

BOARD MEMO

Date: May 22, 2020
For ACTION _____
For INFORMATION X
Board Agenda: Yes x
No _____

FROM: Dominic B. Turner, Chief Financial Officer
THROUGH: Gregory C. Hutchings, Jr., Ed.D., Superintendent of Schools
TO: The Honorable Cindy Anderson, Chair, and
Members of the Alexandria City School Board
TOPIC: School Board Add-Delete Work Session: FY 2021 Combined-Funds Budget and FY
2021 – 2030 Capital Improvement Program Budget

ACPS 2020 STRATEGIC PLAN GOAL: ALL

SY 2020-2021 FOCUS AREA: ALL

FY 2021 BUDGET PRIORITY: ALL

SUMMARY: The School Board deadline for submitting Add/Delete Proposals was May 18, 2020. For the Operating Fund Budget and the Grants & Special Projects Fund, several proposals were submitted as outlined on Attachment 2-Combined Funds Budget Cosponsors. Recommended changes to the FY 2021-2030 CIP Budget were presented as well the Operating, School Nutrition Services Funds and the Grants & Special Projects Fund. These proposed changes were presented to the School Board during the May 8, 2020 School Board Work Session. See Attachment 3 for reference memo.

There were no Add/Delete Proposals related to the 10-Year CIP. See the attached Summary of FY 2021-2030 CIP Budget – Attachment 4

BACKGROUND:

FY 2021 Operating Fund Budget

On Friday, May 8, 2020, the Superintendent submitted an Adjusted Operating Fund Budget which factored in any changes since the School Board approved the budget on February 20, 2020. Revenue and Expenditure adjustments, to the Operating Fund, since the budget was approved are enumerated below:

Revenue:

Description	Amount
Less: City Operating Appropriation to ACPS, Per City-Council-Adopted Budget	(\$7,400,000)
Less: State Revenue	(\$4,000,000)
Less: Local Revenue	(\$309,700)

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Add: Transfer In from CIP	\$1,210,440
ACPS Operating Fund Revenue Changes as of May 22, 2020	(\$10,499,260)

In addition to the revenue revisions from the May 8, 2020 meeting, the Operating Fund Budget is also being updated to reflect a Revenue-Transfer In from the Capital Improvement Program (CIP) budget to reflect needed FTE positions in the Operating Fund. Approximately, \$1.2 million in approved CIP funding will provide needed support to the Capital Programs, Planning, Design and Educational Facilities Departments. Funding from the projects within the CIP of approximately \$1.21 million will be transferred to the Operating Fund. See below, **FY 2021 – 2030 Capital Improvement Program Budget** for position titles.

Each requested Combined Funds Budget add and delete were reviewed and considered, but are not being recommended by the Superintendent. Each add was attempting to change the employer/employee cost sharing for healthcare benefits in hopes of guaranteeing no impact to employees’ “take home” pay. Administratively, guaranteeing no employee sees an impact on their “take home” pay is essentially impossible. In addition, ACPS already provides the best cost sharing split for healthcare benefits in the region. ACPS pays 90% of Support Staff healthcare costs and 80% of all other staff. The four deleted items impact the School Board Budget Priority of “Staff Retention”, instruction for dual language, and our ability to respond to the COVID-19 Pandemic (cleaning facilities, and adjusting to enrollment changes). All are items needed to ensure services within APCS can continue to serve all of our students.

With the uncertainty of the economy in FY 2021, our budget needs to be flexible to allow ACPS to quickly respond to challenges. Our Financial Services Department will be monitoring the revenue receipts throughout FY 2021 and providing the School Board with monthly financial reports. In the event the economy rebounds, and revenue receipts are higher than projected, we will return to the School Board to consider salary enhancements in the fourth quarter of FY 2021.

Expenditure:

Description	Amount
Less: Health Benefit Savings	(\$720,500)
Less: Eliminate Employer Contribution to Supplemental Retirement	(\$866,400)
Less: Eliminate 2% One-time Bonus	(\$557,500)
Less: Eliminate Employee Step Increase	(\$5,524,000)
Less: Reduce New Positions	(\$1,514,200)
Less: 5% Reduction to Non-personnel costs	(\$1,777,100)
Less: Institute Hiring Freeze for Non-classroom positions	(\$750,000)
Add: FTE positions funded from CIP	\$1,210,440
ACPS Operating Fund Expenditure Changes as of May 22, 2020	(\$10,499,260)

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FY 2021 School Nutrition Services Fund Budget

The School Nutrition Services Fund is currently reflecting the School Board Approved Budget. As relative updates and revisions become necessary to the fund, the School Board will be notified of the appropriate adjustments necessary.

FY 2021 Grants & Special Projects Fund Budget

Adjustments to the Grants & Special Projects Fund, as a result of Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to ACPS. The estimated \$3.6 million in aid will be established in the fund for specific eligible expenses and primarily one-time in nature. ACPS is targeting four areas for use of CARES Act funding:

- Meal Distribution
- Distance Learning
- Technology Services
- Educational Facilities

Recent preliminary allocations and/or funding awards have changed our projected grant revenues for several programs. While some programs have been finalized, some have not yet finalized the applications and budgets, inclusive of the preliminary allocations, and therefore the Superintendent is recommending amending the revenue and expenditure funding based on the CARES Act funding only. As finalized applications and budgets occur, the appropriate revisions and updates will likewise be reflected in upcoming fiscal year.

FY 2021 – 2030 Capital Improvement Program Budget

The CIP allocation from the City Council approved CIP includes \$95.1 million for FY 2021. The following technical adjustments provide clarity and address staffing needs in FY 2021:

Technical Adjustment:

The FY 2021 CIP includes funding for eight (8) FTE positions. These positions include:

- High School Project Manager
- Douglas MacArthur Project Manager
- Construction Engineer
- Architect
- Communications Specialist
- Procurement Specialist
- (2) Project Managers – System-wide CIP Projects

These positions will provide needed support to the Capital Programs, Planning, Design and Educational Facilities Departments. Funding from the projects within the CIP of approximately \$1.21 million will be transferred to the Operating Fund. These funds have already been approved, and this adjustment is recognizing the transfer in to the Operating Budget to allow ACPS to hire versus using contractors.

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RECOMMENDATION:

The Superintendent recommends that the School Board:

1. Provides "Yes/No Feedback" on the recommended FY 2021 – 2030 CIP Budget changes presented during the May 8, 2020 School Board Work Session;
2. Provides "Yes/No Feedback" on the recommended FY 2021 Operating Fund Budget changes presented during the May 8, 2020 School Board Work Session;
3. Provides "Yes/No Feedback" on the recommended FY 2021 Grants & Special Projects Fund Budget changes presented during the May 8, 2020 School Board Work Session;
4. Provides staff with decisions on School Board members proposed Add/Deletes that have been consolidated and co-sponsored on May 18, 2020.

IMPACT:

ATTACHMENTS:

1. Presentation: Add/Delete Work Session #1
2. Combined Funds Budget Cosponsors
3. Memo – Recommendations for Superintendent's Adjusted Combined Funds and CIP Budgets from May 8, 2020 Work Session
4. Capital Improvement Program FY 2021-2030 Summary
5. Executive Summary FY 2020 Compensation Study

REFERENCES:

CONTACT:

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