I. Overview of Agenda, Information Items and Meeting Objectives
   • Warm Welcome
   • New options accepted through **May 22**. Please share and post the link to encourage submission of options -- [https://www.dpsk12.org/20-21-budget/](https://www.dpsk12.org/20-21-budget/)
   • Summary will be updated weekly

II. Update on state economic forecast and legislative calendar

III. Discussion of goal end product of the committee’s work

IV. Review and discussion of budget options

V. Closing and next steps
Suggested Values: For how we work together

● Equity
● Respect
● Open Mindedness
● Honesty
● Community Building
● Student Support/First
● Open Communication/Transparency
● Curiosity
● Creativity
● Integrity
Virtual Agreements

Zoom Zoom Zoom

- Keep your camera on
- Mute yourself when you are not speaking
- Unmute yourself when you are speaking
- When slides aren’t projected, keep gallery view so we can see each other
- Raise your hand in your camera so facilitators can call on you and acknowledge your desire to share and contribute to the group
- Commit to active listening of all participants comments, and self regulate other technology
Please type in your answer to the chat to the following statements in the chatbox, but don’t hit enter until we count to 3:

- Think about the need for “every child succeeds” and complete the following statement
  - If only...
Warm Welcome

Please type in your answer to the chat to the following statements in the chatbox, but don’t hit enter until we count to 3:

- Think about the need for “every child succeeds” and complete the following statement

  - It makes me...
Warm Welcome

Please type in your answer to the chat to the following statements in the chatbox, but don’t hit enter until we count to 3:

- Think about the need for “every child succeeds” and complete the following statement

  - I have to...
Please **type in your answer** to the chat to the following statements in the chatbox, *but don’t hit enter* until we count to 3:

- Think about the need for **“every child succeeds”** and complete the following statement

  - **When all is said and done, I want...**
STATE ECONOMIC FORECAST AND LEGISLATIVE CALENDAR
• Legislative Council Forecast released May 12th

• State Legislature to return on May 26

• Final School Finance Act & corresponding Total Program Funding for DPS projected to be finalized in June

• Resulting impacts to DPS budgets can be adjusted by the Adopted Budget by the end of June or during the Amended Budget process in January 2021
General Fund collections will decline with the contraction in business and household income, and reduced consumer activity.

Gross General Fund Revenue
Billions of Dollars
Percentages show year-over-year changes

Change Relative to March
FY 2019-20: $892.8 million
FY 2020-21: $2.42 billion
FY 2021-22: $1.99 billion

Source: Colorado Office of the State Controller and Legislative Council Staff May 2020 forecast update.
Next Year | FY 2020-21 Budget Outlook
Additional revenue available to spend above FY 2019-20 spending levels.*

March 2019 Forecast
$27.3 Million

May 2020 Forecast Update

Changes relative to March:
$895.8 million deficit carried over from FY 2019-20

General Fund revenue expectations were reduced in FY 2020-21 by $2.42 billion

Shortfall amount does not include inflation or caseload pressures

-$3.3 Billion Shortfall
-25.3% of FY 2019-20 Expenditures

Any budget changes for FY 2019-20 will carry into FY 2020-21

Source: Legislative Council Staff forecasts based on current law.
*Amounts hold FY 2019-20 appropriations constant and incorporate the revenue forecast, current law transfers, rebates and expenditures, TABOR refund obligations, and the 7.25% reserve requirement.
KEY CONSIDERATIONS FROM STATE FORECAST

• Uncertainty continues to be the prominent theme, with the legislative calendar delayed and significant upside and downside risks in the forecast.

• The substantial changes from the March forecast make it more important to prepare for lower bound scenarios.

• Given uncertainty and the need to prepare for the full range of scenarios, the approach of carefully evaluating options and preparing a range of scenarios continues to be appropriate.
January (Pre COVID-19) Projections assumed 1.9% CPI and $5.2M BS Factor Buy-down

Depending on the speed and size of the recovery, the cuts from the state could have permanent impacts on the district’s revenue

At this point in time, we do not have any reliable estimates for FY20-21 Total Program Revenue, economic projections at the State continue to evolve

Assumes no additional reductions, with CPI applied to the funding formula in FY21-22 and beyond

*Reductions implemented through increasing the Budget Stabilization Factor
5-YEAR FORECAST
Assuming 5% Funding Decrease to FY19-20

5% Funding Decrease FY20-21 Projection

<table>
<thead>
<tr>
<th></th>
<th>FY20-21</th>
<th>FY21-22</th>
<th>FY22-23</th>
<th>FY23-24</th>
<th>FY24-25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$1,084,504</td>
<td>$1,102,146</td>
<td>$1,118,142</td>
<td>$1,134,378</td>
<td>$1,152,681</td>
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<tr>
<td>Total Expense</td>
<td>$1,157,407</td>
<td>$1,172,170</td>
<td>$1,187,950</td>
<td>$1,204,933</td>
<td>$1,222,915</td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>($72,904)</td>
<td>($70,024)</td>
<td>($69,808)</td>
<td>($70,555)</td>
<td>($70,235)</td>
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<tr>
<td>Total Fund Balance</td>
<td>$32,624</td>
<td>($37,399)</td>
<td>($107,208)</td>
<td>($177,762)</td>
<td>($247,997)</td>
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<td>Fund Balance remaining to 10% of Revenue</td>
<td>($75,826)</td>
<td>($147,614)</td>
<td>($219,022)</td>
<td>($291,200)</td>
<td>($363,265)</td>
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</table>

- Expense reductions are required if DPS faces a 5% revenue reduction
- To be illustrative of the impact of a 5% revenue change, the 5 year forecast presented on this slide shows a hypothetical ending fund balance picture assuming 5% revenue reduction, but no expense changes

Assumptions
- Assuming 5% decrease in funding to FY19-20, resulting in a reduction of $42M vs. FY19-20*
- No change to compensation agreements or additional operational efficiencies
- Enrollment & Free and Reduced Lunch (FRL) projections consistent with previous forecasts
  - Both Enrollment & FRL are likely to be impacted but the extent to which and direction is unknown
- Future CARES Act revenue and COVID-19 related expenditures expected to largely offset
- No additional revenue from passage of a Mill Levy

*Reduction implemented through increasing the Budget Stabilization Factor
10% Funding Decrease FY20-21 Projection

<table>
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<th>FY23-24</th>
<th>FY24-25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$1,041,790</td>
<td>$1,059,433</td>
<td>$1,075,428</td>
<td>$1,091,664</td>
<td>$1,109,967</td>
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<tr>
<td>Total Expense</td>
<td>$1,157,407</td>
<td>$1,172,170</td>
<td>$1,187,950</td>
<td>$1,204,933</td>
<td>$1,222,915</td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>($115,617)</td>
<td>($112,737)</td>
<td>($112,522)</td>
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<td>Total Fund Balance</td>
<td>($10,089)</td>
<td>($122,827)</td>
<td>($235,349)</td>
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<td>Fund Balance remaining to 10% of Revenue</td>
<td>($114,268)</td>
<td>($228,770)</td>
<td>($342,891)</td>
<td>($457,783)</td>
<td>($572,562)</td>
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</tbody>
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- Expense reductions are required if DPS faces a 10% revenue reduction
- To be illustrative of the impact of a 10% revenue change, the 5 year forecast presented on this slide shows a hypothetical ending fund balance picture assuming 10% revenue reduction, but no expense changes

**Assumptions**
- Assuming 10% decrease in funding to FY19-20, resulting in a reduction of $85M vs. FY19-20*
- No change to compensation agreements or additional operational efficiencies
- Enrollment & Free and Reduced Lunch (FRL) projections consistent with previous forecasts
  - Both Enrollment & FRL are likely to be impacted but the extent to which and direction is unknown
- Future CARES Act revenue and COVID-19 related expenditures expected to largely offset
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*Reduction implemented through increasing the Budget Stabilization Factor
GOAL END PRODUCT FOR THE COMMITTEE
The BAC will function as an *advisory committee* to the board, providing community and staff perspective around budget topics that will lead to recommendations to the board.

The board has **final decision making responsibility** for the annual district budget and provides guidance on how DPS staff implement the budget.
In order to accomplish its purpose, the BAC will prepare a final report for the Board of Education that will do the following.

Present three tiers of options to address the budget gap

**Tier 1:** Options with widespread support that the committee recommends be included in the 2020-21 budget.

**Tier 2:** Options with some support, but also with questions or dissenting opinions, that should be considered for inclusion in the 2020-21 budget if necessary, but only after exhausting the options from Tier 1.

**Tier 3:** Options with little support, which should only be considered after all other Tiers have been exhausted.

Options will be prioritized within the tiers, and comments will be provided on different options, so that *if the budget picture improves or worsens*, the Board of Education can take appropriate action to include or remove options from the budget.
The purpose of small groups are for BAC members to analyze the first bundle of options and share a synthesis of their analysis as group to compare and contrast in the whole group.

It is NOT to “vote” or anything procedural that would affect final recommendations.
FORMAT FOR REVIEW OF OPTIONS

SMALL GROUP REVIEW
In groups of four, create a combined version of the Google sheet that was shared in pre-work to identify values addressed, constituencies, pro’s, con’s, questions and comments.

LARGE GROUP DISCUSSION
In large group, discuss the review of options and identify areas of agreement and areas of further discussion
Small Group Protocol

Please **self-assign** the following roles:

- Time Keeper
- Notetaker: (use the tab for your group as you want)
- Group Facilitator: keeps the conversation on the guiding questions
- Inclusion Keeper (ensures everyone is participating and watchful of our community agreements)

Consider the **guiding** questions:

- Are there areas of alignment and convergence?
- Where do we need more information?
- Where do we diverge?

*Notetaker should prepared to share out whole group*
Suggested Working Agreements

- Seek to Understand: Ask Questions
- Practice Deep Listening: Listen before responding
- Discuss ideas, not people
- Work Diligently: all of us put forth our best effort to meet our charge within our timeline
- Commitment to open dialogue
- Step Forward, Step Back: monitor your airtime to be inclusive of the diversity of our perspectives and committee
- Permission to be flexible in decision making—we may change our minds the more information we get
- 24/72 hour rule
Break into Groups

- Group 1
- Group 2
- Group 3
- Group 4
Whole Group Report Out

Share Out the **guiding questions**:

- Are there areas of alignment and convergence?
- Where do we need more information?
- Where do we diverge?
CLOSING ANNOUNCEMENTS/NEXT STEPS

I. Background material and pre-work will be sent by close of business on Wednesday

II. Finance Office hours Tuesdays 11:00-12:00, or email jim_carpenter@dpsk12.org or charles_carpenter@dpsk12.org with questions

III. Please share that May 22 is last day for new options to your peers and constituencies

IV. Update on public comment