

Date: May 10, 2018

For ACTION _____

For INFORMATION X

Board Agenda: Yes X

No _____

FROM: Michael R. Herbstman, Chief Financial Officer
Mignon R. Anthony, Chief Operating Officer
Dominic B. Turner, Director of Budget and Financial Systems
Erika L. Gulick, Facilities Planner/GIS Specialist

THROUGH: Dr. Lois F. Berlin, Interim Superintendent of Schools

TO: The Honorable Ramee A. Gentry, Chair, and Members of the Alexandria City School Board

TOPIC: School Board Work Session: FY 2019 Combined-Funds Budget and FY 2019 – 2028 Capital Improvement Program Budget

BACKGROUND:

FY 2019 - 2028 Capital Improvement Program Budget

The School Board adopted its FY 2019 – 2028 Capital Improvement Program (CIP) Budget on January 25, 2018 totaling \$68.33 million for FY 2019 and \$474.68 million across all ten years. On May 3, 2018, City Council adopted its FY 2019 – 2028 CIP Budget which allocated funds for the entire amount requested as either *Direct Funding* or *Reserved Bond Capacity/Cash Capital*. This is detailed in the chart below.

Description	FY 2019 Appropriation	FY 2019 – 2028 Total Allocation
Capital Request to City, Per School-Board-Adopted Budget	\$68,331,789	\$474,680,533
Capital Allocations, Per City-Council-Adopted Budget:		
Direct Funding to ACPS	\$33,181,789	\$407,676,395
Reserved Bond Capacity/Cash Capital – Property Acquisition	\$30,000,000	\$30,000,000
Reserved Bond Capacity/Cash Capital – High School Capacity	\$5,150,000	\$5,150,000
Reserved Bond Capacity/Cash Capital – Out Year Contingency	\$0	\$25,144,138
Reserved Bond Capacity/Cash Capital – Transportation Facility	\$0	\$6,710,000
Total Capital Allocations, Per City-Council-Adopted Budget	\$68,331,789	\$474,680,533
ACPS Capital Fund Budget Gap, as of May 10, 2018	\$0	\$0

FY 2019 Combined-Funds Budget

On February 22, 2018, the School Board adopted its FY 2019 Combined-Funds Budget which included an Operating Fund request to the City of Alexandria for \$224.92 million. City Council adopted its General Fund Budget on May 3, 2018 inclusive of a transfer to the

ACPS Operating Fund in the amount of \$223.83 million. Following these actions, the ACPS FY 2019 Operating Fund Budget Gap was \$1.09 million, as shown below.

Description	Amount
Operating Request to City, Per School-Board-Adopted Budget	\$224,919,603
City Operating Appropriation to ACPS, Per City-Council-Adopted Budget	\$223,829,302
ACPS Operating Fund Budget Gap as of May 10, 2018	\$1,090,301

SUMMARY:

FY 2019 - 2028 Capital Improvement Program Budget

The CIP budget for FY 2019, in alignment with recommendations of the Ad-Hoc Joint City-Schools Facilities Investment Task Force, aims to address some of ACPS’s immediate capacity needs with \$52.7 million to fund capacity planning efforts, a continuation of the high school capacity planning, property acquisition and flexible capacity space or swing. The non-capacity portion of ACPS FY 2019 CIP includes \$15.6M to fund necessary system replacements and building upgrades. City Council voted to fully fund the FY 2019-2028 CIP with funds in reserve for high school planning and property acquisition in FY 2019, the ACPS Transportation Facility in FY 2023 and out-year contingency for major capacity projects in FY 2020 – 2027.

One change is proposed to the CIP to advance the Mount Vernon roof replacement project from FY 2021 to FY 2020. Changes in the out-years for non-capacity projects typically come to the School Board as part of the Superintendent’s proposed CIP in the fall; however, the first phase of this project was funded as part of the FY 2018 CIP and, in an effort to be cost effective and attractive to vendors, is proposed for advancement at this time. This change does not create a budget gap or surplus in the total FY 2019-2028 CIP from the City’s appropriation.

FY 2019 Combined-Funds Budget

The Combined-Funds Budget is comprised of the Operating Fund, Grants & Special Projects Fund and the School Nutrition Fund. The Grants & Special Projects Funds and School Nutrition Fund both remain in balance and no changes from the School-Board Adopted Budget are recommended. As described above, the current Operating Fund Budget Gap is \$1.09 million.

Technical adjustments totaling \$0.15 million raise the Operating Fund Budget Gap to \$1.24 million. Funds required to successfully implement the Curriculum & Instruction Department and Operations Department reorganizations increase the gap by \$0.17 million to \$1.41 million. Funding the Pre-Purchase of K-2 Literacy Textbooks and Materials¹ with current-year funding allows for a decrease of \$0.61 million in FY 2019 budgeted expenditures. This would move the budget gap to \$0.80 million. That gap is fully depleted through revenue enhancements of \$0.05 million and expenditure reductions of \$0.75 million. These proposed actions are outlined in summary form below and are detailed in the attached presentation.

¹ The elementary literacy textbooks and materials process is further outlined in Attachment 2 to this memo.

Description	Amount	Running Total
ACPS Operating Fund Budget Gap as of May 10, 2018	\$1,090,301	\$1,090,301
Applying Technical Adjustments	\$153,652	\$1,243,953
Funding Effective Implementation of Department Reorganizations	\$170,945	\$1,414,897
Pre-Purchasing K-2 Literacy Textbooks and Materials in Current Year	(\$612,000)	\$802,897
Applying FY 2019 Revenue Enhancement	(\$50,000)	\$752,898
Applying FY 2019 Expenditure Reductions	(\$752,898)	\$0
ACPS Operating Fund Budget Gap Following Proposed Changes	\$0	\$0

RECOMMENDATION: The Superintendent recommends that the School Board considers these proposed changes as they prepare School Board Budget Questions and Add/Delete requests for both the Combined-Funds Budget and the CIP Budget.

CONTACT PERSON: Michael Herbstman, Chief Financial Officer, 703-619-8098

ATTACHMENTS:

1. School Board Work Session Presentation
2. School Contributions to Elementary Literacy Textbooks and Materials
3. FY 2019 – 2028 CIP Summary with Proposed Changes
4. FY 2019 – 2028 CIP Details with Proposed Changes