

**Alexandria School Board
Budget Advisory Committee**

**January 19, 2021 - 7PM
Location: Zoom**

MINUTES

Budget Advisory Committee Members Present: Erin Dahlin (Chair); Nancy Drane (Secretary); Sukumar Rao

ACPS Staff Liaison Present: Dominic Turner, ACPS Director of Financial Services; Robert Easley, ACPS Director of Budget and Financial Systems

Alexandria School Board Liaison Present: Ramee Gentry, Alexandria School Board; Susan Neilson, Alexandria City Public Schools School Board Clerk

The meeting was called to order at 7:06 p.m.

Welcome, Public Comment, and Preliminaries - The meeting began with a welcome from Chair Dahlin.

There were no public participants, and thus no public comment period was needed.

Mr. Rao moved to approve the December 2020 minutes as drafted by Secretary Drane. The motion was seconded by Ms. Dahlin. **VOTE:** All members present voted unanimously to approve the minutes.

ACPS Staff Report - Mr. Turner and Mr. Easley provided a staff report to all present.

The primary issue is that the School Board wishes to approve its budget in advance of the City Manager's issuance of his proposed budget. BAC is not coming to this with a point of view; rather, we've been charged with providing a comprehensive exploration of this issue for School Board review with the reasons why the calendar is the way it is.

Mr. Turner shared that some members want to move it ahead of the City Manager's proposal, but his view that the committee also look at moving *back* the approval date to allow for more time to deliberate. The time between the proposal and the approval is pretty compressed as it is. To be true to this process, he'd like to the pros and the cons to both moving it earlier or moving it later.

Mr. Turner reviewed the budget process. His staff starts the budget process in July. Not too much downtime in the budget office. (Really March and April are the only “down” time throughout the year.) During the month of August, they meet with school board members in 2x2 meetings to give a budget 101. There is a September meeting with school board to set budget priorities and rules of engagement. Thereafter, they begin to meet with ACPS principals and staff to work on requests to be received in October. Superintendent finalizes proposal and work on the book and the presentation in order to then present in January.

What would be the downside of shortening this timeline to align the decision-making as described above? If we shortened the budget time period, we might risk not having time for enough staff engagement.

We inquired whether there are other key data items that staff might need that come externally that they don't have as much control of. Enrollment projections are usually received the first or second week of November. (This year, received during last week of November/first week of December.) They do as much of the budget as they can without the projections, but need those to finalize the budget. The actual enrollment (ADM – average daily membership - 98% of enrollment) guides state funding. Get those in middle of October even though they are supposed to get them in late September. \$50M of total budget is state funds. City puts out their budget guidance at the end of October/beginning of November. They get info at City Council retreat – first Saturday in November. Need that information to formulate 75% of the budget. Health insurance costs – depends on revenue or increase. Summer – health benefits committee convenes to see if HR recommends any changes to plug into the budget. Work with a third party consultant in the Spring to refine projections w/r/t health benefits to project what will happen the following year. Benefits are based on actual claims – ACPS pays those actual claims – and dictates the premiums.

Mr. Easley – School Board policy DB – it references that the calendar and directs that the process shall include at least one work session to review budget and at least one public hearing. (To extent that we have multiple of each, we could reduce.) Add/deletes – take up several meeting dates, if we are looking to truncate. Sometimes the second add/delete is not necessary. Based on Code of Virginia, governing body (City) must approve educational budget by May 15.

Moving up the Superintendent's proposed budget it almost impossible. As it is, finance is the only office that works over the winter break to get it done by the early January date. Another factor is the sheer volume of the budget book/materials. Many people don't understand the time to produce 500 page book, every year; they don't even have time sometimes to catch typos. If they were to move it up to the last school board in December – taking almost a month of time – they'd only have 3-4 weeks from when they get projections to put together 75% of the budget and publish a 500 page document. Thanksgiving also happens during that time period. Mr. Easley also added that they might put themselves in a situation where they're not doing their due diligence, unable to offer complete justification for the budget year, and may

lose time to get additional input from stakeholders and do a true analysis. In sum, the quality of the budget might be compromised by pushing it back into December.

How do you reconcile the idea that there is little flexibility in the budget (because so much of it is compensation)? Could you move the parts that ARE flexible up in the calendar? If they were just data or formula driven, then could do this more quickly – but they try to move beyond nuances w/r/t staffing and individual school needs.

Public hearings are hard to place – if you do after add/deletes, doesn't give public much time to react. Wanted to do 2 this year, at least one before add/deletes. Public hearings are maybe not needed at all b/c there is ability to have public comment outside budget timeline. Don't get a lot of feedback at public hearings. (Perhaps one, well-timed public hearing would suffice.)

When does the Schools-City coordination begin? Superintendent meets with Mark Jinks bi-weekly. Dominic meets with Deputy City Manager (Laura Trigg) for periodic chats. Morgan Rolph (Dir of OMB) has meetings with them whenever needed. During October, there is an uptick in the conversation. City Council Retreat is in early October. They use ACPS fiscal forecast to inform their fiscal forecast (September) since ACPS is such a big part of City budget.

What is relationship with CIP. Not as much dramatic movement. Would it be better to have the CIP done earlier (usually done last meeting in December). Would that free up time for the operating budget? Yes – could free up some time. That could be a recommendation from BAC.

Are any other recommendations you'd make? They'd recommend looking at what things could be taken out of the schedule after the budget is presented in January that would allow for the approval date to move up earlier. In their view, it would be too hard to move Superintendent's proposal before the New Year. And on the other end, the Board approval would have to move up significantly to be meaningful. (In other words, if we move up the Board approval a day before City Manager – not meaningful; won't change anything.) ACPS represents 1/3 of the City's budget. City's proposed budget is done before the Superintendent proposes his budget. They're not likely to change anything unless significant lead time. For example, if Board asks for \$10M more than what they're working with, they're not going to make that change. That's too much \$\$\$. They'd need to approve that kind of increase/estimate in November. Once Superintendent presents budget, they have the opportunities to reallocate or identify revenue, however.

Other jurisdictions to look at for comparison? City of Richmond. Little bit larger, but a city vs. a county. (Counties work differently.) City of Falls Church (same reason). Is there enough of a difference in county that there is no value to consider? They recommend looking at them, but just recognize there is a difference. Counties can actually issue debt whereas city cannot. That is the biggest difference.

BAC Activities - The committee then turned to a discussion of the proposed End of Year Report and Scope of Work for academic year 2020-2021, as drafted and circulated by Ms. Drane. Chair Dahlin asked BAC members to share any comments or feedback on End of Year Report and Scope of Work by Thursday COB so Nancy can pass along to Susan for School Board review.

The meeting adjourned at 8:20 p.m.