letter of Credit as per Board Policy.



Cherry Creek School District

"The Best Example of the Best Hope"



Dedicated to Excellence
Cherry Creek Schools