

Strategic Financial Plan 2021-22



BOULDER VALLEY
SCHOOL DISTRICT



STRATEGIC PLAN

We believe that Boulder Valley is uniquely positioned because of its resources and outstanding educators to overcome the challenges we face, including an achievement gap that educators across Colorado and the nation have struggled to address.

Students first. Always.

In the Boulder Valley School District, students and their needs come first. They are the focus of everything we do and every decision we make. We are focused on doing what is best for them and helping them to succeed today and when they leave the school district, regardless of what college or career pathway they choose.

Building from where we are, instead of starting over

The Boulder Valley School District has already accomplished so much, through strategic efforts over the years. As BVSD moves forward, the district will build upon this strong foundation while still continuously improving.

Informed by stakeholder feedback and data

Superintendent Dr. Rob Anderson continuously seeks feedback. Some high level themes emerged from the school visits, meetings with staff and Meet and Greet events with parents and community members. Chiefly, our community wants BVSD to close its achievement gap.

During the early months of 2019, district leaders merged feedback from parents, staff, and community members with other data points to determine the student outcomes and strategic themes that will be the foundation for BVSD's strategic plan. These are used to develop strategic initiatives and align our budget processes.

LONG TERM OUTCOMES

BVSD's Strategic Plan is focused on the needs of our students. For this reason, BVSD administrators, employees, parents and community members have three Long Term Student Outcomes -- specific, student-focused, measurable results that we want our students to achieve across the district.

OUTCOME #1 – All students benefit from challenging and relevant educational opportunities

OUTCOME #2 – Reduce disparities in achievement

OUTCOME #3 - Every student graduates empowered with the skills necessary for post-graduate success

STRATEGIC THEMES

Strategic Themes are areas that must be addressed to achieve long-term outcomes.

STRATEGIES USED TO ATTAIN GOALS

Strategic Theme 1

Ensure all instruction is challenging, engaging, relevant and meets the needs of all students

Strategic Theme 2

Provide schools and educators with responsive and customized supports to best serve students

Strategic Theme 3

Engage the talent and passion of our community and families through communication, empowerment and partnership

Strategic Theme 4

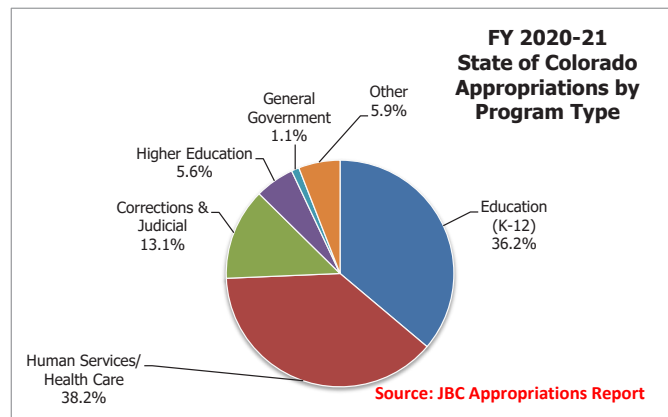
Cultivate a positive and inclusive culture throughout BVSD that promotes the well-being of students, families and employees

This Strategic Financial Plan overview is a guide to understanding the components that make up BVSD's budget, how it is created, and some of the priorities and choices it reflects.

UNDERSTANDING SCHOOL FINANCE IN COLORADO

Every homeowner and business owner in Colorado pays property taxes for schools, along with sales taxes for police, fire, and other local public services. The Colorado state government is responsible for funding other public services such as prisons and transportation, in addition to determining the funding for schools.

Each year the state budget is crafted by the governor and legislature to determine how much of the total budget will be allocated to K-12 education.

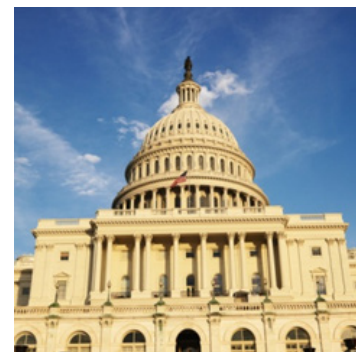


Constitutional Amendments that affect school funding:

TABOR:

Colorado's "Taxpayer's Bill of Rights," also known as TABOR, sets taxing and spending limits on all levels of government in the state, from special districts such as fire protection and schools to county and state governments. TABOR's primary objective is to "restrain the growth of government" as stated in the Colorado Constitution. TABOR has many provisions that impact school funding from the state. The most significant limitations are:

- TABOR requires voter approval of tax increases.
- TABOR limits revenue collections.
- TABOR limits spending.



TABOR also impacts district spending as the law requires that a school district hold 3 percent of expenditures in reserve. This reserve can only be spent in an emergency, which excludes economic conditions, revenue shortfalls, or salary and fringe benefit increases. A statute change in 2009-10 now allows a district to hold a letter of credit or utilize real asset value (buildings) as this 3 percent reserve, rather than cash. BVSD continues to hold a 3 percent cash reserve for its TABOR requirement.

Gallagher Amendment:

In November 1982, Colorado voters passed the Gallagher Amendment, which divided the state's total property tax burden between residential and nonresidential (commercial) property. According to the Amendment, 45% of the total amount of state property tax collected must come from residential property, and 55% must come from commercial property. Further, the Amendment mandated that the assessment rate for commercial property, which had been responsible for 55% of the total state property tax burden, be fixed at 29%. To maintain the 45/55 split, the residential property rate declined from 21.00% to 7.15% between 1986 and 2020.

In November of 2020, Amendment B was passed by Colorado voters and repealed the Gallagher Amendment. The amendment was referred to the ballot by the legislature in the 2020 session. It repeals the 29 percent assessment rate in the constitution for most nonresidential property, the calculation of the target percentage and the requirement that the General Assembly adjust the residential assessment rate to maintain the target percentage.

Passage of the measure does, however, eliminate the constitutional requirement that the residential assessment rate be changed in order to maintain the target percentage.

The residential assessment rate will remain unchanged at 7.15% and prevent further eroding of funding for public services including K-12 education. The assessment rate cannot be increased without a vote of the people.

Referendum C:

In November 2005, Colorado voters passed Referendum C, which temporarily overrides the current TABOR revenue formula that limits annual growth in state revenues to the rate of change of inflation plus population. With no increase to current tax rates, Referendum C allows the state to keep and spend the revenue it collects under current rates for five years. The revenue retained by this change will be used to fund healthcare, K-12 and higher education, pension plans for firefighters and police officers, and specifically identified Department of Transportation projects. The referendum's stated goal was to restore state budget cuts since 2001 and reset the base funding level.

Amendment 23:

In November of 2000, Colorado taxpayers approved Amendment 23 to the Colorado Constitution. This amendment identifies increases in funding to public elementary and secondary schools at a rate of inflation plus 1 percent for a total of 10 years, through the 2010-11 fiscal year, and then at the rate of inflation thereafter. The amendment's stated goal was to restore public education funding back to 1988 levels.



Budget Stabilization Factor (Negative Factor):

As a result of the Great Recession, the Budget Stabilization Factor was implemented. The legislature determined that Amendment 23 only applied to “base” per pupil funding. Under law, Colorado per pupil funding is made up of a base amount per student that is the same throughout the state. Added to this base are “factors” allocating additional per pupil funds by use of a state formula applied on a district-by-district basis. The factors include: poverty, cost of living, and size, and make up a large portion of Colorado’s per pupil funding.

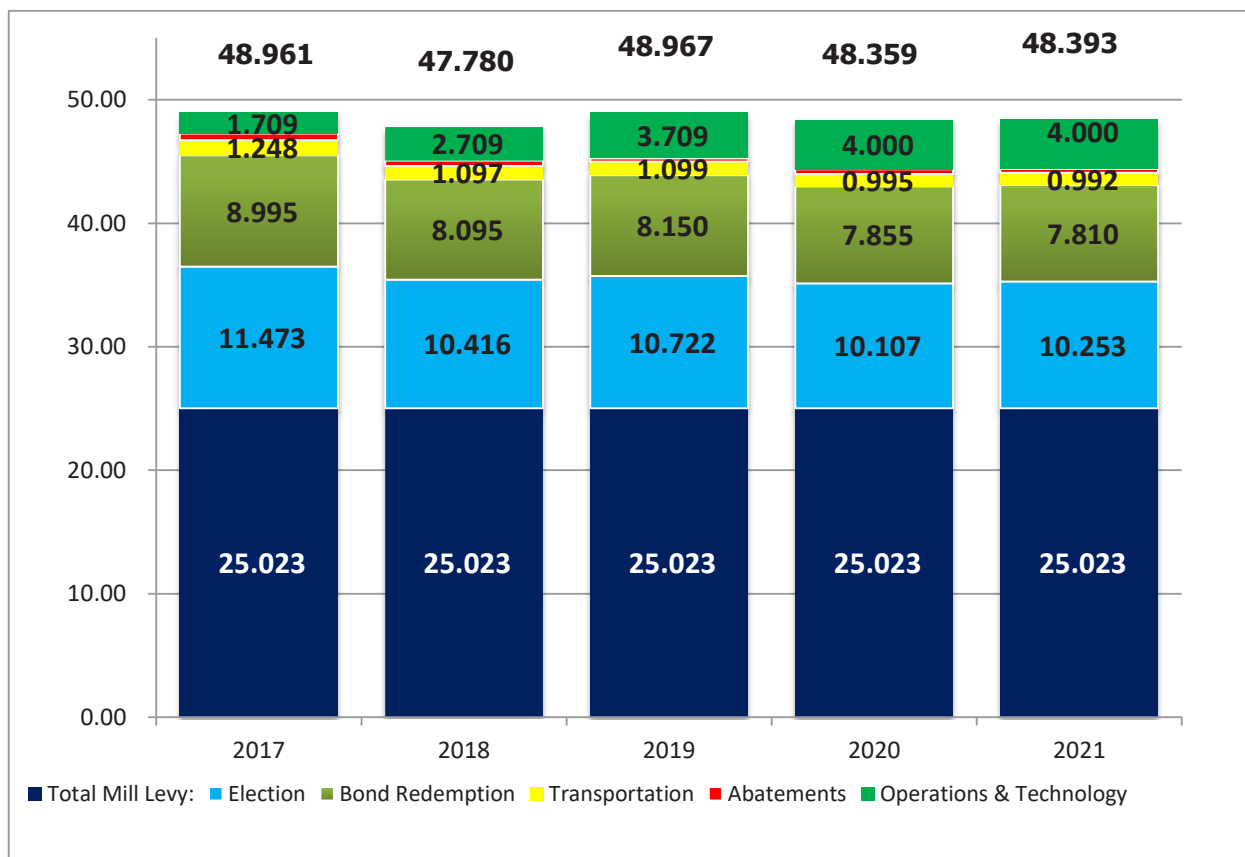
Each year the legislature determines the amount of increased funding required under Amendment 23 and the School Finance Act. Then the Budget Stabilization Factor is applied against this total dollar amount, reducing overall funding.

Fiscal Year	Total Program Funding	Negative Factor	Total Program Funding (after Negative Factor)	Per Pupil Revenue
2021-22 Est. Governor’s Budget	\$284,928,107	\$(19,053,697)	\$265,874,410	\$8,859
2020-21	\$280,004,593	(39,859,987)	240,144,606	7,894
2019-20	274,566,209	(19,286,294)	255,279,915	8,421
2018-19	263,061,533	(22,897,544)	240,163,989	8,058
2017-18	254,158,879	(28,061,865)	226,097,014	7,578
2016-17	246,518,892	(28,390,853)	218,128,039	7,348
2015-16	243,705,017	(28,830,177)	214,874,840	7,232
2014-15	234,494,200	(30,407,094)	204,087,106	6,940
2013-14	224,570,307	(34,630,570)	189,939,737	6,556
2012-13	216,944,133	(34,912,306)	182,031,827	6,376
2011-12	207,466,753	(26,835,213)	180,631,540	6,377
2010-11	202,435,712	(13,352,337)	189,083,375	6,715
2009-10	197,694,395	(4,562,150)	193,132,245	6,979
TOTAL NEGATIVE FACTOR		\$(330,388,538)		

PROPERTY TAX RATES

The Colorado School Finance Act was revised in 1994 creating Title 11, Article 50 of the Colorado Revised Statutes, which determines the base revenue of the General Operating Fund of the school district. This 1994 SFA set a standard mill levy target at 40 mills for all districts. Due to dramatic increases in property values (assessed valuation) in some areas of Colorado (since 1994), the Act of 1994 was amended during the 2007 legislative session which froze the existing mill levy for most districts in the state, to reduce the pressure on state funding for local school districts.

The total 2020-21 BVSD mill levy was certified at 48.393 mills which is applied to assessed valuation. For BVSD, the General Operating Fund mills have remained at 25.023 since 2006. The district's 1991, 1998, 2002, and 2010 budget override (referendum) elections result in a levy of 10.253 mills. The mill levy for abatements, refunds, and omitted property is 0.315 mills. The General Operating Fund mill levy totals 35.591 mills, the Bond Redemption debt service mill levy is at 7.810 mills, the Transportation Fund mill levy is 0.992 mills, and the Capital Construction, Maintenance & Technology levy is 4.000, all totaling 48.393 mills collectively.



How Does Supporting Education Impact Your Taxes?

Local tax money goes to the county treasurer who in turn distributes it to each governmental entity in the county.

Doing the Math:

State law sets the property tax assessment rate. In the 2021 collection year, homeowners will pay an estimated assessment rate of 7.15 percent of the actual assessed value of their home, while businesses will pay a 29 percent assessment rate.

Here's how the math works for each \$100,000 in home value:

- The 7.15 percent of assessed value is calculated to be \$7,150. That's the amount on which taxes are based.
- One tax mill is equal to 1 cent on \$10. So, \$7,150 in value multiplied by 0.001 equals \$7.15 per mill.
- For example, in 2021, the BVSD tax rate was certified at 48.393 mills or \$346.01 in taxes per year for each \$100,000 of assessed home value.

You can use the same formula to calculate your property taxes for your schools if you know your home's assessed value. The same calculations based on a 29 percent business rate net \$1,403.40 in school taxes for each \$100,000 of taxable business property.

Overlapping Property Tax Rates

In addition to mills that affect the district, there may be overlapping rates that apply to some taxpayers.

Overlapping rates are those of governments that apply to property owners within the Boulder Valley School District RE-2 boundaries.

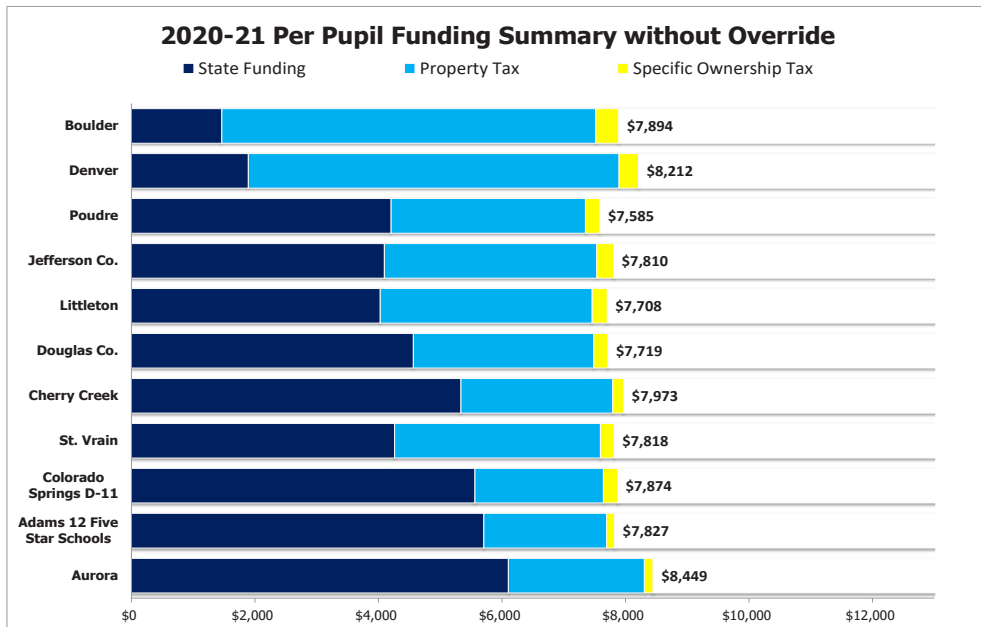
Not all overlapping rates apply to all district property owners. For example, the rates for Special Districts apply only to the district's property owners whose property is located within the geographic boundaries of the Special District.

Direct and Overlapping Governments	Unaudited Property Tax Rates (FY19)
Boulder County	23.473
Cities and Towns	
Boulder	11.981
Broomfield	28.968
Lafayette	16.399
Louisville	7.934
Jamestown	23.500
Nederland	17.274
Superior	9.430
Ward	3.866
Special Districts (Ranges)	.900 to 32.192
Fire Districts (Ranges)	2.500 to 20.445
Water/Sanitation Districts (Ranges)	.156 to 17.754

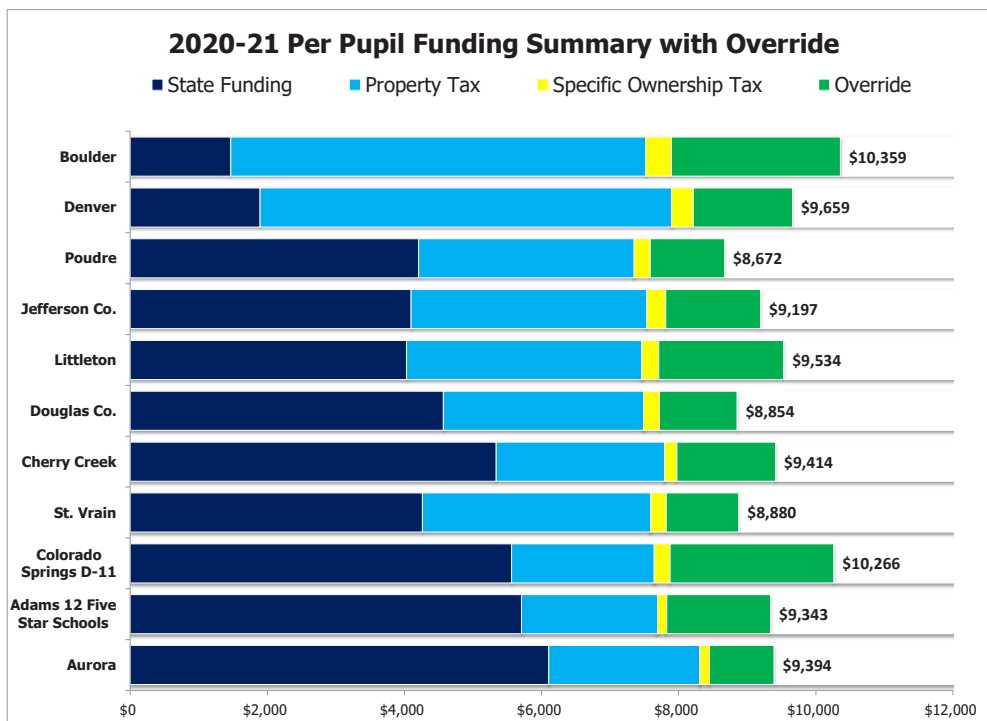
Source: Boulder County, Broomfield County and Gilpin County Assessor's Office

FUNDING SOURCES

School operations are funded from three main sources: state funds, local property tax, and vehicle registration fees, known as Specific Ownership Tax (SOT). Although the state determines individual school district funding levels, the amount contributed from the three different sources varies according to local assessed property valuation.

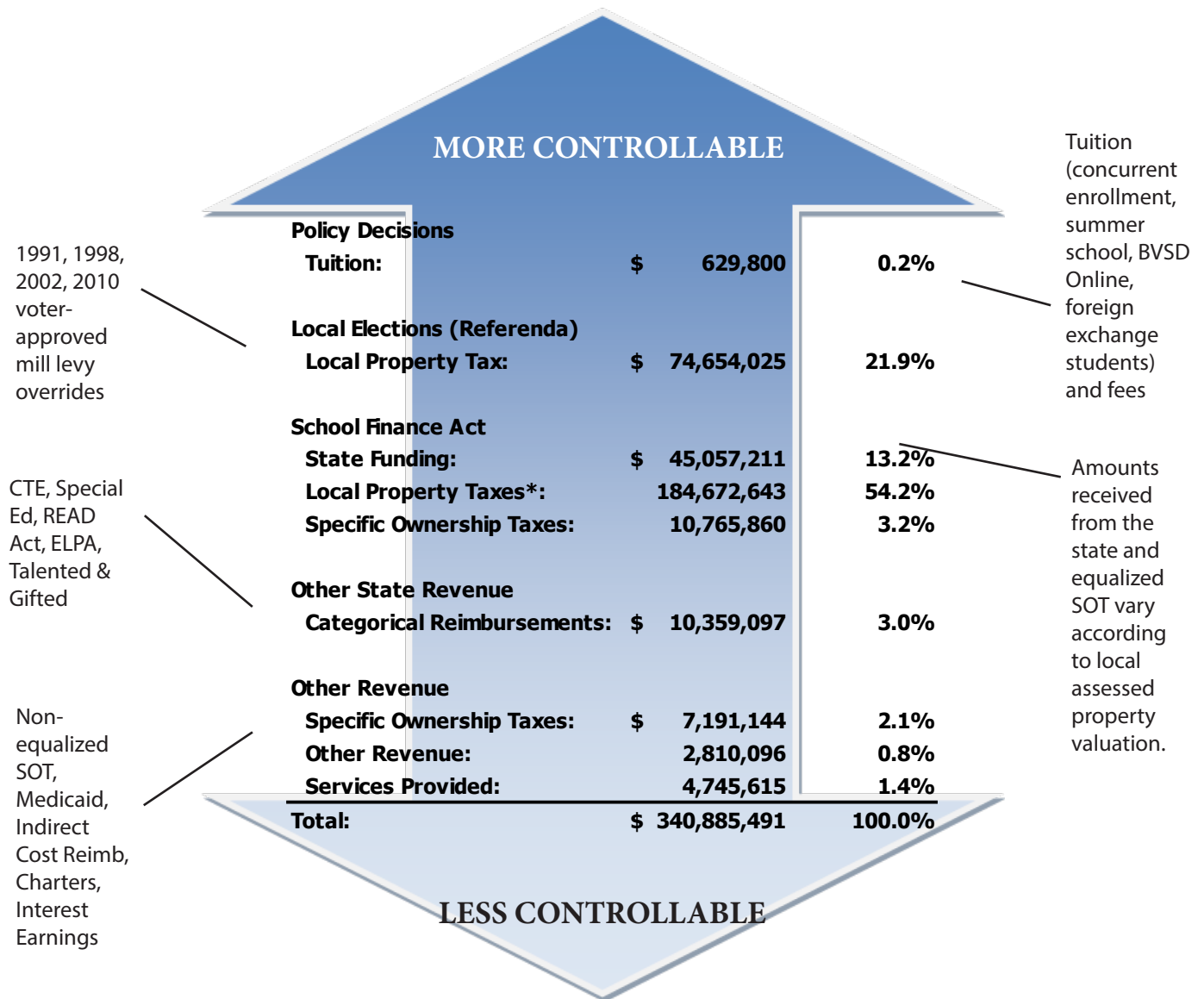


As evidenced in these graphs, because of higher assessed valuation, BVSD receives a larger portion of its revenue from local property taxes and therefore, the state contribution is less than peer districts. As a result, BVSD is projected to receive \$7,894 for each student FTE.



In order to ease the burden caused by the state's Budget Stabilization Factor, BVSD asked voters to approve override funding through additional mill levies. These override revenues increase the district's per pupil revenue to \$10,359 in 2020-21.

GENERAL OPERATING FUND REVENUE



*includes abatements and delinquent property taxes

There are a variety of factors that impact the amount of money the district receives in its General Operating Fund from its different funding sources. The district and/or its constituents have more control over some factors than others. As you can see from the diagram above, the smaller funding sources are typically the ones over which the district has more control. For example, the district or the schools can control what kind of fundraising projects to have and how that money is to be used. However, at the other end of the spectrum, there is virtually no control over how many children live in the district and attend our schools.

Override Elections

The BVSD electorate has control over passing local property tax increases for school funding which represents 21.9 percent of the district's 2020-21 General Operating Fund budgeted revenue.

\$74,654,025
override election revenue

Socio-Economic Status

The per pupil revenue is calculated taking into consideration the percentage of students in the district who are eligible for free and reduced lunch status.

Equity in School Funding

While tax dollars are collected locally for education, the state legislature determines how much funding each school district will receive. The SFA is aimed at ensuring that all children in the state receive an equitable educational experience and has devised a formula that evaluates various factors and determines the funding needed to provide an equitable educational experience in each school district. For the 2020-21 school year, it is estimated BVSD will receive \$7,894 for each student full-time equivalent (FTE). The legislature has not determined nor funded an adequate level of funding to meet the expectations for educating all public school students.

19.6%
free & reduced lunch
eligible
student population

\$7,894
per pupil revenue received
from the state for each stu-
dent full-time equivalent

School Finance Act

The SFA is a combined total of the state's funding of BVSD's student FTE, local property taxes as determined by property assessed valuation, and equalized specific ownership taxes.

29,097
Total funded student
membership

Categorical Reimbursements

Other State Revenues are provided in the School Finance Act to support programs for specific groups of students or particular student needs. These programs are often referred to as "categorical" programs and include Special Education, Career and Technical Education, English Language Proficiency programs, and the READ Act.

\$10,359,097
reimbursement
revenue

WHAT THIS MEANS FOR BVSD

Total program funding, as calculated in the School Finance Act and approved by the Colorado State Legislature, was projected to be \$280.0M for BVSD in 2020-21. For the twelfth consecutive year, the Legislature decreased total funding by applying a Budget Stabilization Factor (negative factor) to reduce total program funding. For BVSD, this equates to lost state revenues in the amount of \$40.0M, which is factored out of the above number.

Even under these circumstances, district administrators are committed to the course our learning community is taking in 2020-21 as we work toward the vision, mission, and goals throughout all levels of the organization.

School Finance Total Program Funding	\$	240,059,698
Minus: State Finance Act Funding		(45,057,211)
Equalized Specific Ownership Tax		<u>(10,765,860)</u>
School Finance Act Local Property Tax Amount	\$	184,236,627
Plus: Override Elections:		
1991	\$	7,062,468
1998		10,600,000
2002		15,000,000
2010		<u>42,821,885</u>
Total Override Elections	\$	75,484,353
TOTAL REVISED 2020-21 GENERAL OPERATING FUND TAX LEVY	\$	259,720,980

TRANSPORTATION FUND

The Transportation Fund was created to capture the expenses of transporting students to/from school and after-school events. Funding is provided by the mill levy passed in 2005 (starting in 2005-06, the district began collecting the maximum amount authorized of \$7.3 million), the CDE transportation reimbursement, paid usage by outside organizations, and chargebacks to other departments for BVSD activities. The fund continues to benefit from lower fuel costs, which are a reflection of both lower gas prices and the change in the nature of the bus fleet as the district replace older diesel buses with new propane buses.

2020-21 REVISED BUDGET	AMOUNT
Beginning Fund Balance	\$ 1.0M
Property Taxes - Election	7.2M
Other Sources	0.1M
State Categorical Reimbursement	3.3M
Transfer from General Fund	6.0M
Total Resources	\$17.6M
Total Expenditures and Reserves	\$ 17.6M
Ending Fund Balance	\$ 0



CAPITAL CONSTRUCTION, MAINTENANCE & TECHNOLOGY FUND

2016 Ballot Measure 3A approved by voters establishes an operational mill levy which will fund a portion of the \$33.6 million in present ongoing maintenance, custodial, security, and technology expenditures. Resources from the levy will allow investment for ongoing preventative maintenance and repairs to extend facility life.

General fund resources freed up by the operational levy will be available to support the following areas:

- Maintain present level of educational services.
- Invest in preventative maintenance for buildings and equipment.
- Replace out-of-date textbooks and learning materials.
- Fund compensation and benefits for all employees.
- Provide training for staff.
- Employ educators to meet student needs.

2020-21 REVISED BUDGET	AMOUNT
Beginning Fund Balance	\$ 22.3M
Property Taxes - Election	\$ 29.2M
Total Resources	\$ 51.5M
Allocation to Charters	\$ 2.4M
Other - ERP Implementation	3.0M
Other Uses	26.5M
Identified Future Projects Reserve	2.3M
Total Expenditures and Reserves	\$ 34.2M
Ending Fund Balance	\$ 17.3M



GENERAL FUND - FUND BALANCE

In order to meet the challenges of school funding in Colorado and BVSD, the Board of Education adopted Policy DB in the spring of 2005, which dictated a minimum level of year-end fund balance in order to ensure the district's ongoing financial health. To further bolster the district's financial position and address the current economic challenges, the Board of Education updated this policy in January 2009, strengthening the requirements of the policy. The policy restricts the district from using one-time money for ongoing expenditures. This ensures programs are sustained with ongoing revenue. In addition, current policy specifies the amount to be held as a contingency reserve.

Per policy, the district reserves a percentage of General Operating Fund expenditures equal to required reserves: 3.0% for state-required TABOR, and 4.0% for contingency reserves. The use of TABOR reserves excludes factors related to economic conditions, revenue shortfalls, and district salary or fringe benefit increases.

2020-21 REVISED BUDGET	AMOUNT
Beginning Balance	\$ 47.7M
Revenue	340.9M
Total Resources	\$ 388.6M
Expenditures	\$ 304.2M
Transfers	51.0M
Reserves	33.1M
Total Uses	\$ 388.3M
Ending Fund Balance	\$ 0.3M

2020-21 Revised Budget - Numbers - Policy DB Calculation		
\$ 340,885,491	Total Revenues	
(355,249,785)	Less Total Expenditures & Transfers	
(890,949)	Less one-time Revenue	
1,194,651	Plus one-time Transfers	
17,478,419	Plus one-time Expenditures & Carryover	
3,417,827	Total Policy DB Ongoing Available	
\$ 3,194,231	Net available ongoing funds after 7% reserves	

Following the requirements of this policy means BVSD will have to make annual budget adjustments so that new expenditures do not exceed new revenues and a moderate level of reserves is maintained. Because the district has in the past funded necessary programs with fixed revenue provided by override funds, the cost of these programs will eventually exceed the fixed revenue stream. Application of the policy means the district can make smaller adjustments over time rather than making dramatic cuts when the cost of programs has outgrown revenue sources.

DISTRICT SPENDING PATTERNS

Major functional areas are reported annually in the district's financial documents. The financial reports document expenditures for the Combined General Fund which includes: General Operating Fund, Risk Management, Technology, Athletics, Community Schools Program, and Preschool Funds.

(millions)	2014-15 Audited	2015-16 Audited	2016-17 Audited	2017-18 Audited	2018-19 Audited	2019-20 Audited	2020-21 Budget
Instruction - Regular Programs	\$151.2	\$158.9	\$162.8	\$172.5	\$180.4	\$189.1	\$192.5
Instruction - Special Programs*	48.3	49.9	50.3	53.6	54.3	57.1	59.6
Student Support Services**	11.3	11.5	11.7	13.8	15.6	17.4	18.1
Instructional Staff Services***	11.4	11.8	13.2	13.7	14.0	14.8	16.6
General Administration	3.6	3.8	4.5	4.4	4.4	4.5	4.4
School Administration	20.8	21.7	22.3	23.3	23.8	25.1	26.2
Business Services	3.9	4.1	4.2	4.4	4.4	4.5	5.0
Operations and Maintenance****	22.7	23.2	17.9	15.4	16.4	15.5	8.9
Central Support Services****	13.4	14.3	14.1	12.5	13.4	13.1	16.0
Community Services	5.6	6.1	6.1	6.6	7.1	5.0	4.8
Total (Rounded)	\$292.2	\$305.3	\$307.1	\$320.2	\$333.8	\$346.1	\$352.1

*Special Programs: CTE, CoCurricular Activities, Gifted and Talented, Special Education, English Language Development.

**Student Support Services: Counselors, Nurses, and Health Services.

***Instructional Staff Services: Librarians and Staff Development.

****General Operating Fund: In 2016-17, maintenance and technology costs were allocated to the Operations and Technology Fund, which is presented in the General Operating Fund as a reduction of expenditures in Central Support Services and Operations and Maintenance. Total spending did not change, only the net amount represented in the General Operating Fund.

DISTRICT SPENDING PATTERNS (continued)

(percentages)	2014-15 Audited	2015-16 Audited	2016-17 Audited	2017-18 Audited	2018-19 Audited	2019-20 Audited	2020-21 Budget
Instruction - Regular Programs	51.72%	52.06%	52.99%	53.88%	56.34%	59.06%	60.13%
Instruction - Special Programs*	16.52%	16.33%	16.39%	16.75%	16.95%	17.84%	18.61%
Student Support Services**	3.88%	3.76%	3.80%	4.30%	4.87%	5.42%	5.65%
Instructional Staff Services***	3.91%	3.87%	4.31%	4.27%	4.38%	4.64%	5.19%
General Administration	1.22%	1.25%	1.48%	1.36%	1.37%	1.39%	1.38%
School Administration	7.12%	7.11%	7.26%	7.29%	7.44%	7.86%	8.18%
Business Services	1.33%	1.33%	1.36%	1.38%	1.38%	1.40%	1.56%
Operations and Maintenance****	7.78%	7.59%	5.83%	4.82%	5.13%	4.83%	2.77%
Central Support Services*****	4.59%	4.70%	4.59%	3.89%	4.18%	4.10%	5.00%
Community Services	1.93%	1.99%	1.99%	2.06%	2.23%	1.55%	1.49%

*Special Programs: CTE, CoCurricular Activities, Gifted and Talented, Special Education, English Language Development.

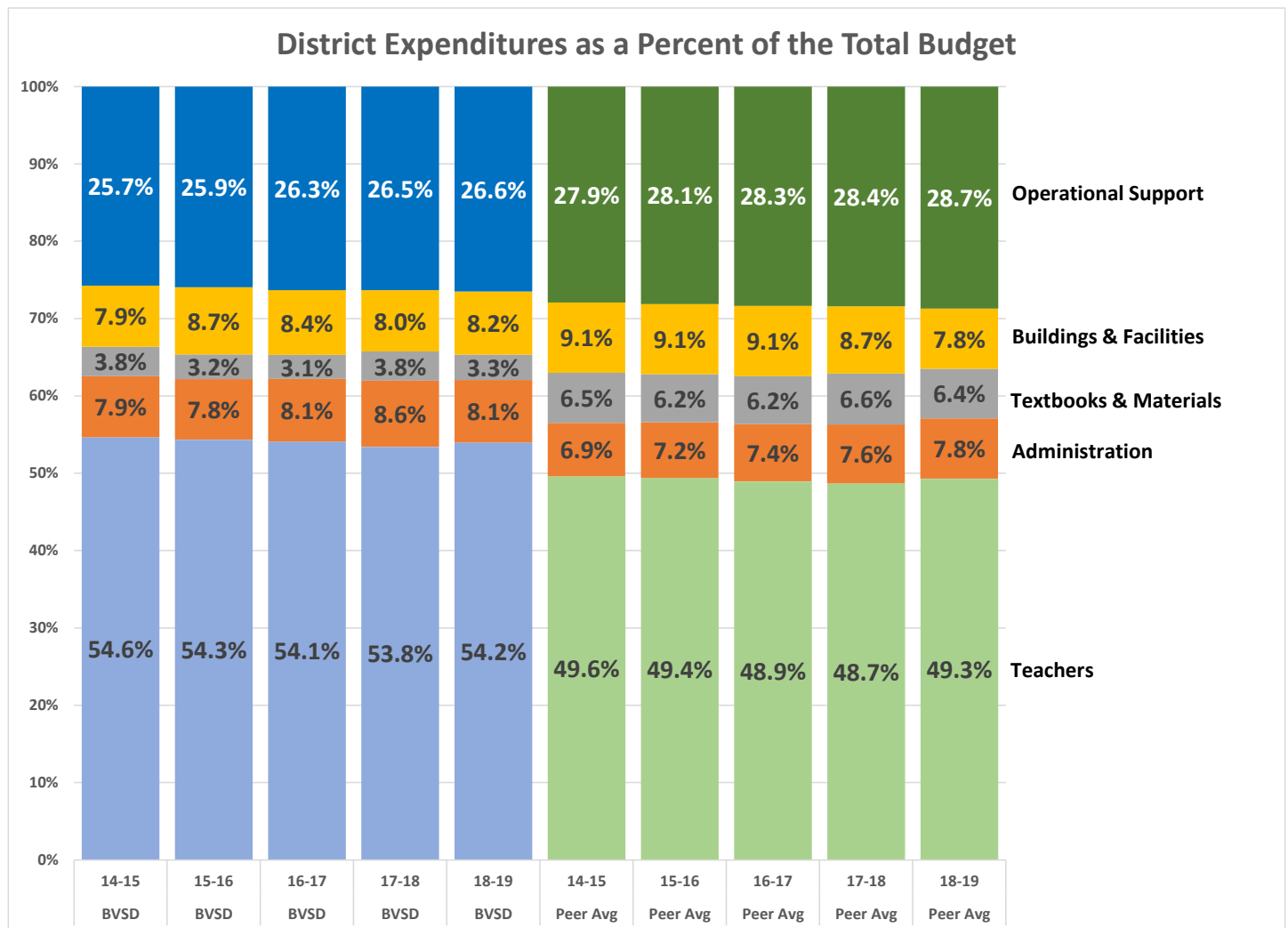
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PEER DISTRICT FINANCIAL COMPARISONS

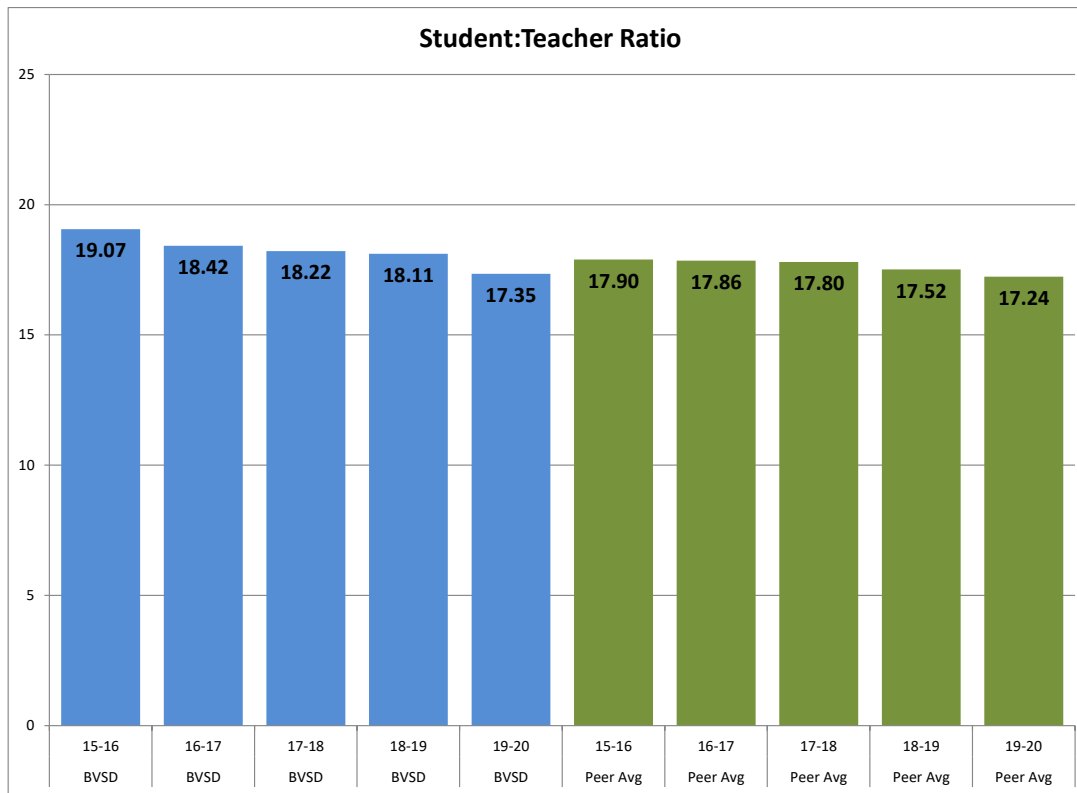
The district has a long history of providing financial comparisons to other Colorado school districts. The districts selected for comparison have been the top ten largest districts plus Littleton Public Schools. Littleton was included for its proximity, demographics, mill levy support and high student achievement. The following tables compare spending patterns and other fiscal data points related to district operations.



Source:

Colorado Department of Education:
 School Accountability Report
 Pupil Membership
 District Staff Statistics

PEER DISTRICT FINANCIAL COMPARISONS (continued)



CDE data include:

- Preschool-12 student membership;
- All district schools, inclusive of charter schools;
- The CDE category of "Teachers" captures all Regular Education Teachers, Special Education Teachers and Title I Teachers.

		PRESCHOOL-12 STUDENT MEMBERSHIP			
Peer Districts	2014-15	2019-20	Net Change	% Change	% Annual Change
Denver Public Schools	88,839	91,112	3,273	3.7%	0.7%
Jeffco Public Schools	86,547	84,048	(2,499)	-2.9%	-0.6%
Douglas County School District	66,702	67,305	603	0.9%	0.2%
Cherry Creek School District	54,499	56,172	1,673	3.1%	0.6%
Aurora Public Schools	41,729	40,088	(1,641)	-3.9%	-0.8%
Adams 12 Five Star Schools	38,701	38,707	6	0.0%	0.0%
St. Vrain Valley School District	31,076	32,855	1,779	5.7%	1.1%
Boulder Valley School District	30,908	31,000	92	0.3%	0.1%
Poudre School District	29,053	30,754	1,701	5.9%	1.2%
Colorado Springs School District 11	28,332	26,040	(2,292)	-8.1%	-1.6%
Littleton Public Schools	15,691	14,988	(703)	-4.5%	-0.9%
TOTAL	512,077	514,069	1,992	0.4%	0.1%

BVSD STUDENT POPULATIONS

The district's student population is a diverse group made up of special education students, English language learners, talented and gifted students, and students eligible for free and reduced lunch.

Student Enrollment Category	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
CDE Preschool-12 Student Membership	30,908	31,247	31,189	31,282	31,169	31,000	29,240
Funded Membership	30,566	30,875	30,837	30,985	30,880	30,718	29,097
Student Membership Not Funded	342	372	352	297	289	282	143
English Language Learners	2,561	3,129	3,021	3,012	2,757	2,806	2,302
ELL % of Funded Membership	8.3%	10.1%	9.8%	9.7%	8.9%	9.1%	7.9%
Free/Reduced Lunch Status	6,188	6,836	6,487	5,993	6,516	6,280	5,715
FRL Status % of Funded Membership	20.2%	22.1%	21.0%	19.3%	21.1%	20.5%	19.6%
Gifted & Talented	4,443	4,629	4,614	4,280	4,022	4,452	4,280
TAG % of Funded Membership	14.5%	15.0%	15.0%	13.8%	13.0%	14.5%	14.7%
Out of District	2,426	2,488	2,516	2,501	2,472	2,358	2,359
OOD Students % of Funded Membership	7.9%	8.1%	8.2%	8.1%	8.0%	7.7%	8.1%
Special Education	3,028	3,152	3,345	3,508	3,695	3,761	3,623
SpEd Students % of Funded Membership	9.9%	10.2%	10.8%	11.3%	12.0%	12.2%	12.5%

STUDENT OUTCOMES

Boulder Valley School District's class of 2020 edged up slightly in on-time graduation performance, posting a rate of 91.1%, an increase from the class of 2019's 90.8% rate. BVSD students graduated at higher than the overall state rate of 81.9%. Note: The information presented in the charts on the next page do not include all groups referenced in the summary below.

Importantly, there were substantial increases for groups of students that have historically graduated at a lower rate and had declined from the class of 2018 to the class of 2019. Relative to a gain of 0.4 percentage points for white students and decreases for Asian students and students of two or more races, there were comparatively large gains this year by

- American Indian students (+16.6%)
- Black students (+11.8%)
- Hispanic students (+1.0%)
- Students with disabilities (+5.3%)
- Students with Limited English Proficiency (+4.8%)
- Students who are economically disadvantaged (+2.7%)

Please Note: BVSD's Black and American Indian groups are quite small so use caution in making comparisons from one year to the next. In addition, our overall results should be understood in the context of changes in group composition, such as a slightly greater 2020 proportion of female students, who graduate at a higher rate than male students and showed an increase in graduation rates (+0.9%, compared to a loss of 0.1% for males). On-time graduation is defined as applying to high school students who graduate within four years.

As calculated based on all students enrolled within the district between 7th and 12th grade, BVSD's dropout rate decreased last year from 0.8% to 0.4%, more than making up for an increase from the 2018 figure of 0.6%. Though added caution must be applied based on the unknown impact of the pandemic on student enrollment generally, this is an all-time low for our dropout rate. Improvements in dropout rate generally mirror those in graduation rates. Relative to increases of 0.3 percentage points for Asian students and 0.1 percentage points for students of two or more races, and an improvement (decrease) of 0.3 percentage points for White students, there were comparatively large decreases this year for

- American Indian students (-2.1%)
- Hispanic students (-0.7%)
- Students with disabilities (-0.9%)
- Students with Limited English Proficiency (-0.6%)
- Students who are economically disadvantaged (-1.1%)

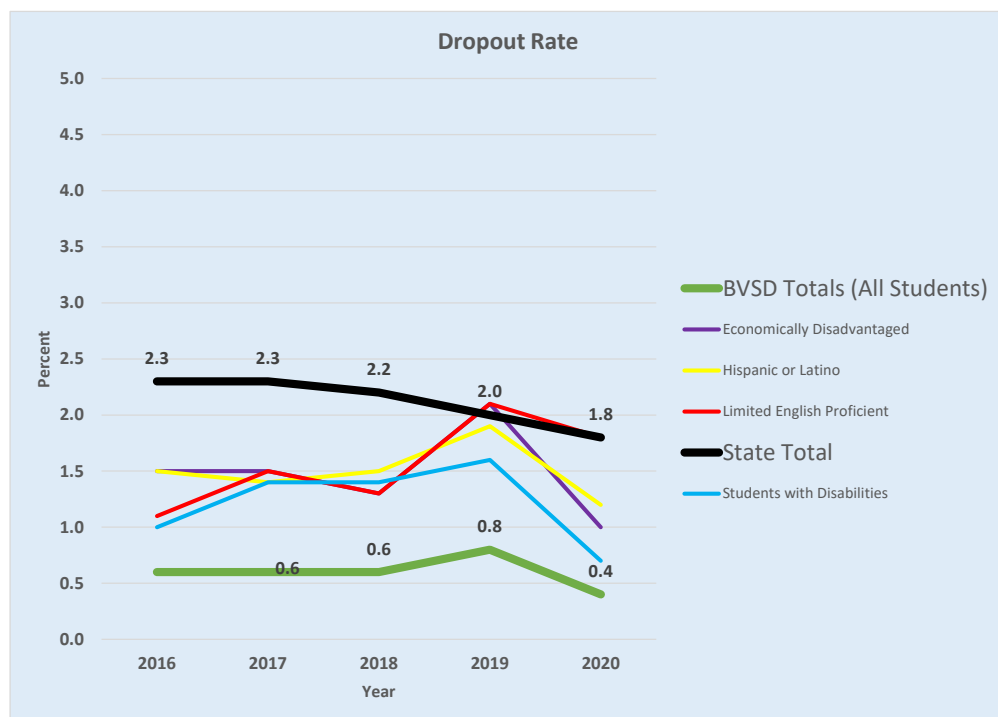
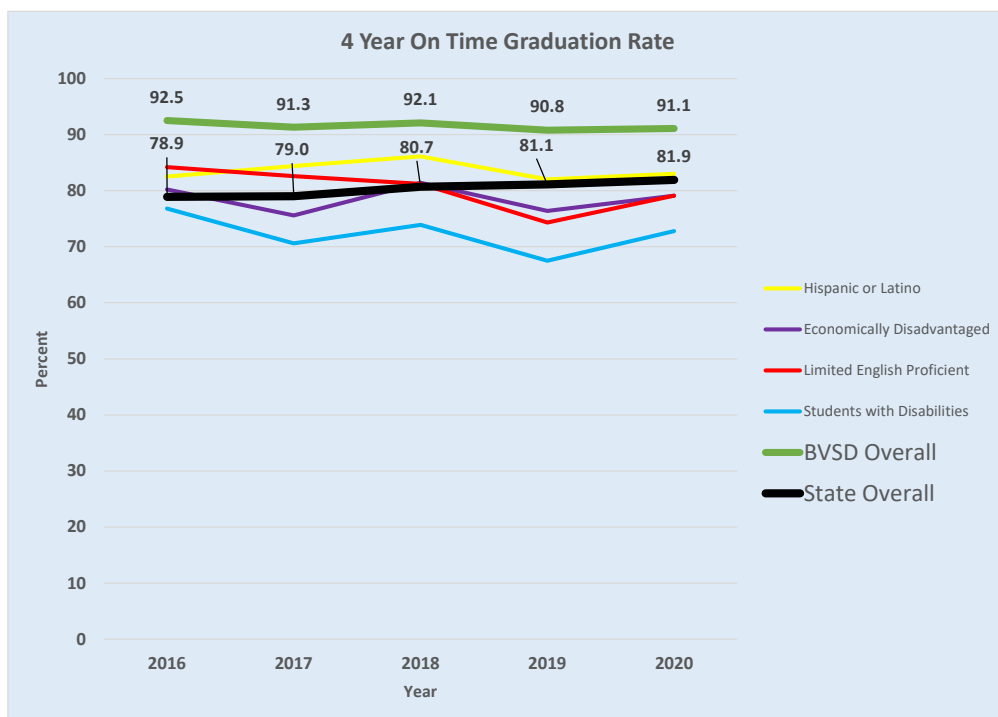
Dropout rates were unchanged for Black students.

Full results are available on the CDE website.

<https://www.cde.state.co.us/cdereval/gradratecurrent>

<https://www.cde.state.co.us/cdereval/dropoutcurrent>

STUDENT OUTCOMES (continued)



CAPITAL IMPROVEMENT PLANNING | BUILDING FOR STUDENT SUCCESS

The Building for Student Success program is a bond-funded capital improvement program that is providing renovations to schools and facilities throughout BVSD. Funding for the program was generously approved by voters in 2014 and is managed separately from the district's general operating budget and other funds. These funds may only be used for construction or to purchase items such as furniture or equipment. The \$676.8 million program, which will eventually impact every school and facility, is 92% complete.

Identifying the need

The program is guided by the Educational Facilities Master Plan which was developed through the efforts of BVSD staff and the board-appointed Capital Improvement Planning Committee. Over a two-year period, staff performed a building and site assessment on all district buildings, encompassing over 4.5 million square feet of district assets. In addition, the committee identified capital improvement needs beyond those of specific schools and worked with staff to prioritize the identified needs. Major goals of the master plan include:



- **Improve the physical condition of schools** by performing critical repair and replacement of building systems and finishes. Nearly 50% of the plan includes this type of work;
- **Rebuild existing schools that were beyond repair** including Emerald, Douglass, and Creekside elementary schools. (The replacement buildings opened in 2017);
- **Provide new learning spaces or renovate existing spaces** as needed for the expansion of full-day kindergarten, expanded preschool, special education, fitness, and physical development;
- **Constructed a new school in Erie** for enrollment growth serving PK - 8th grade students (Meadowlark School opened in 2017);
- **Provide safe, healthy, comfortable learning environments** through security upgrades, asbestos abatement, ventilation upgrades and providing air conditioning in select buildings;
- **Improve energy efficiency** with lighting upgrades, HVAC upgrades, and ensuring systems are performing optimally;
- **Support innovative teaching methods** to personalize learning and prepare students for college and careers and increase the use of instructional technology;
- **Improve operational efficiency and functionality** with improvements to district-wide support facilities.

The Citizens' Bond Oversight Committee provides a high level of accountability and transparency through independent monitoring and review of the implementation of the projects, as well as recommendations for any significant changes in the scope and/or budget of existing or new projects.

Impact on Budget

Some of the improvements to facilities realized through the Building for Student Success program are expected to have a positive effect on the general fund. Some examples of realized and anticipated cost reductions and potential revenue sources include:

- Approximately \$300,000 of energy cost has been avoided since the beginning of the Bond program due to energy efficiency improvements. BVSD is working toward reducing overall energy consumption by 20% by 2020.
- BVSD has received \$800,000 in Xcel rebates due to energy efficiency improvements. These rebates are reinvested into Bond projects and do not affect the general fund.
- Comparing FY 2020 to base FY 2008, the district has reduced all water (domestic and irrigation) use by 10% which is attributed in part to the installation of synthetic turf fields, irrigation improvements, and water reduction measures in schools. Water costs increased by about 40% during that same time period due to rate increases.
- A variety of new materials and equipment installed through the Bond program have led to reduced costs and maintenance requirements, allowing staff to spend more time on other tasks such as cleaning. For example, new luxury vinyl tile requires no annual waxing, saving \$700-900 in supplies per school and 2 weeks of custodial time. New LED light bulbs do not need to be replaced as often, freeing up approximately 8 hours of custodial time per week. The annual estimated savings for synthetic turf fields is approximately \$5,000 because the fields do not need topdressing, fertilizer, water, etc. New rubberized play surfaces on playgrounds eliminate engineered wood fiber wood chips and the associated \$1700 - \$2500 expense per year.
- Construction of the district's new Culinary Center will centralize food storage and production. The new facility is predicted

to reduce food costs due to buying in bulk made possible with increased storage. In addition, the elimination of production kitchens at schools is anticipated to reduce payroll costs. Construction of the facility is complete. However, operational cost savings are difficult to calculate at this time because of irregularities in operations due to the COVID-19 pandemic.

Looking Ahead

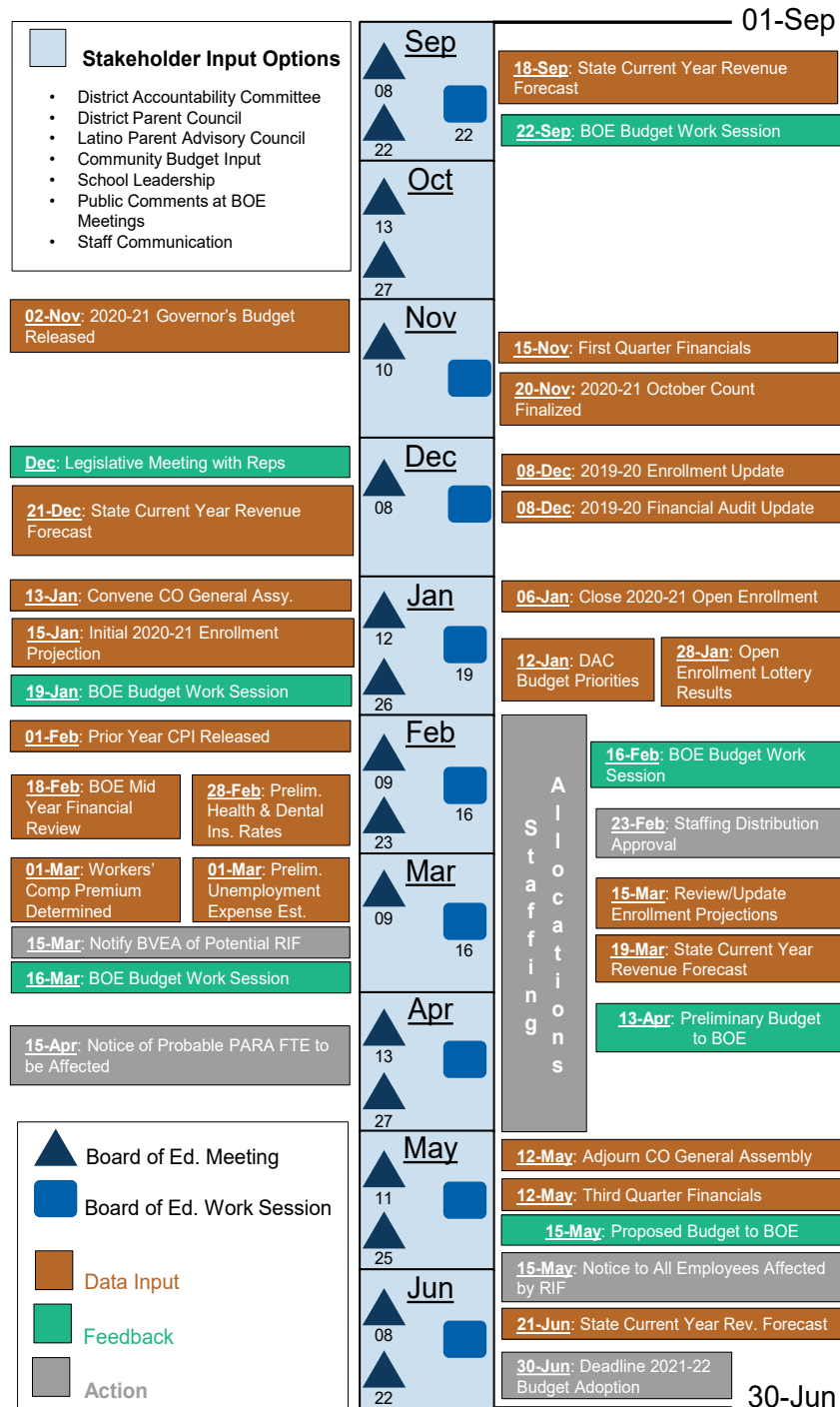
In our efforts to continually improve what we do to support student learning in BVSD, our goal is to fully integrate our facility management information systems. Currently, data used by staff to plan for large-scale capital improvement programs such as Building for Student Success is tracked separately from our maintenance work order and building automation systems. It is our 5-year goal to transition to a single system that will help us schedule and manage reactive and preventive maintenance tasks, track inventory usage, and plan for future capital needs.



2021-22 BUDGET DEVELOPMENT PROCESS AND MILESTONES

The annual budget development timeline follows a path through pre-determined milestones that are established by legislative actions, board of education decisions, district policies, contractual deadlines, information availability and state statute. In conjunction with the roadmap provided by the district's strategic plan, these milestones guide the development of the district's annual budget. Changes to programmatic offerings, either through redesign, reallocation or new implementation must fit within these decision points and data inputs to insure an accurate, thorough and thoughtful budget development process.

2021-22 Budget Development Process Milestones



As of December 8, 2020

GOVERNOR'S BUDGET

Governor Polis' November 1 proposed budget for 2021-22 included funding for Pre-K12 enrollment growth, inflation at 2.5%, and reduced the Budget Stabilization Factor back to the level of 2019-20 at \$572.4M. The net projected PPR increase for BVSD is \$897, or 11.3%. This is just under the statewide average of \$904 or 11.2%. Included in the Governor's proposal is a statewide enrollment decline of 0.12% or 1,069 pupils. The Legislative Council Staff's initial district-specific projection for BVSD student decline was at -0.1%/-130.3 student FTE. This projection for 2021-22 does not include the final results of the dramatic drop in enrollment experienced in Colorado in the fall of 2020. Updated projections will be included in budget planning when available. Historically, the Governor's budget has been considered a "floor" for K-12 funding, with additional resources being allocated during the legislative session. There is some concern for the sustainability of the funding increase proposed for 2021-22 and whether the slowly recovering economy can sustain the allocation to Pre-K12 beyond the 2021-22 fiscal year.

ECONOMIC OUTLOOK

Colorado

For more than 50 years, the Colorado Business Economic Outlook has been compiled by industry leaders in the state, and presented by the Business Research Division of the Leeds School of Business at the University of Colorado Boulder. The information below was selected directly from the Colorado Economic Forecast for 2021, presented on December 7, 2020. The entire report can be found at:

https://www.colorado.edu/business/sites/default/files/attached-files/2021_cbeo_book_lr_final.pdf

The unprecedented economic impacts of the COVID-19 pandemic has affected all aspects of the economy - some positively and some

negatively. The breadth of impacts is too great to briefly describe, so it is important to follow the link above and review the full report for all the information contained within. The following excerpts provide an overview of the information particularly relevant to public education including employment, population, education and specific information for Boulder County.

The COVID-19 pandemic has caused a historic economic downturn in both Colorado and the nation, with record GDP and employment declines. While the economy has bounced back from the depths of the recession, much uncertainty remains around the pandemic and its recurring effects on the economy. Despite the downturn, a review of economic metrics reveals Colorado continues to outperform the nation in many areas; however, it has fallen behind in others. Real GDP declined 6.3% in Q2 2020 year-over-year, ranking Colorado fourth among the 50 states for the lowest decline, and the state's five-year compound annual growth rate (CAGR) ranks fifth, at 1.5%. Employment declined 4% year-over-year in October, ranking the state 16th overall, and the unemployment rate of 6.4% ranked the state 30th. Personal income grew 9.4% year-over-year in Q2 2020 in the state, ranking Colorado 36th in the nation. Likewise, per capita personal income grew 8.1%, ranking Colorado 40th. In 2019, the state's population added 67,000 people, ranking Colorado seventh for pace of growth. The labor force declined by 36,300 year-over-year, or 1.1%, in October 2020, ranking Colorado 25th for labor force growth. Reflecting both the young workforce and economic opportunity, Colorado's labor force participation ranked fifth-highest nationally, at 67.6% in October. Home values continued to appreciate, but at a slower rate, growing 3.7% in Q2 2020 year-over-year, ranking the state 35th.

While the economy has observed a healthy bounce back from the unprecedented lows in Q2 2020, the months ahead present large challenges, uncertainty, and many factors that could influence the direction of the recovery. A second wave of COVID-19 cases appears to be presenting itself as the U.S. heads into the winter season, again threatening hospital capacities and new government restrictions. Additional mandated lockdowns could present a blow to the already fragile economy. Restaurants that have managed to get by during the summer months due to outdoor seating could be severely impacted as the weather gets colder and indoor capacity remains muted. Other companies that have been surviving may not be able to withstand many more months of recessed demand.

Employment

Colorado has demonstratively been an employment growth state, recording 80 growth years and only eight years of job losses between 1940 and 2019. The COVID-19 pandemic in 2020, however, has brought nine consecutive years of job growth to an abrupt halt, impacting every industry in the state.

Most businesses in the economy are small businesses - 96.2% of wage and salary establishments have fewer than 50 employees (compared to 95.7% nationally). These small businesses represent 49% of jobs in Colorado (compared to 43.7% nationally).

After seven years of consecutive declines, the unemployment rate increased from 2.8% in 2017 to 3.2% in 2018. However, the labor market tightened in 2019, averaging 2.8% for the year. In 2020, the unemployment rate stood at 6.4% in October, ranking the state 30th, after



falling from a record high 12.2% in April due to the pandemic. The unemployment rate is estimated to average 7.1% for 2020 and is projected to average 6.7% in 2021.

Population

COVID-19 will slow Colorado's population growth in the short run, with continued slowing births, increased deaths, and slowing migration. International migration contributes 20%-25% of Colorado's total net migration and it has all but come to a standstill. Population growth in 2020 is projected to slow to 55,000 from 67,000 in 2019. Growth is projected to continue to slow further to 53,000 in 2021 and then return to pre-COVID-19 levels by 2024. Through 2025, the forecast is for natural increase to remain in the low-20,000s and net migration to remain in the mid-40,000s to the low-50,000s. Growth is forecast to remain fairly strong from 2025-2030, driven by the retirements of baby boomers and the need for replacement workers. After 2030, population growth is expected to slow due to a slowing economy, continued slowing birth rates, an aging population, slowing labor force growth, and slowing international immigration. Although Colorado's population growth is forecast to slow over the next few decades, it is projected to continue to outpace the nation, growing at roughly twice the national rate. Colorado is forecast to increase from 1.7% of the

U.S. population in 2019 to 2% by 2050.

The largest population growth by county continues to be along the Front Range. Between 2020 and 2030, the state's population is projected to increase by 743,000, with 87% of this increase, or 644,000 people, projected for the Front Range and 370,000 for the Denver Metro area. The North Front Range is expected to observe the fastest growth, at an annual average of 2%, or 149,000 people. The 2050 forecast for the state is 7.9 million, with 6.6 million along the Front Range, or 84% of the total population.

Education

The economic crash brought on by the pandemic in the spring of 2020 necessitated massive cuts to all aspects of state government. Since K-12 public education makes up about 36% of state general fund spending, the cut to K-12 education was a significant \$611 million. This more than doubled the Budget Stabilization factor, or the amount cut from the School Finance Act formula from \$572.4 million to \$1.17 billion. This is a 4.8% year-over-year reduction in per pupil funding, or about \$411 per pupil. While this may seem like a relatively small percentage of a reduction, all the expectations to deliver educational services in a safe and welcoming environment remained in place.

Undoubtedly, the \$500 million in CARES Act funds that Governor Polis distributed to school districts created short-term funding to allow districts to purchase technology devices, increase learning opportunities for students, and provide personal protective equipment, cleaning supplies, and additional cleaning staff to provide a safe and productive learning environment. The challenge is that these non-recurring Coronavirus Relief Fund

resources must be used by December 30, 2020, which limits their usefulness for the continued expenditures related to the pandemic such as increased utility costs for improved air circulation, deep cleaning of facilities, substitute teachers, and addressing student learning deficiencies.

The outlook for the 2021-22 fiscal year has improved dramatically from June. Enrollment may continue to be subdued with uncertainties regarding vaccine availability, choices around homeschooling, and overall comfort level with sending children to school. Despite the uncertainties, the projected enrollment decline is very slight from the current year of approximately 1,000 students. Governor Polis' 2021-22 budget proposal, as released on November 2, restores K-12 funding back to 2019-20 levels, with increases for inflation. This proposal totals a funding restoration of \$811 million and brings the budget stabilization factor back to the amount in 2019-20 of \$572.4 million, translating into an average of \$492 per pupil more than 2019-20 funding, or a 5.8% increase. While the funding outlook remains positive for the time being, the upcoming FY21 state revenue forecasts in December 2020 and March 2021 will determine where the legislature is able to set the budget for K-12 education in 2021-22.

The summary 2021 forecast for Colorado, found on page 143 of the document states:

- Colorado will likely fall out of the top 10 states for employment growth in 2020 and 2021 given the service sector impact.
- Employment growth is projected in nine of the 11 industries in 2021.
- Changing consumer preferences, from housing to shopping, will continue to have disparate impacts on Colorado communities.

- Work-from-home behaviors will impact commercial real estate, transportation, retail sales, and workplace dynamics
- Population in 2021 will grow by the lowest number since 2003. The state will still add an estimated 53,300 people, with just 35,100 coming from net in-migration according to the State Demography Office.

Boulder County

Boulder County's economy is fueled by businesses in diverse industries, a highly educated workforce, visionary entrepreneurs, global industry leaders, a desirable quality of life, a world-class research university, and several national research labs. The county often outperforms the state and national economies in areas such as job growth, educational attainment, capital investment, and commercial real estate absorption.

The unprecedented COVID-19 global public health emergency affected individuals, businesses, and institutions throughout Boulder County in 2020. Coordinated efforts by county and city officials, community and business leaders, institutions, and nonprofit organizations to provide information, guidance, technical assistance, and financial support continue to help individuals and businesses address and adapt to the impacts of COVID-19. While the extent and duration of the pandemic and economic disruption are not yet clear, Boulder County's underlying economic strengths, robust pre-COVID economy, and collaborative environment will aid in its economic recovery.

Prior to the COVID-19 pandemic, Boulder County continued to post low unemployment rates and solid employment gains. After the coronavirus outbreak, the unemployment rate increased from 2.4%

in February 2020 to 9.7% in April 2020. In September 2020, the Boulder County unemployment rate was 5.3% (not seasonally adjusted) compared to state unemployment of 6.2% and a national rate of 7.7% (not seasonally adjusted). Between September 2019 and September 2020, Boulder County employment decreased 7.8%, representing a loss of 15,700 jobs.

The area's large concentration of jobs in sectors with higher-than-average wages contributes to above-average incomes for area residents. Census Bureau data show the 2019 median household income for Boulder County residents was \$88,535, compared to \$77,127 for Colorado residents and \$65,712 for U.S. residents.

The Boulder County economy continues to benefit from a high concentration of companies and employment in key industry sectors such as aerospace, biotechnology, cleantech, information technology, natural and organic products, outdoor recreation, and tourism. In addition to the presence of well-established Fortune 500 companies, many startups and early-stage companies in these industries are based in Boulder County.

ASSUMPTIONS AND ESTIMATES

The development of the BVSD comprehensive budget is guided by the Strategic Plan, applying resources strategically, while supporting operational activities to ensure basic business functions, operations, compliance, risk-mitigation, health and safety as appropriate. Within these strategic areas, resources are applied as determined by a set of priorities, assumptions and estimates that change from year to year. For the 2021-22 fiscal year, the following data and preliminary estimates are being utilized during the initial planning phase of budget development. As always, the board's adoption of a balanced

budget will be guided by available funding, policy requirements and student needs.

- Inflation - Denver-Aurora-Lakewood Core Consumer Price Index (CPI)
 - September Legislative Council
Staff projection: 1.7%
 - Governor's 2021-22 budget proposal: 2.5%
 - December Legislative Council
Staff projection: 2.0%
 - 2020 US Bureau of Labor
Statistics final: 2.0%
- Employee compensation and contract adjustments
 - Longevity, salary schedule movement, working conditions
 - 2.0% employee salary cost of living adjustment (COLA) at CPI
 - Health/Dental Benefits: Up to 4.0% rate increase and/or plan adjustments
- Student population
 - 2019-20 - 162 decline
 - 2020-21 - 1,621 decline
 - 2021-22 - 275 increase / 1,508 3-year decline
- Staffing adjustments
 - Declining enrollment changes
- maintain staffing ratios
 - Restore 2020-21 1x classroom staffing
 - Remote synchronous learning staffing
 - 1X staffing to address the short-term student decline
- Budget Stabilization Factor reduction (improvement)
 - Statewide total Budget Stabilization Factor: \$572.4M
 - Incremental statewide reduction: \$601.1M
 - Incremental BVSD reduction: \$20.2M (compared to 2020-21)
 - BVSD total Budget Stabilization Factor: \$19.1M
- Contractual price escalations and operational expenditures
- Implementation of updated strategic initiatives
- Remediation for impacted student learning in 2020-21
- Reserves for continuing COVID-19 related impacts
- Federal funding for continuing COVID-19 impacts



ADDITIONAL RESOURCES

For more detailed information on areas that guide the budget process, click on the related links noted on this page.

STATEWIDE RESOURCES	
Colorado Department of Education	https://www.cde.state.co.us/
CDE-Critical Dates	www.cde.state.co.us/node/52753
Colorado School Finance Project	www.cosfp.org
Colorado Legislative Council Financial Reports	www.leg.colorado.gov/agencies/legislative-council-staff/economy-budget
DISTRICT RESOURCES	
BVSD Strategic Plan	www.bvsd.org/about/strategic-plan
BVSD Financial Transparency	www.bvsd.org/about/financial-transparency
BVSD Budget Documents	www.bvsd.org/about/financial-transparency/budget
BVSD Audit Documents	www.bvsd.org/about/financial-transparency/comprehensive-annual-financial-report-cafr
BVSD Quarterly Financial Statements	www.bvsd.org/about/financial-transparency/other-bvsd-financial-information/financial-statements
BVSD Student Enrollment Data	www.bvsd.org/parents-students/enrollment/pupil-count
BVSD District Accountability Committee	www.bvsd.org/about/district-accountability-committee
BVSD Bond Program	www.bvsd.org/departments/operational-services
BVSD District Parent Council	www.bvsd.org/parents-students/get-involved/district-committees/district-parent-council



COLORADO SCHOOL FINANCE PROJECT
Support Children - Support The Future



Financial
Transparency





2021-22 STRATEGIC FINANCIAL PLAN

**BVSD Education Center
6500 Arapahoe, Boulder, CO
80303 / 303-447-1010
bvsd.org**