

## MEMORANDUM

To: Alexandria City Public Schools (ACPS) School Board  
From: Budget Advisory Committee (BAC) through Michael Herbstman, CFO  
Re: FY 2019 Combined Funds and Budget Risk Assessment  
Date: June 12, 2018

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The purpose of the Alexandria City Public Schools (ACPS) Budget Advisory Committee (BAC) is to advise and support the School Board regarding the budget.

While in previous years, BAC provided one annual report to the School Board on the overall budget process, for FY 2019 the committee broke its work down into several deliverables to provide the board with on-going feedback that coincided with key budget deliverables. BAC work products this year include 1) a Budget priorities document 2) a CIP and Joint Task Force review memo; 3) a joint memo with BFAAC on the Joint Task Force final report and 4) this final memo on the FY 2019 Combined Funds budget and Risk Assessment processes undertaken by BAC.

### **Coordination between ACPS and the City (including BFAAC)**

ACPS staff and Alexandria City staff and the School Board and City Council have all worked hard to improve communication regarding the budget process and stewardship has improved greatly over the past two years. The formation of the Joint City – School CIP planning committee was a very positive step to ensure the priorities of both the schools and city are balanced in the CIP budget. The successful coordination between the staffs of ACPS and the City was also evidenced by the fact that the city's initial funding proposal was very close to the Superintendent's proposed requirement. The BAC supports the recommended formation of a joint City/ACPS CIP steering committee to ensure this cooperation continues.

A sub-group of BAC met twice in the past year with a sub-group of the City's Budget and Fiscal Affairs Advisory Committee (BFAAC), joined by staff from both ACPS and the City. These meetings helped both sides more fully understand the timelines and processes of the other and reinforced the direction for continued and increased cooperation between ACPS and the City on budget and financial operations. Reports out of these two meetings went to both the City Council and School Board. In these reports, BAC and BFAAC commit to continuing these meetings and to working together to continue to improve coordination.

## **Combined Funds Budget process and presentation**

The BAC commends the Superintendent and staff for their work over the past few budget cycles to provide highly accurate enrollment projections and to produce long-term financial projections on a regular basis throughout the year. The communication with the City and City Council based on this work has improved the approval process and visibility into school expenses. BAC had previously recommended and would like to recognize staff's inclusion in the budget book of changes in enrollment and costs by category, to provide transparency into the impact of these changes on expense growth. BAC recommends continuing to share these metrics in the budget presentations to maintain this transparency.

ACPS revenue growth will continue to be constrained and likely grow more slowly than enrollment. Recognizing this, the BAC again this year recommends the Superintendent and Board make a concerted effort to identify additional sources of funding. These could include prior recommendations for a feasibility study on launching a foundation as Fairfax County and Falls Church City public schools have. We would also like to see more frequent public updates about the activities of the School, Business and Community Partnerships department in this area.

As called out as a key investment area for this budget, BAC agrees that it is important for ACPS's compensation structure to support the retention and recruitment of talented teachers and support ACPS addressing this in the Combined Funds budget this year by including a step increase for all staff and a onetime bonus for those at the top of the salary range and not eligible for a step. One area not yet addressed in the budget but raised by the community is a review of math teacher compensation specifically given the division-wide focus on improving math results and we would recommend staff review this issue.

## **Public Communication and Engagement**

The BAC commends ACPS staff for continuing to focus on public participation in the budget process. The Superintendent's Public Forum on the budget took place in early October as recommended, and there were several opportunities for the public to speak at budget hearings. However, the attendance at these meetings was fairly low this year, possibly because there was not a significant budgetary conflict. BAC suggests the budget and communications teams continue to work to find ways to improve attendance or to find alternate forums for community engagement.

## **Risk Assessment**

The BAC undertook a review of parts of the Combined Funds budget for FY 2019 through the lens of a risk assessment. A report on the process and outcome will be provided to the School Board at the next Regular School Board meeting. The BAC believe this type of process would benefit the board and staff in ensuring programs that are funded in the budget align with the strategic plan and with the highest needs of the school division.