

Date: May 23, 2019

For ACTION \_\_\_\_\_

For INFORMATION  X

Board Agenda: Yes  X

No \_\_\_\_\_

**FROM:** Dominic B. Turner, Acting Chief Financial Officer  
Robert Easley, Acting Director of Budget and Financial Systems  
Mignon R. Anthony, Chief Operating Officer  
Anita J. Cordova, Director, Operations Coordination

**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 Preliminary Add-Delete Work Session: FY 2020 – 2029 Capital Improvement Program Budget and FY 2020 Combined-Funds Budget

**BACKGROUND:**

**FY 2020 - 2029 Capital Improvement Program Budget**

The School Board adopted its FY 2020 – 2029 Capital Improvement Program (CIP) Budget on December 20, 2018 totaling \$42.6 million for FY 2020 and \$478.5 million across all ten years. On May 1, 2019, City Council adopted its FY 2020 – 2029 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 2020 Appropriation	FY 2020 – 2029 Total Allocation
<b>Capital Request to City, Per School-Board-Adopted Budget</b>	<b>\$42,609,638</b>	<b>\$478,530,584</b>
<b>Capital Allocations, Per City-Council-Adopted Budget:</b>		
Direct Funding to ACPS	\$36,829,355	\$448,275,955
Reserved Bond Capacity/Cash Capital – Out Year Contingency	\$0	\$24,474,348
Reserved Bond Capacity/Cash Capital – Transportation Facility	\$0	\$6,710,000
<b>Total Capital Allocations, Per City-Council-Adopted Budget</b>	<b>\$36,829,355</b>	<b>\$479,460,304</b>
<b>ACPS Capital Fund Budget Gap, as of May 9, 2019</b>	<b>(\$5,780,283)</b>	<b>\$929,720</b>

During the May 9, 2019 School Board Budget Work Session, ACPS Staff reported on the status of the CIP and highlighted several changes and recommendations. The status update and proposed change are summarized below.

**SUMMARY:**

## **FY 2020 - 2029 Capital Improvement Program Budget**

The CIP allocation from the City Council approved CIP includes \$36.8 million for FY 2020. This indicates a \$5.8 million gap in funding from the School Board proposed \$42.6 million for FY 2020. The following adjustments are proposed to address the funding gap in FY 2020:

### **Technical Adjustment:**

The John Adams kitchen project was inadvertently doubled prior to School Board adoption. This project will be reduced from \$651,926 to \$325,963.

### **Deletes:**

The Transportation Facility modernization project funds totaling \$6.7 million will be deferred from FY 2020 to FY 2022 based on approved funding. This should align with the timeline of the recommendations from the Witter-Wheeler campus study currently being conducted by the City of Alexandria's Department of General Services.

### **Adds:**

City Council included an additional \$0.5 million in the FY 2020 budget intended to be used for Mount Vernon Community School building upgrades. Staff recommends this funding be placed in the Mount Vernon renovation/reconfiguration budget line item, to increase this total line item to \$1.0 million.

City Council approved a re-allocation of \$0.7 million from the FY 2020 Operating Fund to the FY 2020 CIP Fund intended for ACPS textbooks. Staff recommends this funding be placed in a new budget line item under System-Wide: Curriculum and Instruction Materials and be used for the originally intended use outlined in the FY 2020 Proposed Operating budget. Staff is also including the intended textbook replacement funding, as originally outlined in the Proposed Operating Budget, in the CIP for FY 2020 – 2029.

These are the only Superintendent's adjustments being recommended at this time in order to meet the FY 2020 CIP funding gap and acknowledge the intent of City Council to move textbook replacement to the CIP budget. Adjustments recommended are shown in the attached CIP summary and details charts. These adjustments result in a total FY 2020 – 2029 CIP of \$488.2 million and a gap from total City Council approved funding of \$8.7 million.

Adjustments required as a result of the decision to use the existing Patrick Henry building as swing space for Douglas MacArthur Elementary School will be incorporated as part of the FY 2021 – 2030 Superintendent's Proposed CIP to be consistent with CIP development practices and to have more accurate information available. Existing funds in the FY 2019 CIP will be used to pursue this project through FY 2020. ACPS and City staff will also be working collaboratively to update construction estimates for the FY 2021 – 2030 Superintendent's Proposed CIP.

## **FY 2020 Operating Fund Budget**

On February 21, 2019, the School Board adopted its FY 2020 Combined-Funds Budget which included an Operating Fund request to the City of Alexandria for \$232.3 million. City Council adopted its General Fund Budget on May 1, 2019 inclusive of a transfer to the

ACPS Operating Fund in the amount of \$231.67 million. Funding for textbooks was removed from the Operating Fund and placed in the CIP, and an additional \$0.08 million was added. In addition, State Revenue for the Operating Fund decreased \$0.18 million. Following these actions, the ACPS FY 2020 Operating Fund Budget Gap was \$.81 million, as shown below.

Description	Amount
Less: City Operating Appropriation to ACPS, Per City-Council-Adopted Budget	\$631,145
Less: State Revenue	\$176,875
<b>ACPS Operating Fund Budget Gap as of May 9, 2019</b>	<b>\$808,020</b>

On May 9, 2018, during the School Board Budget Work Session, ACPS Staff detailed proposed changes to the Operating budget as summarized below.

To facilitate funding 20 Custodian FTEs, \$1.80 million will be needed. An additional \$0.04 million is required for professional development, which increases the budget gap to \$2.61 million. To close this budget gap, \$1.62 million in custodial contracts and severance pay, and \$0.18 million for substitute funding would be eliminated. With the City funding textbooks through the CIP budget, a reduction of \$0.71 million to the Operating Budget can occur. This would narrow the budget gap to \$0.14 million. That gap is fully depleted through revenue enhancements of \$0.10 million and expenditure reductions of \$0.04 million respectively. These proposed actions are outlined in summary form below and are detailed in the attached presentation.

Description	Amount	Running Total
<b>ACPS Operating Fund Budget Gap as of May 9, 2018</b>	<b>\$808,020</b>	<b>\$808,020</b>
Add 20 Custodian FTEs (Salary)	\$799,960	\$1,607,980
Add 20 Custodian FTEs (Fringe Benefits)	\$306,215	\$1,914,195
Supplies/Materials/Intermittent	\$357,757	\$2,271,952
Estimated Custodian Contract	\$337,858	\$2,609,810
Delete Custodial Contract Funding	(\$1,158,264)	\$1,451,546
Delete Severance Package	(\$463,433)	\$988,113
Reduce Funds for Substitutes	(\$180,093)	\$808,020
Additional Professional Development	\$39,600	\$847,620
Shifting Textbook Purchase to CIP Budget	(\$708,750)	\$138,870
Medicaid Revenue Enhancement	(\$96,272)	\$42,599
Expenditure Reductions	(\$42,599)	\$0
<b>Remaining Budget Gap</b>	<b>\$0</b>	

### **FY 2020 School Nutrition Services Fund Budget**

The School Nutrition Services Fund is increasing Capital Outlay by \$300,000 from \$1,055,000 to \$1,355,000. Due to the design delay in the Cora Kelly cafeteria renovation project scheduled in FY 2019, the construction time line will fall into FY 2020. Funding is provided from the School Nutrition Services Fund Balance.

In addition, as a result of the PLE (Price Lunch Equity), Congress stipulates School Food Authorities with a positive fund balance as of Dec 31, 2018 do not have to comply with PLE requirements with raising meal pricing, but must contribute non-federal sources to nonprofit school food service account in lieu of raising paid lunch prices. Based on the PLE

calculations, the SNS program will need to contribute \$26,345 from non-federal sources to fulfill this required contribution. Funding for this requirement will be provided from the School Nutrition Services Fund Balance.

### **FY 2020 Grants & Special Projects Fund Budget**

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 proposing amending the revenue and expenditure funding based on the currently available information. The proposed changes are as follows:

- **Increase** both revenue and expenditure budget on the following Grants & Special Projects (relative to the amounts included in the February 21, 2019 School Board Adopted Budget):
  - Virginia Preschool Initiative (VPI) by \$19,296.00
  - IDEA Preschool by \$2,150.00
  - IDEA Part B by \$5,236.00
- **Decrease** both revenue and expenditure budget on the following Grants & Special Projects (relative to the amounts included in the February 21, 2019 School Board Adopted Budget):
  - Title I by \$140,577.51
  - Early Reading Initiative by \$10,279.00
  - E-Rate Program by \$316,277.20

In all, these proposed changes decrease the Grants & Special Projects Fund budget by \$440,401.71 for both revenues and expenditures. The net effect to full-time equivalent (FTE) positions is a decrease of 0.5 FTEs. Attachment 4 highlights the changes.

**RECOMMENDATION:** The Superintendent recommends that the School Board:

1. Provides “Yes/No Feedback” on the proposed FY 2020 – 2029 CIP Budget changes presented during the May 9, 2019 School Board Work Session;
2. Provides “Yes/No Feedback” on the proposed FY 2020 Operating Fund Budget changes presented during the May 9, 2019 School Board Work Session;
3. Provides “Yes/No Feedback” on the proposed FY 2020 School Nutrition Services Fund Budget changes presented during the May 23, 2019 School Board Add/Delete Work Session;
4. Provides “Yes/No Feedback” on the proposed FY 2020 Grants & Special Projects Fund Budget changes presented during the May 23, 2019 School Board Add/Delete Work Session;
5. Provides staff with decisions on School Board members proposed Add/Deletes that have been consolidated and co-sponsored on May 20, 2019.

**CONTACT PERSON:** Dominic Turner, Acting Chief Financial Officer, 703-619-8046

**ATTACHMENTS:**

1. FY 2020 Budget Work session from May 9, 2019
2. FY 2020 – 2029 CIP Summary with Changes

3. FY 2020 – 2029 CIP Details with Changes
4. FY 2020 Grants & Special Projects Fund: Comparison of FY 2020 Approved Grants & Special Project budgets and FY 2020 Final Grants & Special Project budgets
5. FY 2020 School Board Combined Fund Budget Add/Deletes as of May 20, 2019