

Date: September 7, 2017

For ACTION _____

For INFORMATION X

Board Agenda: Yes X
No _____

FROM: Michael R. Herbstman, Chief Financial Officer

THROUGH: Lois F. Berlin, Ed.D., Interim Superintendent of Schools

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

TOPIC: FY 2019 – FY 2023 Operating Fund Fiscal Forecast

BACKGROUND: In order to facilitate long-term planning and budgeting efforts, ACPS Staff provides the School Board with periodic updates on the long-term fiscal forecast of the Operating Fund.

SUMMARY: The FY 2019 – FY 2023 Operating Fund Fiscal Forecast reflects the financial challenges that the Division will face in the coming years. Over the previous decade, student enrollment and expenditures have increased at a far quicker pace than the corresponding revenue has grown. ACPS Staff analysis shows that this trend will continue into the future, requiring a combination of revenue enhancements and expenditure reductions to balance sizeable projected budget gaps.

For FY 2019, the projected budget deficit is \$17.2 million. This figure already includes \$5.2 million in anticipated additional City of Alexandria appropriation and \$1.0 million in additional expected State revenue to reflect projected student enrollment growth of approximately 375 students. Each year, as expenditures outstrip revenues, the estimated budget gap will continue to expand. By FY 2023, the annual funding deficit projection grows to \$51.1 million.

This fiscal forecast begins with the FY 2018 Final Operating Fund Budget. In each fiscal year beginning with FY 2019, adjustments were made to reflect the anticipated revenue and expenditure assumptions. These assumptions (based on historical data and analysis of the operating impacts of the Capital Improvement Program) are clearly delineated on page one of the attached document.

RECOMMENDATION: The Superintendent recommends that the School Board review the FY 2019 – 2023 Operating Fund Fiscal Forecast.

IMPACT: Reviewing the FY 2019 – 2023 Operating Fund Fiscal Forecast will help to frame the long-term ACPS fiscal position and will inform decision making throughout the FY 2019 Combined-Funds Budget process.

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ATTACHMENTS:

- 1) FY 2019 – FY 2023 Operating Fund Fiscal Forecast