

NAVIGATING THE BUDGET

Adams 12 
Five Star Schools



Opportunity Starts Here



Adams 12 Five Star Schools commits to engage and inspire all students to innovate, achieve and succeed in a safe and supportive environment by ensuring high quality instruction in every classroom, every day.

Providing a quality education to more than 43,000 students in our district (35,031 district and 8,237 charter) is our priority and it is something we take very seriously.



While providing high quality instruction in every classroom is our mission, it requires a lot of resources, including many people to educate students and many others to support educators. To help provide a better understanding of the Five Star District budget and what is required to educate a large, diverse student population, we have developed this budget guide. The purpose of this guide is to provide an overview of Colorado school finance and financial information specific to our district in a clear and concise manner.



In this guide, you will learn how our district receives funding and how that money is allocated. The process is complex, but we hope that after you have read this guide you will have a better understanding of where our funding comes from and how the Five Star District utilizes its resources to educate students across five Denver metro communities.



Adams 12 Five Star Schools commits to **engage** and **inspire** all students to **innovate**, **achieve** and **succeed** in a safe and supportive environment by ensuring high quality instruction in every classroom, every day.



Our Students

43,268*

Total students enrolled

35,031*

District

8,237*

Charter

15,769*

Students on free or reduced priced lunch

5,270

Students with limited English proficiency

4,317

Students served through special education

7,400

Students traveling to school by bus

D E M O G R A P H I C S

56.89%

White

33.16%

Hispanic

5.15%

Asian

2.32%

African-American

0.68%

Native American

0.15%

Native Hawaiian/
Pacific Islander

1.65%

Two or more ethnicities

*Source: Colorado Department of Education (CDE) 2012 Pupil Membership Data. Does not include Pinnacle Charter School students.

Our Learning Facilities

29

Elementary

7

Middle

5

High

4

Magnet

3

Alternative

1

Technical

6

Charter

Learning Opportunities

- International Baccalaureate (IB)
- Science, Technology, Engineering and Math (STEM)
- Arts Integrated
- Expeditionary Learning
- Gifted & Talented
- Career & Technical Education

BUDGET PROCESS CALENDAR



Guiding Principles

Multi-step process informs budget decisions

Each year Adams 12 Five Star Schools prepares a budget plan with the focus of utilizing available resources to best support educational success. The budget encompasses instruction at each school, transportation, food services, maintenance, administration and more.

The district follows a multi-step budget development process that involves getting input on values and priorities from staff, parents and community members. District leadership then prepares a budget plan that balances the priorities of the community with federal, state and local regulations; desired academic outcomes; student safety; and fiscal responsibility.

There are many guiding principles considered throughout the budget process, including:

Academic Outcomes

- Allocate resources in a manner that best positions the district to achieve desired outcomes which include improving the graduation rate and student performance on state assessments, and decreasing the achievement and graduation rate gap between student populations.
- Focus dollars on funding classroom instruction, including professional development, and making sure the central administration is well-positioned to support and serve schools.
- Invest in promising opportunities that increase educational options for students and advance the district's desired outcomes.
- Remain committed to the district's strategic plan, and reduce funding of strategies, programs and functions that have not produced desired results.
- Maintain a competitive salary and benefit level so as to retain and attract highly qualified and competent staff.

Safety

- Protect students from undue harm by investing in vehicle maintenance and repairs, equipment and facility maintenance and repairs, and student supervision and school campus oversight.

Federal, State and Local Mandates

- Protect education service levels by containing the costs of programs mandated but underfunded by the federal and state governments, such as programs for students in special education and services to students who qualify for free and reduced lunch.
- Abide by the provisions of the master agreements between the district and the District Twelve Educators' Association (DTEA) and the Classified School Employees Association (CSEA) regarding compensation, benefits and working conditions.
- Ensure revenues generated from local mill levy overrides are spent for the purposes described in the respective ballot questions.
- Make budget decisions that are consistent with board of education policies and procedures.
- Maintain fund balance as required by the Taxpayer Bill of Rights (TABOR) and by the board of education.

Fiscal Responsibility

- Identify and prioritize opportunities to improve operational efficiency.
- Develop a current year budget that's based on a multi-year plan. This includes projecting for the cost of programs that will be incurred in future years.

Community Values/Priorities

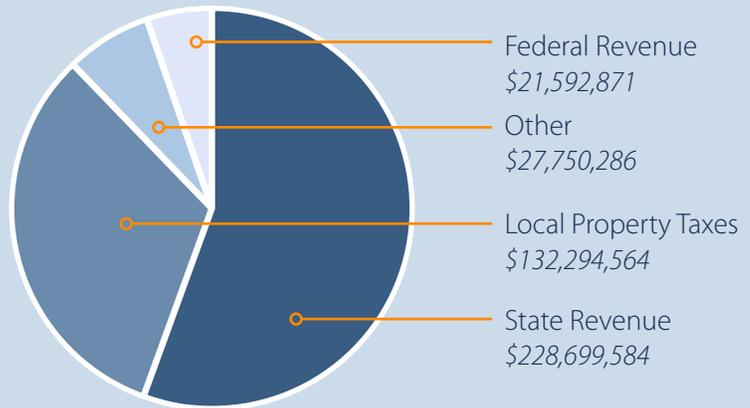
- Seek input and guidance from the district community on priorities and opportunities for investment.



Where the Money Comes From

All Funds

Adams 12 Five Star Schools' \$410,337,305 million projected total revenues for the 2013-2014 fiscal year are received largely through a combination of tax sources, including federal, state and local.



Federal

The federal government contributes a limited amount to local school districts. Most federal revenue is distributed through Title I of the Elementary and Secondary Education Act (ESEA) to provide extra support for low-income children and through the Individuals with Disabilities Education Act (IDEA) that provides support so children with disabilities have the opportunity to receive a Free Appropriate Public Education (FAPE). This funding can only be used for specific purposes and the district has limited flexibility with how it can be spent. Most of the funds are used for school breakfast and lunch programs, additional reading and math instruction, and teacher professional development targeted to support the needs of disadvantaged children.

State

Funding for our district is provided first by local sources of revenue (property and specific ownership taxes, such as vehicle registration taxes). If these funds are insufficient, state dollars cover the shortfall. The amount of funding our school district receives is based on the Total Program Funding formula outlined in the Colorado School Finance Act, plus additional funding to recognize district-by-district variances in size, cost-of-living, number of students who qualify for federal free lunch status, and other similar factors. The formula is used to determine the funding level for providing an equitable educational experience in each of Colorado's 178 school districts.

In addition to the Total Program Funding, and in accordance with state and federal laws, the state of Colorado partially reimburses school districts for a portion of expenses paid for specific programs designed to serve particular groups of students or particular student needs. These "categorical" programs include funding for vocational education, special education, transportation and gifted and talented.

Local

The majority of local funding comes from property and specific ownership (vehicle registration) taxes. Every homeowner and business owner (except for government, charitable and religious institutions) in Colorado pays property taxes for schools, along with taxes for other public services.

Colorado law also allows local school districts to ask voters to approve additional funding through local tax increases called mill levy overrides.

Other Sources of Funding

Income generated from the use of district buses and facilities is included in the district's revenue sources as well. Tuition revenue for extended-day kindergarten and preschool, and instructional material and course fees are also a part of the district's revenue sources. These local, non-tax revenue sources are based upon fees for services used by some, but not necessarily all, students.

In Fiscal Year 2013-2014, local taxes are expected to contribute **32.2 percent** of our total funding, while state sources make up the largest portion of our revenue and account for **55.7 percent**.

MOST RESTRICTION ON USE

LEAST RESTRICTION ON USE

Where the Money Comes From

Mill levy overrides provide additional funding for operating expenses

A district's authorization to raise and expend mill levy override revenues doesn't affect the amount of state funding the district receives. Mill levy overrides do not adjust each year for inflation and enrollment growth, so their purchasing power diminishes over time.

Adams 12 Five Star Schools' voters have approved the following overrides, which provide **\$35.4 million** in annual funding to the district:

Year	Amount of Override
2008	\$ 9.9 million
2004	\$ 9.9 million
2000	\$ 10.2 million
1991	\$ 5.4 million
Total	\$35.4 million

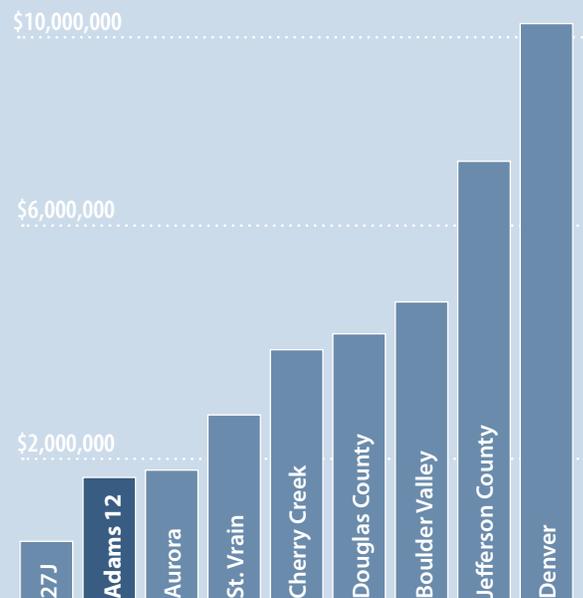
As per state law, a district cannot collect more than 25 percent of its Total Program Funding through mill levy overrides. The Five Star District estimates it will collect 10.7 percent of its Total Program Funding through mill levy overrides, with the capacity for 14.3 percent or \$48.4 million in additional overrides.

Monies from mill levy overrides are used for operating expenses such as instructional programs, equipment, class size management, in-classroom technology and other high-priority operating expenses. Mill levy override funds are not restricted in use, but generally are not used to pay for major repairs and renovations to existing school buildings, additions to schools or new school buildings.

Adams 12 Five Star Schools boundaries include portions of Adams and Broomfield counties. Each county performs property valuations on all commercial and residential parcels within their respective jurisdictions. The district's combined total December 2012 assessed valuation is \$1,737,241,924. This amount is projected to increase due to new construction and economic growth.

Assessed Property Valuation by District

Compared to other school districts, the assessed value of residential and commercial properties in the Five Star District is much lower due to lower overall home values and fewer companies that reside within district boundaries.



To estimate the portion of your property tax bill that goes toward the school district, use the following formula.

$$\text{Residential Assessed Value} \times \text{Assessment Rate } 7.96\% \times \text{School Tax Estimated Mill Rate} / 1000 = \text{School Property Tax}$$

Where the Money Comes From

Bonds provide funding for repairs, renovations, new buildings and technology

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. The state of Colorado does not provide funding for these building projects.

A bond question goes before voters as a ballot measure asking them to approve (or deny) additional proposed spending. If approved by voters, the district sells bonds to investors, uses the bond proceeds for building improvements or new construction, then repays investors over a specific period of time.

Adams 12 Five Star Schools' last bond was approved by voters in 2004. The \$180 million bond included the construction of new schools, maintenance needs at existing schools, installation of air conditioning systems at elementary schools, additions to existing schools, technology upgrades and playground upgrades. A \$180 million bond also passed in 2000.

Bond Debt History

Year	Original Principal	Outstanding Principal
2012	\$93,460,000	\$92,750,000
2011	\$26,280,000	\$23,150,000
2008	\$4,325,000	\$4,325,000
2007	\$42,400,466	\$42,400,466
2006	\$97,783,210	\$96,308,210
2005	\$41,745,000	\$37,055,000
2003	\$47,085,000	\$9,725,000
<i>Total</i>	<i>\$353,078,676</i>	<i>\$305,713,676</i>

Certificates of Participation (COPs) are tax-exempt government securities used to raise funds to improve and construct buildings or purchase equipment. These investment instruments are often used in combination with a bond issue. COPs help finance capital costs related to construction or acquisition and may not be used to finance ongoing operating costs.

COPs do not require voter approval. Under a COP arrangement, the district leverages the asset (typically a building) to be constructed or acquired and leases the asset from an investor or group of investors. The investor, or group of investors, receives a return based upon the lease revenues and the district assumes complete ownership of the asset at the end of the lease payment schedule. The district has utilized COPs to finance the aquatic center, building renovations and the transportation facility.

Certificates of Participation History

Year	Original Principal
2008	\$32,985,000
2004	\$8,560,000
<i>Total</i>	<i>\$41,545,000</i>

Equity in School Funding

Funding formula outlines allocation for providing equitable education

The Colorado School Finance Act aims to ensure all children in the state receive an equitable educational experience. The 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, which is the same for all school districts, plus additional amounts called factors. Factors vary by district and compensate for financial differences among districts, such as cost-of-living, size of the district, at-risk student population and personnel costs. The statewide base can change from year to year based on the state's economic condition, obligations and other factors. The statewide base is determined for each upcoming school year by the Colorado General Assembly before the conclusion of the legislative session each May. For Fiscal Year 2013-2014, the statewide base per pupil funding amount is \$5,954.

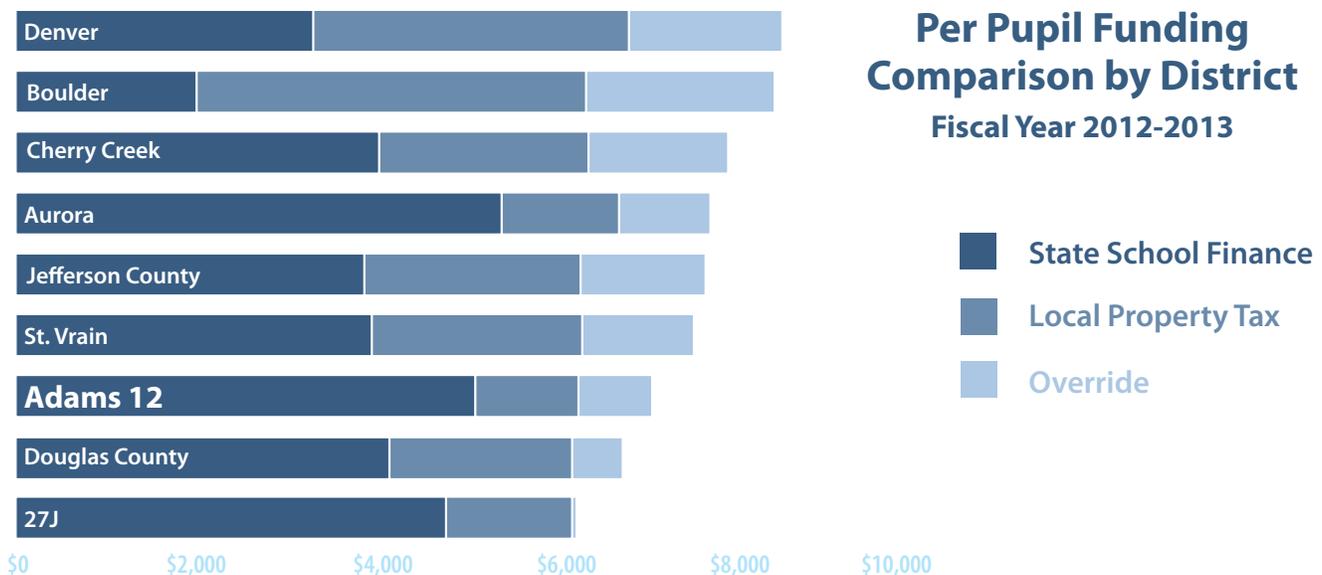
Total Program Funding Formula



Total Program Funding is comprised of three funding sources: base property taxes, local share of specific ownership (vehicle registration) taxes and state equalization (the state's portion of the Total Program Funding).

Districts with higher assessed valuations receive most of their revenue from local property taxes and the state therefore contributes less. Conversely, districts whose property valuations are lower receive more funding from the state. In the case of Adams 12 Five Star Schools, state equalization comprises more than 76 percent of Total Program Funding. Total Program Funding is estimated to be \$280.5 million for Fiscal Year 2013-2014.

The following chart illustrates the funding sources for Adams 12 Five Star Schools, compared with other school districts in Colorado.



Economic Impacts on Funding

Fiscal downturn results in school funding reduction

Amendment 23 was a constitutional change passed in 2000 to address educational spending in Colorado. Educational funding was not keeping pace with the inflation rate and annual per-pupil funding was almost \$1,400 below the national average. Amendment 23 required K-12 funding to increase by inflation plus 1 percent beginning in 2001 and continuing through 2011.

Due to the economic downturn and Colorado's associated budget crisis, Amendment 23 was not fully implemented. Starting in Fiscal Year 2010-2011, the state legislature added a new factor, called the Negative Factor, to the School Finance Act formula. Where most factors outlined in the School Finance Act provide additional funding for school districts based on enrollment changes, regional cost-of-living, number of at-risk students and district size, the Negative Factor is a reduction to funding for Colorado school districts. The impact of the Negative Factor on the Five Star District has been substantial and has resulted in more than \$100 million in decreased funding over the past few years.

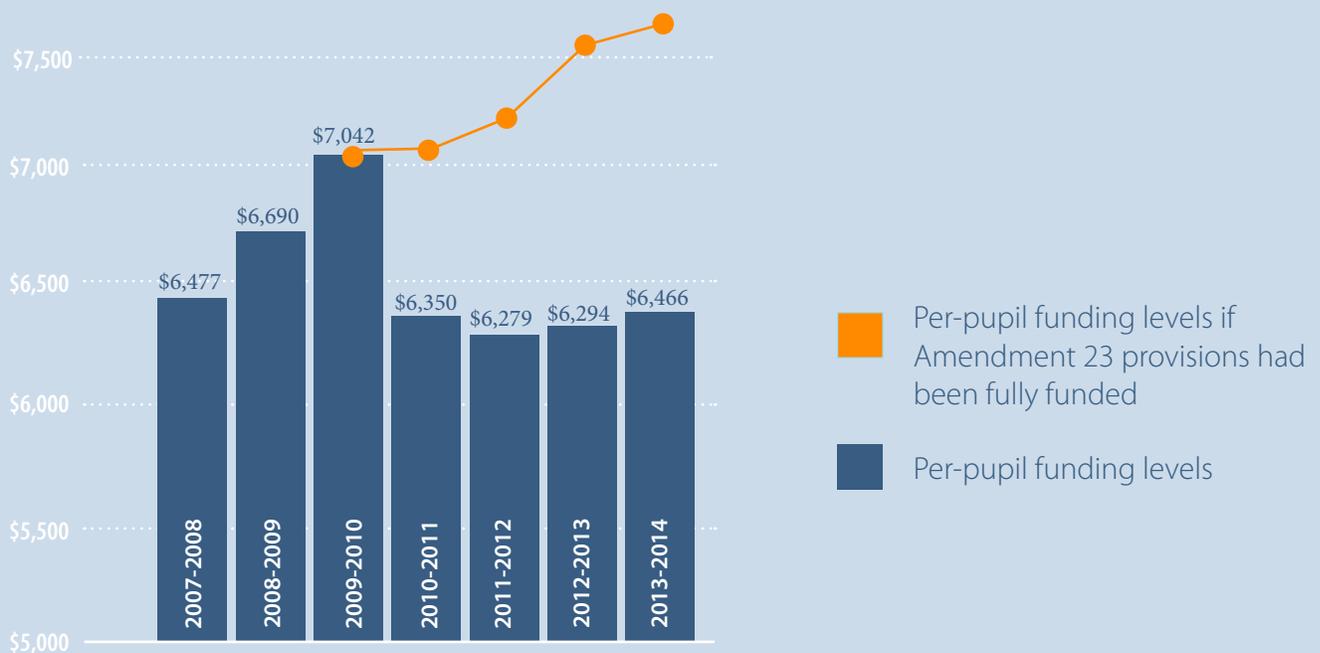
The School Finance Act for the 2013-2014 school year reduces the Negative Factor from 16.09 percent to 15.49 percent. Despite this modest improvement, the district still faces \$51.4 million less in funding for the 2013-2014 school year.

For the **2013-2014** fiscal year, the Five Star District's funding levels are similar to per-pupil funding levels in Fiscal Year **2007-2008**.



This school year alone, the Five Star District will receive **\$1,185 less per student** as a result of the Negative Factor.

Total Program Funding Per Pupil Comparison



Enrollment Drives Funding

Funded pupil count determines dollars districts receive

Although the School Finance Act determines how much money Colorado school districts receive, the funded pupil count is the real driver of school funding. Since the School Finance Act distributes funds on a per-pupil basis, the number of students enrolled in a district as of Oct. 1 of each school year determines the amount of annual funding a district receives.

The funded pupil count refers to the number of full-time students enrolled in the district. The funded pupil count can be different from the total number of students enrolled in the district (headcount) because not all students attend school on a full-time basis, such as kindergartners.

Regardless of whether a kindergartner attends half-day or all-day kindergarten they are counted as a 0.58 full-time equivalent (FTE) and allocated funding is 42 percent less than that of full-time students. High school students may also be funded at less than a FTE depending on the number of credit hours a student takes.

While district charter students makes up more than 19.1 percent of enrollment, the district doesn't retain funding for those students. The per-pupil funding for charter students is "passed through" the district to the individual charter schools. Per state law, the district is permitted to withhold up to 5 percent of a charter school's per-pupil funding to cover the cost of administrative services, such as payroll, information technology support, etc., provided to the charter school, which is specified in the contract between the district and a charter school.

The per-pupil funding for charter students is passed through the district to the individual charter schools.

Funded Pupil Count Comparison



Source: Colorado Department of Education (CDE) Audited Funded Pupil Count Reports for years 2008-2009 through 2012-2013.

The charter funded pupil count includes Pinnacle Charter School, as Pinnacle is located within the Five Star District boundaries. However, Pinnacle is chartered through the Colorado Charter School Institute. Pinnacle's membership (headcount) numbers are not included in the district's membership numbers.

*Projected funded pupil counts

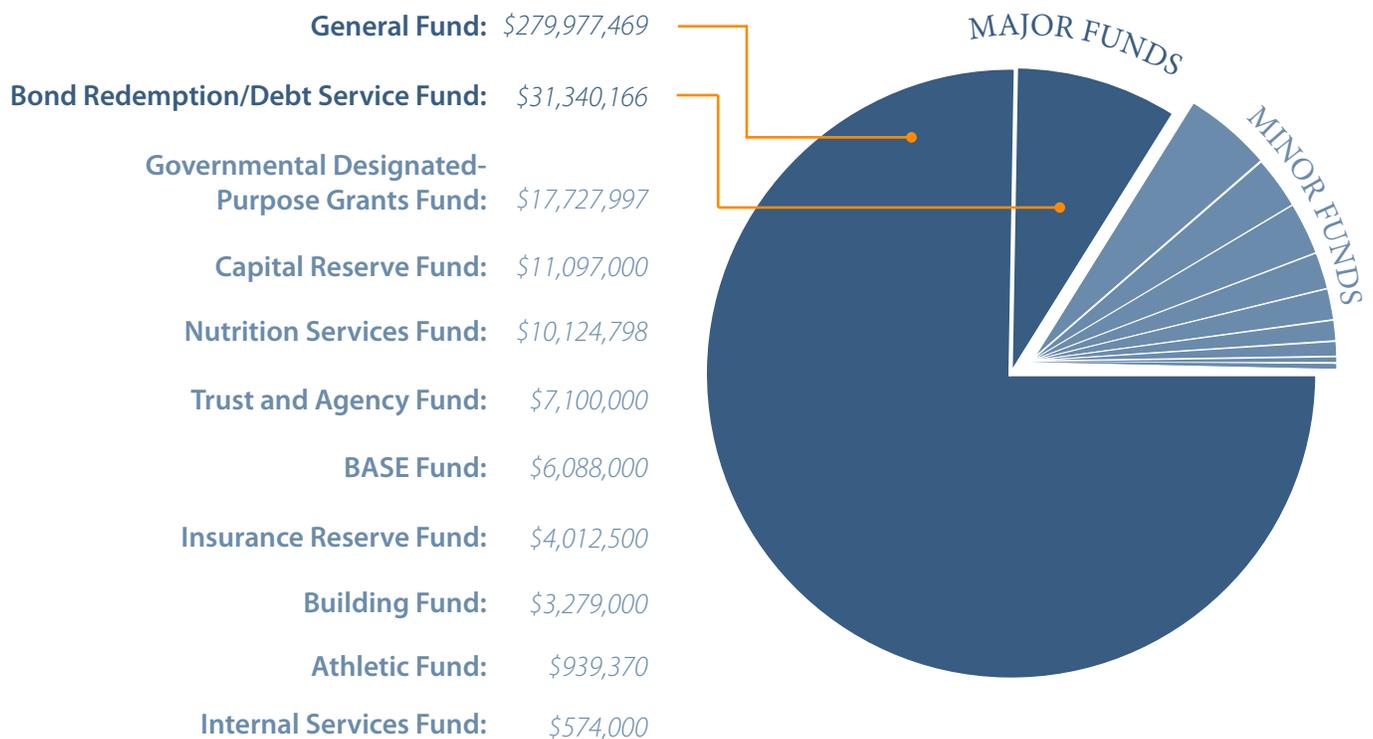
Separate funds ensure dollars are tracked and used for intended purposes

Adams 12 Five Star Schools has 11 different funds. However, the General Fund is our main operating fund and accounts for the majority, or about 75 percent, of expenditures.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Any budgeted fund that represents more than 10 percent of the total appropriated expenditures is considered a major fund.

The operating objectives of governmental entities, such as school districts, are different from those of commercial enterprises and therefore accounting requirements are different. Governmental entities use **fund accounting** to track revenues and expenditures. This is particularly important because some funds have very specific restrictions on how dollars can be spent.

Budgeted Expenditures by Fund Fiscal Year 2013-2014



Fund Overview

Five Star District maintains 11 different funds

General Fund

The General Fund includes funds from local property taxes, specific ownership taxes (vehicle registration fees), state equalization monies, state categorical funding and other sources. It's used to account for all financial resources, except those required to be accounted for in another fund.

Bond Redemption/Debt Service Fund

This fund is used to account for the accumulation of revenue for, and the payment of, general long-term debt principal, interest and related costs. Property taxes provide the revenue for this fund.

Governmental Designated-Purpose Grants Fund

This fund accounts for the various federal, state and local grants awarded to the district to accomplish specific activities. These programs are restricted as to the type of expenditures for which they may be used and normally have a different fiscal period than that of the district. This fund houses grant money from programs such as the English Language Proficiency Act (ELPA) and Title I.

Capital Reserve Fund

This fund accounts for transfers or revenue allocations from the General Fund and other revenue sources allocated to or earned in this fund. Associated expenditures are for the ongoing capital needs of the district, such as site acquisitions, building additions and improvements and purchases of equipment, technology and vehicles.

Nutrition Services Fund

All financial activities associated with the district school breakfast, lunch, snack, summer food, and fresh fruit and vegetable grant programs are accounted for in this fund. Nutrition Services operates as an enterprise fund on a financially self-supporting basis.

Trust and Agency Fund

Used to record financial transactions related to school-sponsored pupil activities. These activities are self-supporting and do not receive any direct or indirect district support. Funding for pupil activities comes from school fundraisers, field trip fees and private donations.

BASE Fund

The financial activities associated with the district's school-age childcare – Before, After and Summer Enrichment (BASE) – are included in this fund. BASE is a fee-based enterprise program and is self-funded.

Insurance Reserve Fund

This is a sub-fund of the General Fund and is used to account for the resources to self-insure a portion of the district's liability, property and workers' compensation insurance needs and provide overall risk management activities for the district.

Building Fund

The district uses this fund to budget and account for the major capital outlays for facilities funded by the proceeds from general obligation school bonds.

Athletic Fund

This fund provides for the day-to-day operation of high school athletic programs and intramurals for middle school students in the Five Star District. Financial support for a portion of student athlete transportation, uniforms, materials, supplies, equipment, facility maintenance, game officials, game workers, and league and state membership dues are provided by this fund.

Internal Service Funds

This represents the Print Shop Fund which accounts for resources used to provide printing services to the district and external customers.

Some funds are restricted by state or federal law, such as funds associated with the National School Lunch Program in our Nutrition Services Fund.

Other funds are restricted by the funding source, such as grants and donations intended for a specific purpose in the Grants Fund or the Trust and Agency Fund.

Reserves increase financial stability

Fund balance is the difference between assets and liabilities. The purpose of fund balance is to ensure fiscal stability to guard against any unforeseen circumstances, reduce susceptibility to emergency expenditures, meet state and federal requirements, and protect the district's credit rating.

Per the Governmental Accounting Standards Board (GASB), fund balance is reported in the following five categories:

1. **Non-spendable fund balance:** amounts that are not in a spendable form or are required to be maintained intact, such as inventories and prepaid expenditure items. ■
2. **Restricted fund balance:** amounts constrained to specific purposes by their providers (such as grantors, bondholders and state and federal governments). Restricted components of the district's fund balance include the three percent Taxpayer Bill of Rights (TABOR) reserve and multiple-year commitments. ■■
3. **Committed fund balance:** amounts constrained to specific purposes by the board of education. These funds can't be used for any other purpose unless the district takes action to remove or change the constraint. The only committed component of the district's fund balance is related to risk management (insurance). ■■

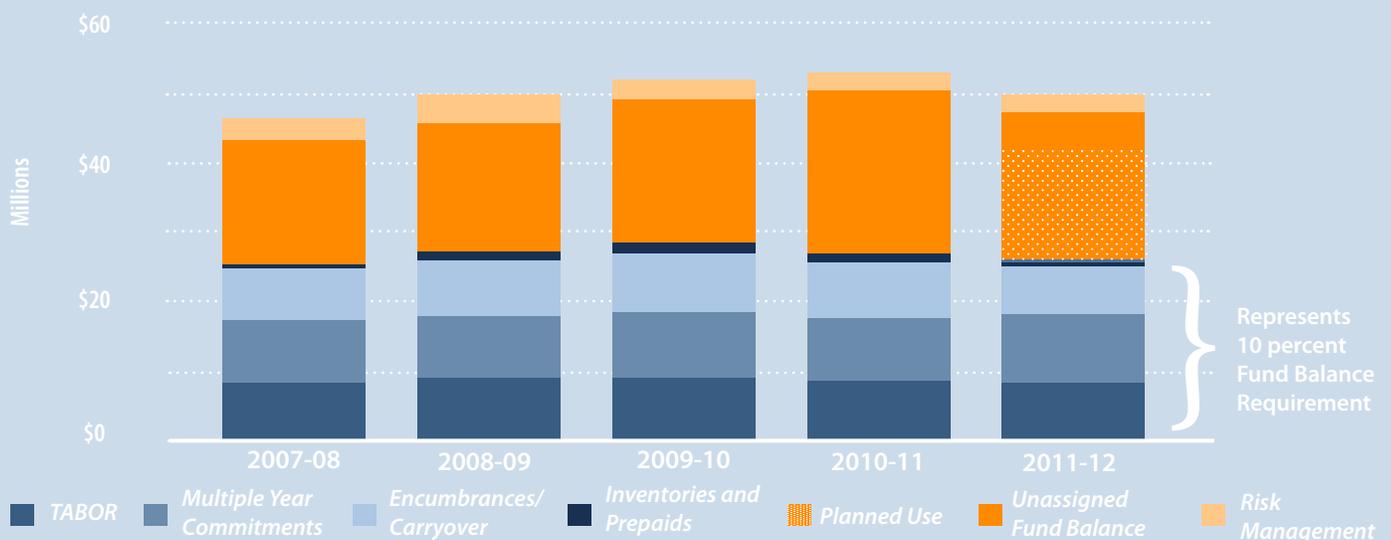
4. **Assigned fund balance:** amounts the district intends to use for a specific purpose. The only assigned component of the district's fund balance is related to planned use of fund balance. ■■
5. **Unassigned fund balance:** amounts that are available for any purpose. These amounts are reported only in the General Fund. ■■

The district's largest reserve is for the General Fund. The Five Star District must maintain a 10 percent minimum general fund reserve per the Adams 12 Five Star Schools Board of Education policy calculated as 10 percent of general fund expenditures. The 10 percent reserve includes 3 percent that's required to be held in reserve pursuant to TABOR.

The TABOR reserve may only be spent in the event of an unforeseeable "fiscal emergency" and must be fully restored during the next fiscal year. Given these limitations on accessing TABOR reserves, the board requires an additional 7 percent to meet future obligations, such as retirement stipends for certified and classified staff, carryover and encumbrances, inventory and prepaid items.

Carryover reserves can be used in the next fiscal year for planned expenditures, while encumbrance reserves include an estimated amount required to fulfill uncompleted purchase orders and contracts that are still in process at year-end.

Fund Balance Components



Fund Balance

Varying intervals of revenues and expenditures require adequate reserves

Adequate levels of fund balance must be retained in each fund in order to provide financial stability. It's fiscally responsible to set aside funds to ensure the district can meet multi-year financial obligations, to guard against unexpected revenue shortfalls and unexpected one-time expenditures, and to pay for items such as textbooks that have been ordered but not paid for at the end of the fiscal year. Fund balance also protects the district against revenue shortfalls caused by economic slowdowns and/or changes in state and federal legislation that affect district funding.

Due to revenue shortfalls over the past few years, the district's budget plan has included the use of General Fund fund balance to help finance expenditures. This planned spend down of the General Fund fund balance began in Fiscal Year 2012-2013 and is projected to continue through Fiscal Year 2013-2014. The intended spend down of the General Fund fund balance was initiated to mitigate necessary reductions to balance the budget as revenue from the state has been reduced in recent years.

The spend down of the General Fund fund balance is also a result of a shift from high-level budgeting to more detailed department-level budgeting and student-based budgeting in schools. This shift will enable more precise budgeting, allowing the district

to narrow the margin between the budget and actual spending. The process to move to line-item budgeting began in Fiscal Year 2012-2013 and is scheduled to be fully implemented in Fiscal Year 2014-2015.

Cash flow

Since the timing of revenues and expenditures don't occur at equal intervals throughout the year, it's critical that the district maintains adequate cash reserves to allow for the timely disbursement of obligations throughout the year. The majority of property tax revenues are received in March, May and June.

In order to ensure the timely payment of monthly expenditures, the district must maintain sufficient funds throughout the year to meet all obligations when they are due.

General Fund Revenues, Expenditures & Transfers Fiscal Year 2013-2014



Where the Money Goes

Money spent supports our students' academic success

The General Fund is the district's main operating fund and reflects the cost of educating more than 35,000 district (non-charter) students in 49 schools, as well as the programs needed to support those schools. It covers the day-to-day costs of running the school system, including salaries, benefits, supplies, purchased services, transportation, maintenance and utilities.

The largest share of the General Fund, approximately 80 cents of every dollar, is spent on student instruction. This includes salaries and benefits paid to teachers, teaching assistants, school office staff, librarians, nurses, counselors and other professionals. The remaining 20 cents is used to support students and schools with services such as transportation, maintenance, security, information technology systems, utilities, custodial, warehouse and other administrative services.



80 cents of every dollar is spent on student instruction



How a Dollar is Spent



65¢

General Instruction: *Costs associated with the delivery of instructional services to students, which include teachers, classroom supplies and equipment*

15¢

Instructional Support: *Costs associated with support services for students, including school library/media centers, nurses, psychologists, social workers, curriculum and staff development*

9¢

Operations and Maintenance: *Maintenance, operations, utilities, custodial services and security services*

4¢

Support Departments: *Human resources, financial services, grants department, communications, staff development, purchasing, warehouse, board of education, legal services, office support and planning*

3¢

Transportation: *Bus transportation for pupils and vehicle maintenance*

3¢

Information Technology: *IT staff, equipment and services used to support district schools and facilities*

1¢

School Administration: *School-level administration, including principals and assistant principals*

Where the Money Goes

What students receive for the money

The Five Star District's \$279.9 million general fund expenditure budget for Fiscal Year 2013-2014 is used to educate 35,031 district (non-charter) students over the 180-day school year for \$44.40 per day, per student – less than taking a family of four to the movies.

For \$44.40 per day a Five Star student receives:

- Instruction from highly qualified teachers
- Instruction from teachers and staff who participate in ongoing professional development that's aligned with federal, state and local initiatives and keeps educators up-to-date on new research, emerging technology for classrooms, new curriculum resources and more
- Specialized learning resources for students with special needs and students who are gifted
- Educational pathway options through traditional schools, magnet schools, vocational programs and alternative schools
- Access to technology – all schools have computer labs and access to mobile devices
- Counseling, pre- and post-graduation guidance and other support services
- Transportation to and from school for about 7,500 students (subsidized in part by fees)
- Extracurricular activities such as clubs, middle school intramural sports, high school athletics, etc. (subsidized in part by fees)
- Multiple safety nets that provide a safe learning environment, including the Raptor visitor screening system; Aiphones in elementary schools that help staff visually screen visitors; School Resource Officers (SRO) assigned to each middle and high school; and regular safety drills
- Clean facilities

99.89 percent of Adams 12 Five Star Schools teachers are rated **"Highly Qualified"**

Source: Colorado Department of Education (CDE) 2012-2013



More than **60 percent** of the district's teachers have **advanced education or degrees** (master's degree or higher level of education)



Where the Money Goes

Educating students requires many people

Educating children is the district's priority and providing a rigorous educational experience is a people-intensive process. The largest component of general fund operating expenditures pays for salaries and benefits for more than 5,000 employees – about 84 percent of whom serve students in 49 schools. This includes teachers, principals, teacher aides, office managers, counselors, nurses, custodians and more.

Compensation

Teachers (certified employees) make up the largest employee group. Compensation for teachers is negotiated annually between the Adams 12 Five Star Schools Board of Education and the District Twelve Educators' Association (DTEA). The goal of both organizations is to make sure compensation remains competitive to attract and retain the best teachers. Traditionally, teachers have received annual cost-of-living salary adjustments (COLA). They also have received additional compensation as they gain more years of experience (step increase) and as they complete additional education, earn advanced degrees or obtain National Board Certification (lane increase).

Due to budget shortfalls as a result of the Great Recession, certified employees didn't receive a COLA increase from the 2009-2010 contract year (runs September through August) through the 2012-2013 contract year. Eligible certified employees have received step increases with the exception of the 2012-

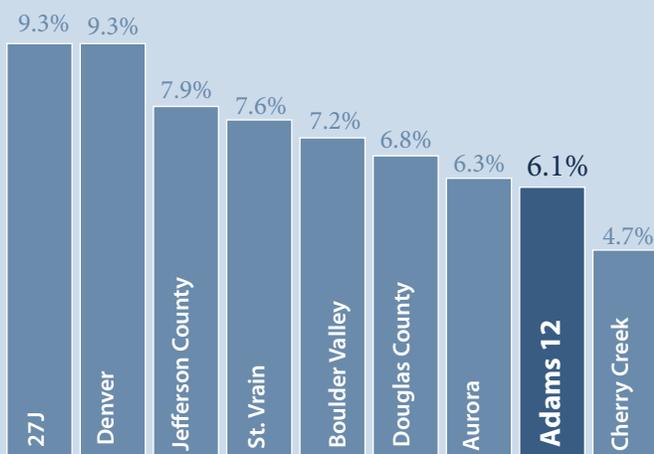
2013 contract year. In 2010-2011, 2011-2012 and 2013-2014 the step increase took effect after the contract year was underway. Eligible certified employees have received lane increases every year.

For the district's support staff (classified employees), compensation is negotiated annually between the board of education and the Classified School Employees' Association (CSEA). Classified employees didn't receive a COLA increase from the 2010 contract year (runs January through December) through the 2013 contract year. Eligible classified employees have received step increases for years of service with the exception of the 2013 contract year. In 2011 and 2012 the step increases took effect after the contract year was underway. Classified employees are not eligible for lane increases.

The district's administrative employees are not eligible for step or lane increases. The administrative employee contract year runs July through June. Administrative employees didn't receive a COLA increase from the 2009-2010 contract year through the 2012-2013 contract year.

The Five Star District's human resources department conducts market surveys annually of similar positions in similar fields across the Denver metro area to ensure our pay structure and benefits remain competitive. Some funding to school districts has been restored

Administrative Costs by District



With more than **5,000** full- and part-time employees, Adams 12 Five Star Schools is the **largest employer** in Adams County.

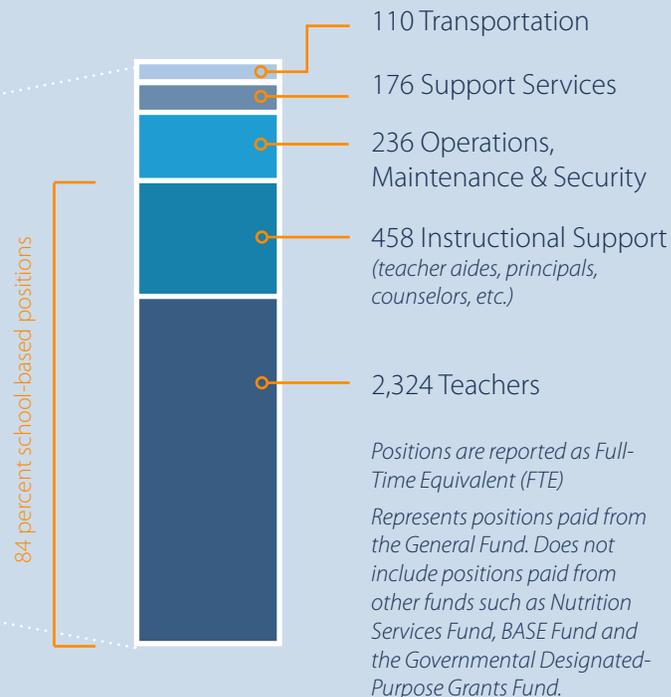
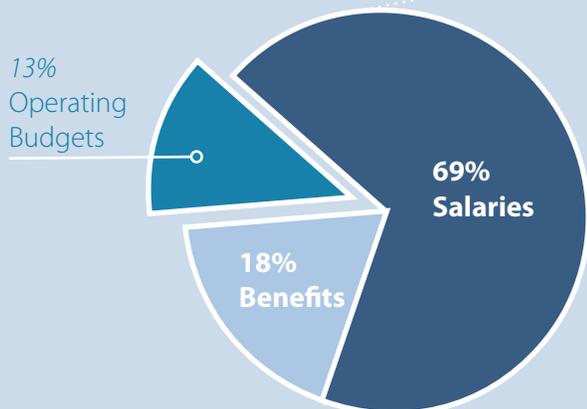
Adams 12 Five Star Schools' salaries and benefits assigned to administration rank among the lowest when compared to districts along the Front Range.

Source: Colorado Department of Education (CDE) 2011-2012

Where the Money Goes

Salaries and benefits make up 87 percent of the General Fund budget

Fiscal Year 2013-2014



for the 2013-2014 fiscal year. As a result, step increases have been restored for eligible certified employees and all employee groups will receive a COLA increase. The exact amount and timing for each employee group are determined following negotiations with the certified and classified associations.

Benefits

Benefits make up 18.4 percent of the general fund operating expenditures. The district provides pension, health, dental, vision, life and disability insurance, and unemployment compensation. As you might expect, the cost of providing these benefits to our employees grows each year, just as it has in every other business.

Because 18 percent of our General Fund pays for employee benefits, the district has been particularly impacted by rising healthcare. For instance, medical insurance premiums increased 9.3 percent for Fiscal Year 2013-2014 alone.

The Colorado Public Employees' Retirement Association (PERA) is the retirement system for public employees in Colorado. Instead of paying into Social Security, district employees contribute 8 percent of their monthly salary to their Colorado PERA member contribution account. As of 2005, employers contributed 10.15 percent of an employee's payroll to PERA. In 2006, legislation took

effect to address the long-term stability of PERA by gradually increasing required contributions through the Amortization Equalization Disbursement (AED), which is the responsibility of the employer, and the Supplemental Amortization Equalization Disbursement (SAED) that is to be used from money otherwise available for employee compensation. Neither AED nor SAED is credited to an individual employee's account. Instead, AED and SAED contributions are used to increase the stability of the entire PERA system. When fully implemented in January 2018, the AED and SAED together will increase the employer PERA contribution from 10.15 percent to 20.15 percent, an increase of more than 98 percent.

The Five Star District has asked employees to share the costs of stabilizing the PERA system. As of Jan. 2014, district employees shoulder 2.5 percent of the increased PERA costs, and the district is contributing 4.8 percent above the 2005 contribution rates. It's likely that moving forward a portion of dollars that would have otherwise been available for cost-of-living increases will instead go toward offsetting increased PERA costs.

Coupled with less funding from the state, medical and retirement benefit increases have had a dramatic impact on the budget.

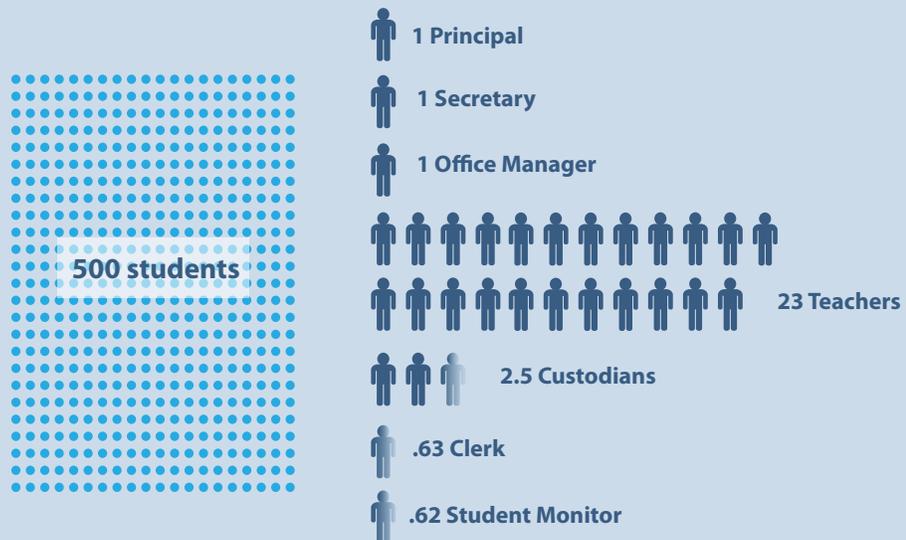
How Dollars are Allocated to Schools

Schools direct dollars to areas of need, priorities and desired results

Two basic factors determine how much money each school receives: the number of students at the school and the unique needs of the students, such as poverty, disability and limited English proficiency.

At the district's traditional and magnet schools the number of students projected to enroll in the fall determines the number of teachers and support staff a school receives. Non-personnel items such as textbooks, supplies and supplemental learning materials are allocated on a per-pupil basis.

An average size elementary school in our district with 500 students starts with the following Full-Time Equivalent (FTE) staff:



Schools receive additional positions and resources to serve students in special education and students with limited English proficiency. Depending on the percentage of students who receive free or reduced-price meals, which can be as high as 95 percent of students, schools may receive additional money from the state or federal government to provide supplemental support and educational services to students. Many schools in the district use these funds to hire more teachers and additional support staff, provide enrichment programs and offer tuition-free, full-day kindergarten, among other things.

In Fiscal Year 2012-2013, the Five Star District implemented student-based budgeting. This method of budgeting gives school leadership greater input and flexibility in how allocated resources are used. The student-based budgeting framework simplifies the budgeting process and enables principals to better manage and utilize resources by focusing more on a school's individual needs, priorities and desired results, and less on numbers alone.

For example, two schools with 500 students each will need to budget for the salary and benefits of one principal, 23 teachers, an office manager, a secretary, two-and-one-half custodians, a part-time clerk and student monitor, as illustrated above. These positions are considered non-discretionary for a school of that size. However, if one of the schools is targeting literacy to increase achievement, that school may decide to add an additional reading coach using discretionary dollars. The other school wants to focus on improving its math performance and chooses to spend its discretionary dollars on new materials to enhance its math curriculum.

In both examples, the principals were able to use their discretionary dollars in a way they believed would have the biggest impact on student achievement at their particular school.

Your Influence on the Budget

Get involved in the budget process

The Five Star District must determine its annual budget for the upcoming school year each spring. District staff work together to develop a tentative budget that balances the needs and values of students, parents, employees and taxpayers with fiscal responsibility. The budget is then presented to the Adams 12 Five Star Schools Board of Education for final approval by June 30.

School districts and school boards across Colorado have had to make difficult budget decisions over the past several years due to the economic slowdown and funding reductions. This comes at a time when even more resources are required to increase educational rigor, meet the increased need for English language and special education services, and implement multiple federal- and state-mandated reforms.

Due to the multiple years of decreased state funding and increased needs, it's more important than ever to make sure budget dollars are directed where they will make the biggest difference for students.

Supporting success in our schools is everybody's business, so you are encouraged to get involved in the budget process. If you are a public school parent, you can participate with your school's School Improvement Team (SIT) and learn about the budget decisions at your local school.

Visit www.adams12.org/financial_accountability to learn more about the Five Star District budget process. You can also email finance@adams12.org. For more information on the state education policy and budget, contact the Colorado Department of Education at 303-866-6600 or visit the CDE website at www.cde.state.co.us.

Stay Connected

Make sure you're connected so you have the latest information about your schools and the district.

- Visit the district website at www.adams12.org
- Add info@adams12.org to your approved email sender list
- Follow us on Facebook: www.facebook.com/adams12fivestarschools
- Follow us on Twitter: www.twitter.com/Adams12
- Parents, check Campus Portal to make sure your contact information is up to date
- Parents are encouraged to sign up for the district's text alert system by simply texting "yes" from your mobile device to 68453

Adams 12 
Five Star Schools

Communications Services in partnership with Financial Services

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