



Friday, June 5, 2020

Dear Budget Advisory Committee:

I want to thank each of you for the time and thoughtful attention you have brought to this difficult work around the financial impact related to Covid-19. The approach the committee has taken to solicit input from parents, employees and other stakeholders and then review and prioritize the options has allowed for a welcome and open process that will help both the district and the Board of Education as we finalize next year's budget.

While you have been reviewing all these options and asking questions, we have been spending time taking a close look at how we could put these ideas and potential recommendations into practice. Below is a proposal from the district for your consideration that builds out more details of some of the options you are considering. Our hope is that these details will provide you with some of the answers to your questions as you work to finalize your recommendations. The options below will not be the first time you have seen the options. Indeed, they have been included for your consideration since the first and second round of review of options. We hope this level of detail is responsive to your request for more information and disaggregated options from Wednesday's meeting. We heard clearly from you it is important to consider operational efficiencies and cuts to the central office prior to considering compensation options.

This proposal is only regarding efficiencies and reductions outside schools and does not address other options like the use of reserves, CARES funding (if possible), future Bond or Mill funds, or compensation changes for most employees. Those other budget options are something we will continue to review and look forward to the committee's recommendations.

The District's proposal is an initial recommendation of reductions in non-school based spending of just under \$16 million. This will include roughly \$8 million of ongoing savings, and \$8 million of one-time reductions. The District leadership is continuing to look at other efficiencies and reductions that we would be able to implement for next year.

Here is a summary of where those savings would come from aligned to the categories the committee has been reviewing:

Operational Efficiencies:

- \$3.6 million from adjustments to bell times of up to 15 minutes, without impacting the length of the school day, to make our bus routing more efficient and reduce third party contract spending

Department Organizational Structure:

- Reorganize School Support Functions
 - \$1 million from the non-salary portion of the Chief Impact Office
 - \$0.7 million in already identified, non-staffing reductions to the College and Career Success Department
 - \$0.7 million for changes in funding sources for Denver Kids
 - \$0.2 million for Financial Specialist revenue adjustment
- Curriculum Purchase - \$3.5 million for one-time savings related to delayed textbook purchase.

School Operational Adjustment:

- \$0.4 million from one-time savings related to likely athletics limitations due to Covid (this could be higher as we better understand athletic options for 20-21)

Other Miscellaneous:

- Third Party Contracts -
 - \$1 million from the elimination of certain third-party contracts (\$574K - SPF contract with RevGen, \$390K - RELAY Leader Training)
 - \$0.5 million for elimination of color printing
 - \$0.2 million for reduction fees related to Teach for America
 - \$0.2 million for elimination of general fund support for University of Virginia Contract
- Software Savings - \$0.7 million to convert from Microsoft Office to Google
- Supplies and Extra Pay - \$2.4 million of savings around stipends and training expenses as we look at re-purpose of training to COVID-19 related topics.
- Travel - \$0.6 million by eliminating travel and conference registration fees in 2020-21
- Other:
 - \$0.1 million elimination of cell phones for some central staff
 - \$0.1 million suspension of recognition events for 20-21
 - \$0.1 million for senior leader compensation adjustments

As part of the proposed savings, the district leadership has decided to take a salary cut to help address the budget gap. Susana will be taking a 10% salary cut for next year. Our four deputy superintendents will be taking an average 5% cut to their salary with a combination of base and furlough days. And our chiefs and other senior leadership team members will be taking a roughly 2.5% cut to their salary through both base and furlough days. These salary reductions result in a savings of over \$100,000 for next year.

These are the recommendations our district leadership is making to the Budget Advisory Committee, which has been a valuable source of input and ideas for solving the funding shortfall.

There are tough decisions ahead and we will continue collaborating with union leadership and working closely with the Budget Advisory Committee on those decisions.

Our Superintendent and Board of Education have been clear in setting the priority for balancing our budget:

- We must continue to invest in our people.
- We must keep the impact as far from the classroom as possible, especially for our high-priority students who need extra instruction.
- We must pay extra attention to the needs of our staff who are at the lower end of our salary scale.
- And staff reductions should only be considered as a last resort.

We appreciate your support and involvement of the Budget Advisory Committee and everyone who has shared their suggestions and feedback.

Thanks,
Mark