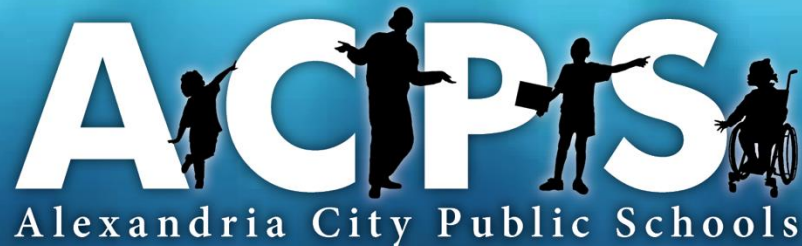


Superintendent's Proposed FY 2019 Combined-Funds Budget

School Board Meeting
January 11, 2018

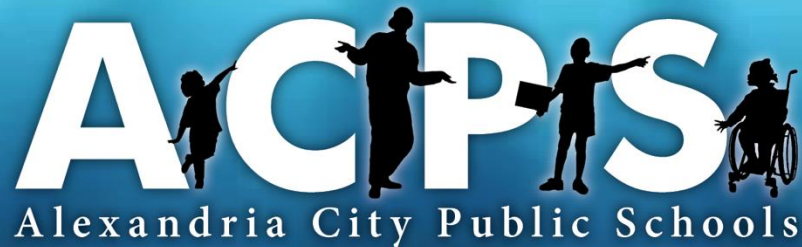


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Essential Questions

- What are the strategic goals and priorities for this FY 2019 Proposed Budget?
- What are the primary drivers of expenditure and revenues for the FY 2019 budget?
- What are the funding needs of the Division?
- How will the budget process move forward through final adoption?

Strategic Plan and Budget Priorities



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ACPS 2020 Strategic Plan Goals

- **Goal 1 – Academic Excellence and Educational Equity:** Every student will be academically successful and prepared for life, work, and college.
- **Goal 2 – Family and Community Engagement:** ACPS will partner with families and the community in the education of Alexandria’s youth.
- **Goal 3 – An Exemplary Staff:** ACPS will recruit, develop, support, and retain a staff that meets the needs of every student.
- **Goal 4 – Facilities and the Learning Environment:** ACPS will provide optimal and equitable learning environments.
- **Goal 5 – Health and Wellness:** ACPS will promote efforts to enable students to be healthy and ready to learn.
- **Goal 6 – Effective and Efficient Operations:** ACPS will be efficient, effective, and transparent in its business operations.



FY 2019 Combined-Funds Budget Priorities

Goal 1: Academic Excellence and Educational Equity	Goal 2: Family and Community Engagement	Goal 3: An Exemplary Staff	Goal 4: Facilities and the Learning Environment	Goal 5: Health and Wellness	Goal 6: Effective and Efficient Operations
<ul style="list-style-type: none"> • Specialized Instruction • English Learner Services • Gap Group Achievement • Math • Literacy • Writing 	<ul style="list-style-type: none"> • Communications and Customer Service for External Stakeholders 	<ul style="list-style-type: none"> • Leadership and Professional Development • Competitive Compensation • Retention and Recruitment 	<ul style="list-style-type: none"> • Safe Schools for Students and Faculty • Optimal and Equitable Learning Environments 	<ul style="list-style-type: none"> • Mental and Social/Emotional Health • Physical Education/Fitness • Nutrition Programs 	<ul style="list-style-type: none"> • Communications and Customer Service for Internal Stakeholders

Key Operating Fund Budget Drivers



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Key Operating Fund Budget Drivers

Revenues

- Increased State appropriation estimate
- Increased Medicaid revenue forecast
- Increased local revenue projection
- Targeting of new revenue sources:
 - Impact Aid
 - Community partnerships and grants
- Request for reasonable City appropriation enhancement

Expenditures

- Non-Discretionary Changes:
 - Health-care rate increases
 - Enrollment increases and required staffing changes
 - Changing student population
 - Opening of new West End Elementary School
 - Competitive employee compensation
 - Textbook adoptions
- Discretionary Changes:
 - Targeted reductions across Division

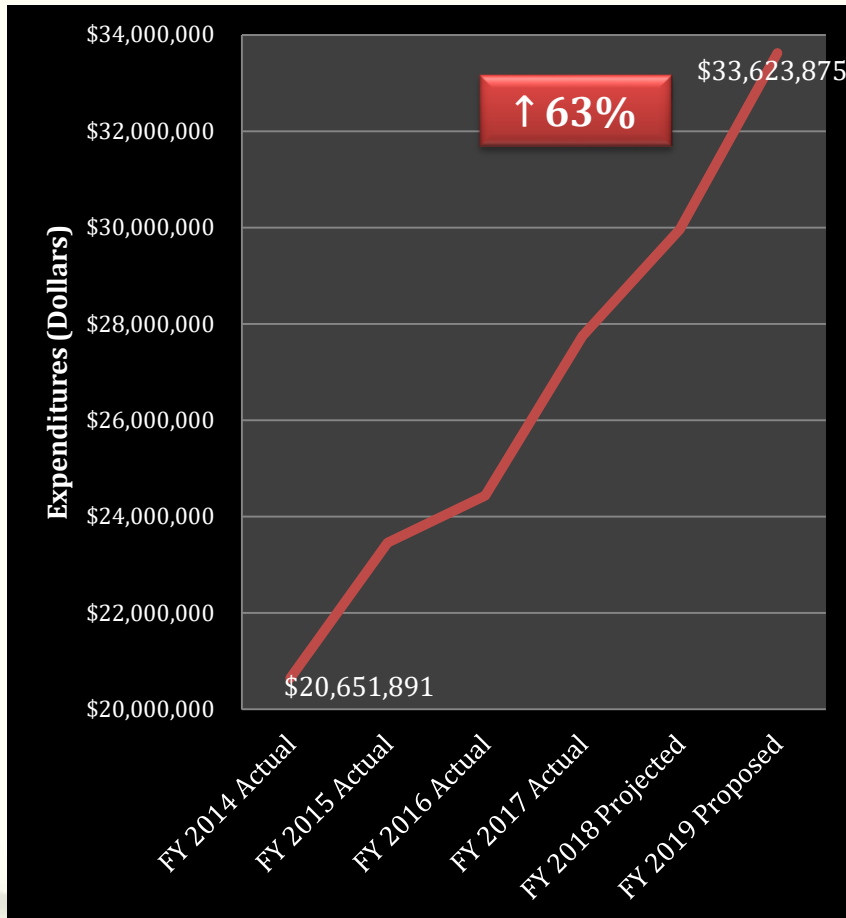
Projected Revenue

Excluding City Appropriation

Revenue Type	Revenue	FY 2018 Final Budget (Millions)	FY 2019 Proposed (Millions)	Projected Change (Millions)
State	ADM-Driven	\$40.41	\$43.41	\$3.00
State	Medicaid	\$1.55	\$1.60	\$0.05
Local	Community Partnerships and Grants	-	\$0.15	\$0.15
Local	Other Local	\$0.71	\$0.89	\$0.18
Federal	Impact Aid	-	\$0.16	\$0.16
Federal	ROTC	\$0.12	\$0.13	\$0.00
Total Revenue (Excluding City)		\$42.80	\$46.34	\$3.54

Key Expenditure Drivers: Health-Care Costs

Health-Benefit Fund Expenditures



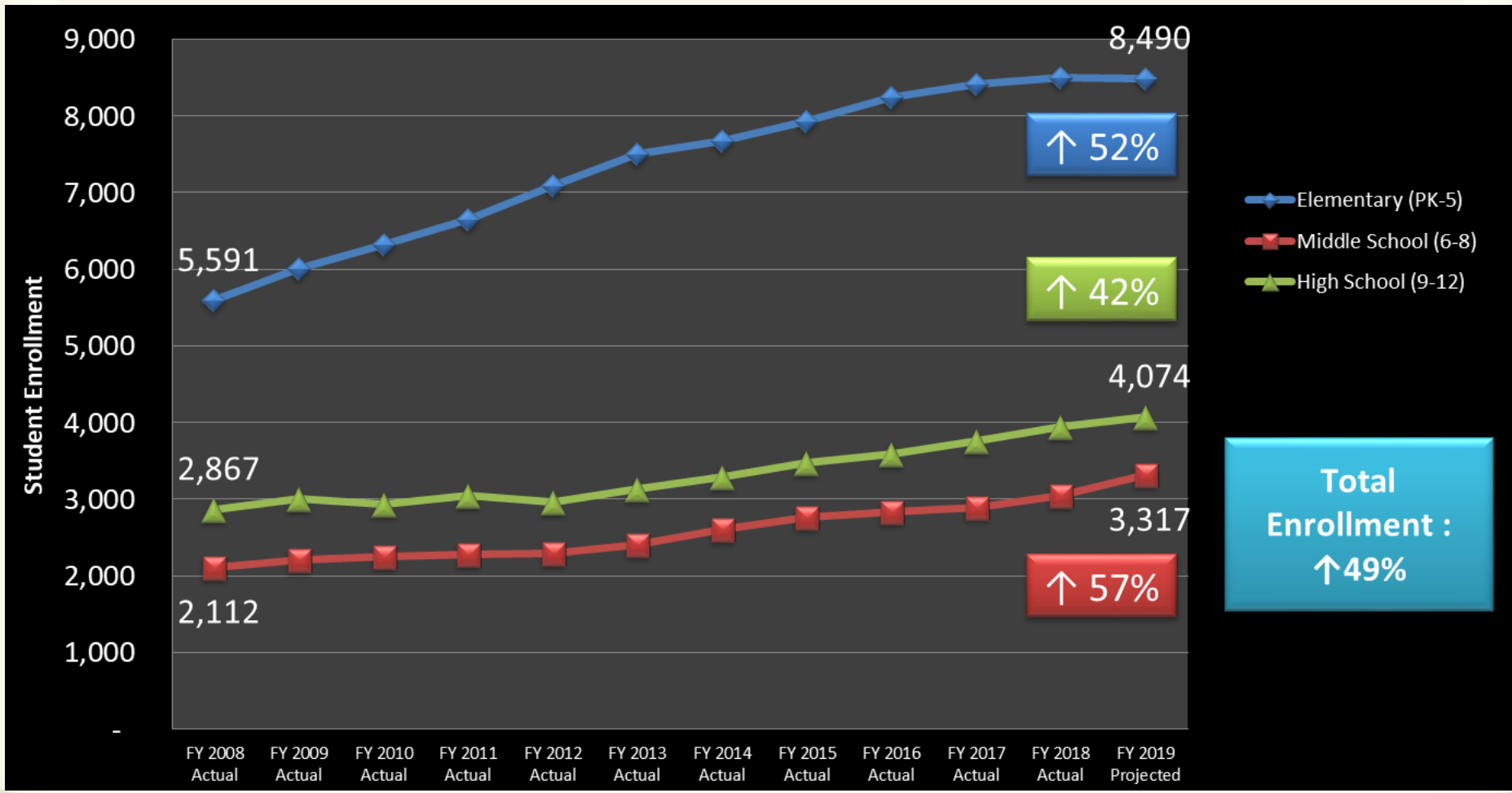
Key Information

- FY 2019 Projected Rate Increases:
 - Kaiser Permanente (Fully-Insured): ↑ 9%
 - United Health Care (Self-Insured): ↑ 15%
- 63% Projected Cost Increase Over Five Years
 - Nationwide rise in Health Care premiums
 - Poor loss experience in Self-Insured Fund
- FY 2015 – FY 2017 Transfers from Health-Benefits Fund to Close Operating Budget Gap and Fund OPEB Contributions (Outlined Below)

Uses of Health-Benefit Funds

	FY 2015	FY 2016	FY 2017	Totals
Health-Benefit Fund				
Transfers to Operating Fund	\$2.3M	\$1.3M	\$2.5M	\$6.2M
OPEB Contributions	\$1.9M	\$0.8M	n/a	\$2.6M
Foregone Contributions for Premium Holidays	n/a	\$0.7M	\$0.8M	\$1.5M
Totals	\$4.2M	\$2.8M	\$3.3M	\$10.2M

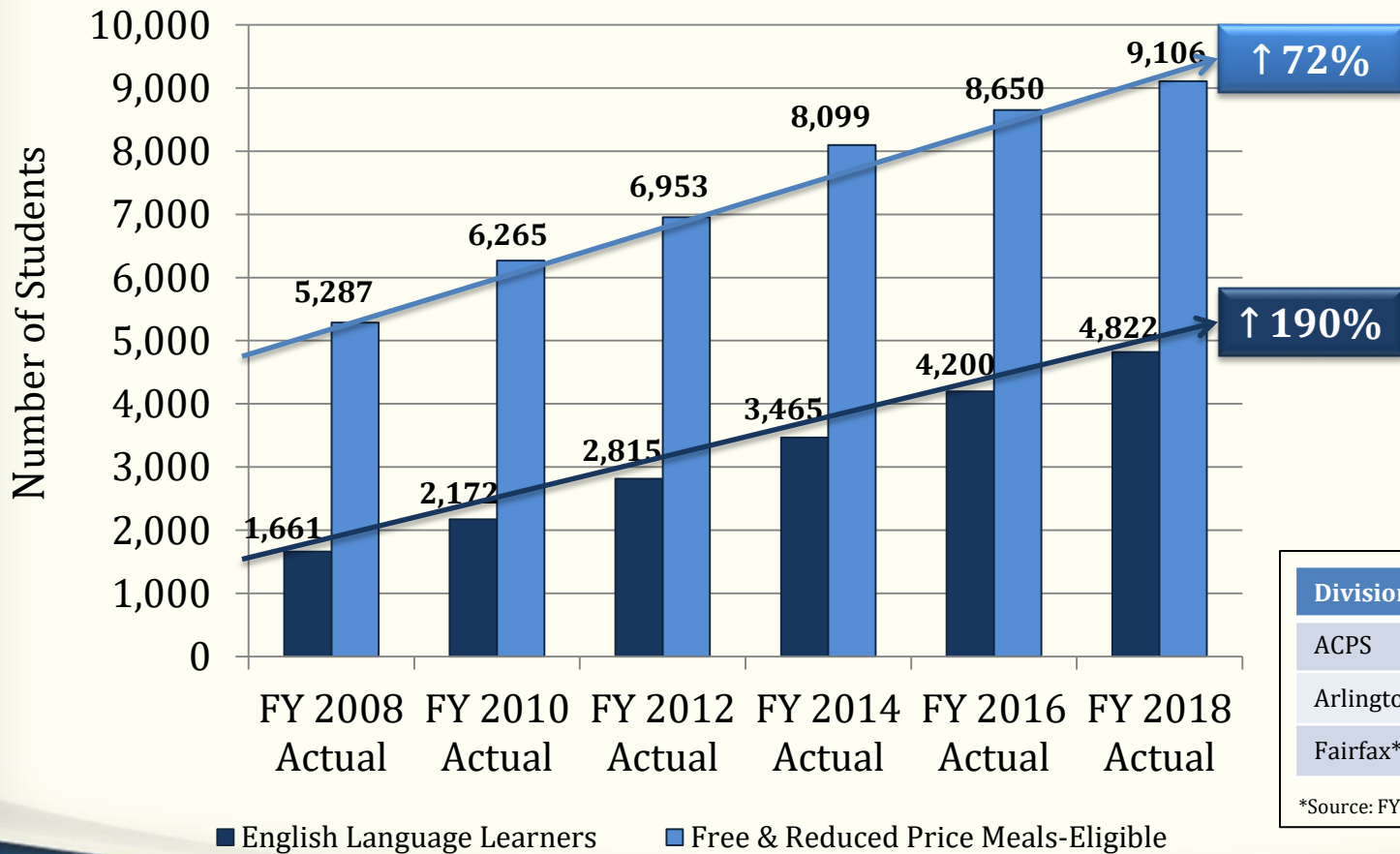
Key Expenditure Drivers: Enrollment Increases



Note: Enrollment figures above exclude special placements.

Key Expenditure Drivers: Changing Student Population

Enrollment: English Learners and Free & Reduced Price Meals



FY 2018 as a % of Total Enrollment

FRPM
59%

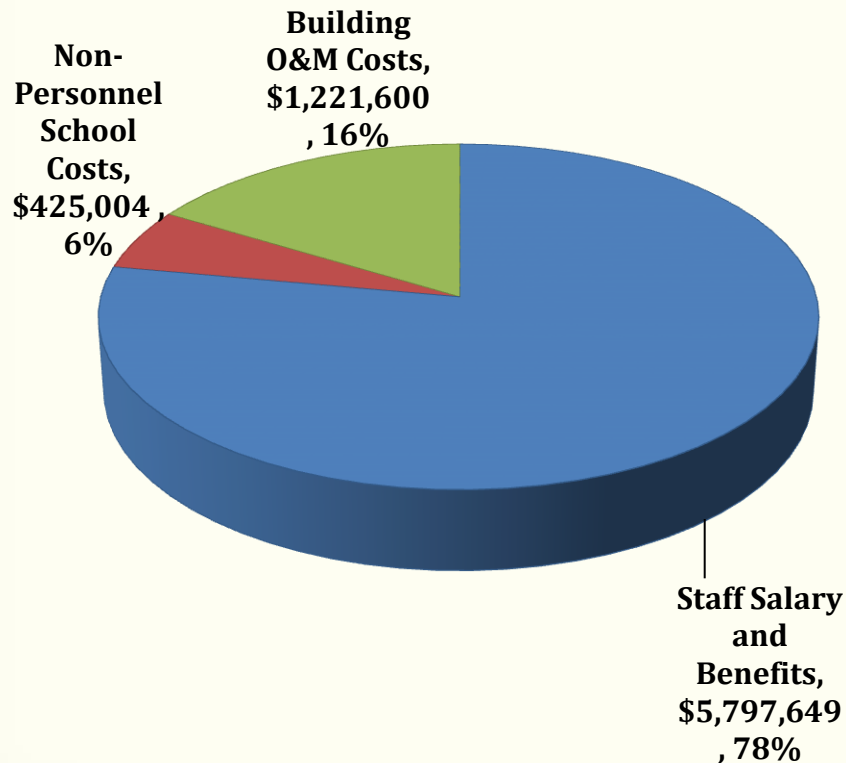
EL
31%

Division	EL %	FRPM %
ACPS	31%	59%
Arlington*	17%	30%
Fairfax*	15%	27%

*Source: FY 2017 Data from Final FY 2018 WABE Guide

Key Expenditure Drivers: New Elementary School

New West End Elementary Projected Operating Costs



- Total Projected Operating Costs: \$7.4 Million
 - Partially Offset by Positions Following Students from Other Schools
 - Net New Operating Costs: \$4.5 Million
- School Staff: 62.8 FTE
 - Instructional: 50.4
 - Student Services: 5.0
 - Operations/Cafeteria: 3.4
 - Administrative: 4.0

Key Expenditure Drivers: Enrollment-Driven Staffing Changes

Position Category	FTE Change
Elementary Homeroom Teachers	3.0
Elementary Homeroom Paraprofessionals	3.0
Elementary Encore	5.4
Secondary Teachers	5.5
Specialized Instruction Teachers/Paraprofessionals	12.5
English Learner Instruction Teachers	9.5
Talented & Gifted Instruction Teachers	1.9
Bus Drivers and Monitors	3.0
Additional Reserve Positions for Enrollment/Redistricting	3.0
Other New Elementary Positions Not Included in Above Categories	13.9
Other EC Center Positions Not Included in Above Categories	2.8
All Other Changes	0.0
Total Enrollment-Driven Staffing Changes	63.5

Notes:

1. Includes all new positions at the new West End Elementary School and the new Early Childhood Center.
2. Represents totals across all schools. Additional changes were made at the school level that were netted out by changes at other schools.

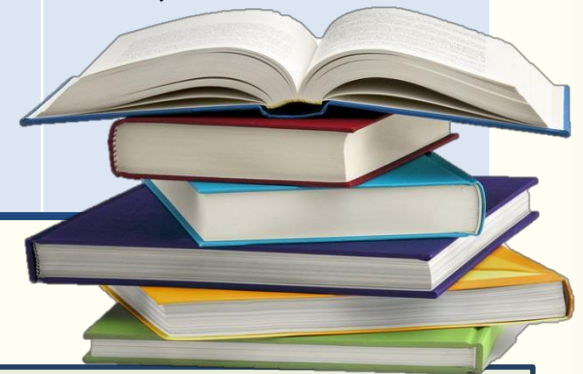
Key Expenditure Drivers: Recruiting/Retaining Exemplary Staff

	<u>FY 2014</u>		<u>FY 2015</u>		<u>FY 2016</u>		<u>FY 2017</u>		<u>FY 2018</u>	
Jurisdiction	MRA	STEP	MRA	STEP	MRA	STEP	MRA	STEP	MRA	STEP
Alexandria City Public Schools	No	Full Step, Mid-Year	Yes, 2% Support 1% Other	No	No	Full Step	No	Full Step	No	Full Step
Arlington County Schools	No	Full Step	Yes, 2%	No	No	Full Step	No	Full Step	Yes, Specific Employees	Full Step
Fairfax County Schools	Yes, 2% Mid-Year	No	No	Full Step	Yes, .62%	Full Step	Yes, 1%	Full Step	No	Full Step
City of Alexandria	No	Full Step	No	Full Step	No	Full Step	No	Full Step	No	Full Step

Jurisdiction	Average Employee Raise from FY 2018 Step Increase
ACPS	2.6%
Arlington	2.8%
Fairfax	2.5%
COA	2.9%

Key Expenditure Drivers: Textbook Adoptions

Recommendations	Copyright Year	Cost
<ul style="list-style-type: none"> • K-2 Reading Program (Texts) • K-2 Reading Program (Libraries) • 3-5 Reading Program (Texts) • 3-5 Reading Program (Libraries) 	2004	<ul style="list-style-type: none"> • \$262,500 • \$350,000 • \$262,500 • <u>\$350,000</u> <p>\$1,225,000¹</p>
<ul style="list-style-type: none"> • Social Studies (Grades 2-4): Replacement of Consumable Texts as Contract Expires in June 2018 	2011	<ul style="list-style-type: none"> • \$51,200



Justification: Align textbooks with the most current VDOE SOL revisions and provide consumable and replacement texts.

¹Following these adoptions, \$63k in replacement reading books would not be needed, bringing the net cost to \$1.16 M.

Key Expenditure Drivers: Targeted Reductions

Central Office Department Reductions

- Amount: \$535k
- Each Central Office Department was asked to reduce their non-personnel and non-contract personnel budget by at least 5%.
- Educational Facilities was excluded because of the budgetary needs associated with the new elementary school.
- Curriculum & Instruction reductions are prior to Textbook Adoptions.

Central Overtime Reductions

- Amount: \$250k
- Strategic reductions to overtime budgets primarily in Pupil Transportation.
- Aligned with recommendation of the recent functional audit of payroll processes.

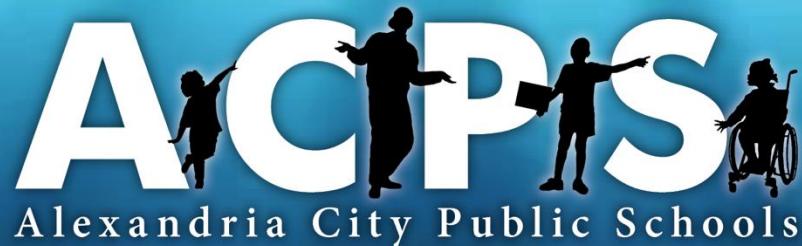
Discontinuing Partners in Education (PIE) Grant Program

- Amount: \$176k
- Program has been reduced several times over the last four years.
- Amounts awarded through competitive process each year so no organization is guaranteed continued funding.
- Currently five partners receiving grants for FY 2018.

Elementary Student Improvement (Flex) Reduction

- Amount: \$980k
- In FY 2018, each Elementary receives 3.5 FTE in flexible staff positions assigned at the Principal's discretion. (Schools with projected enrollment > 700 and FRPM > 60% are allocated 4.5 FTE).
- FY 2019 proposal reduces each school's allocation by 0.5 FTE.

Closing the Operating Fund Budget Gap



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FY 2019 Operating Funds Budget

Projected Revenue

Revenue Type	Amount
City Appropriations (FY 2018 Final)	(214,061,472)
State Revenue (FY 2019 Proposed)	(45,013,454)
Federal Revenue (FY 2019 Proposed)	(286,713)
Local Revenue (FY 2019 Proposed)	(1,037,747)
FY 2019 Projected Revenue	(260,398,986)

Projected Budget Gap

Description	Amount
FY 2019 Projected Revenue	(260,398,986)
FY 2019 Projected Expenditures ¹	275,373,064
FY 2019 Allowable Use of Fund Balance	(5,206,249)
FY 2019 Projected Budget Gap	9,767,829

¹ Includes transfer to Grants and Special Projects Fund to subsidize costs of Virginia Preschool Initiative.

² Includes Step Increase for eligible employees, salary scale change and 1% bonus for hold-step employees.

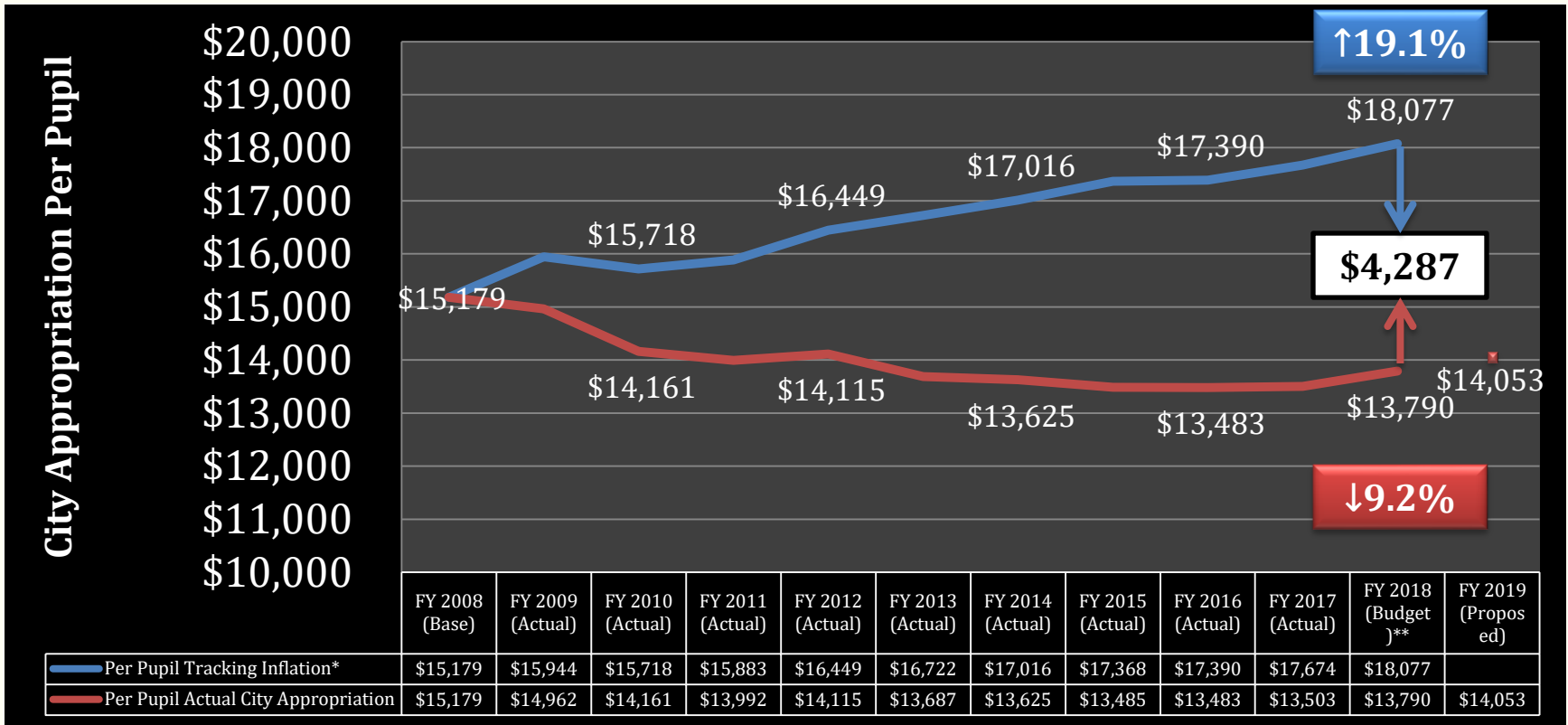
³ Savings from positions staffed at lower pay than exiting employees.

⁴ Salary portion only. Includes new West End Elementary positions.

Projected Expenditures

Expenditure Type	Amount
FY 2018 Final Budget ¹	261,894,427
Non-Discretionary Changes	15,265,839
Health Care/Benefits Changes	4,682,200
VRS Changes	(235,600)
Employee Salary Changes ²	4,711,000
Salary Savings ³	(550,000)
Enrollment-Driven Staffing Changes ⁴	3,888,300
Textbook Adoptions (Including TAG)	1,281,600
New Elementary O&M Costs	1,221,600
Other Non-Discretionary Changes	266,739
Discretionary Changes	(1,787,200)
5% Central Office Non-Pers. Reductions	(535,300)
Targeted Overtime Reduction	(250,000)
Reduction in Student Improvement FTE	(979,800)
Discontinuing PIE Grants	(175,900)
Other Discretionary Changes	153,800
FY 2019 Projected Expenditures ¹	275,373,064

Per Pupil City Appropriation over Time



\$4,287/Pupil = \$66.5 Million for FY 2018

*Proxy for Inflation Rates: CPI-U monthly data from U.S. Department of Labor Bureau of Labor Statistic as of October 31, 2017

** FY 2018 inflation projection based on average month July 2017 to September 2017. September 2017 is last month where data is available from U.S. Department of Labor Bureau of Labor Statistic as of October 31, 2017.

FY 2018 Local Funding Effort

Virginia School Division	% of City/County General Fund (Excluding School Debt Service)	% of City/County General Fund (Including School Debt Service)
Alexandria	29.4%	33.3%
Arlington	33.9%	37.7%
Fairfax	48.2%	52.8%
Falls Church	47.1%	52.0%
Loudoun	49.2%	57.9%
Manassas	41.8%	48.3%
Manassas Park	27.6%	44.1%
Prince William	40.5%	49.2%

Source: FY 2018 Final WABE Guide

FY 2019 Council Guidance

- On November 14, 2017, the Alexandria City Council passed Resolution No. 2797 which sets the guidance for the FY 2019 General Fund Operating Fund.
- Section (f.1) states: "[T]he City Manager shall recommend for transfer to the Alexandria City Public Schools operating fund an appropriation no greater than the amount approved by City Council for FY 2018 plus the overall General Fund FY 2019 revenue rate growth, the cost of FY 2019 increased enrollment and the new West End elementary school operating costs.

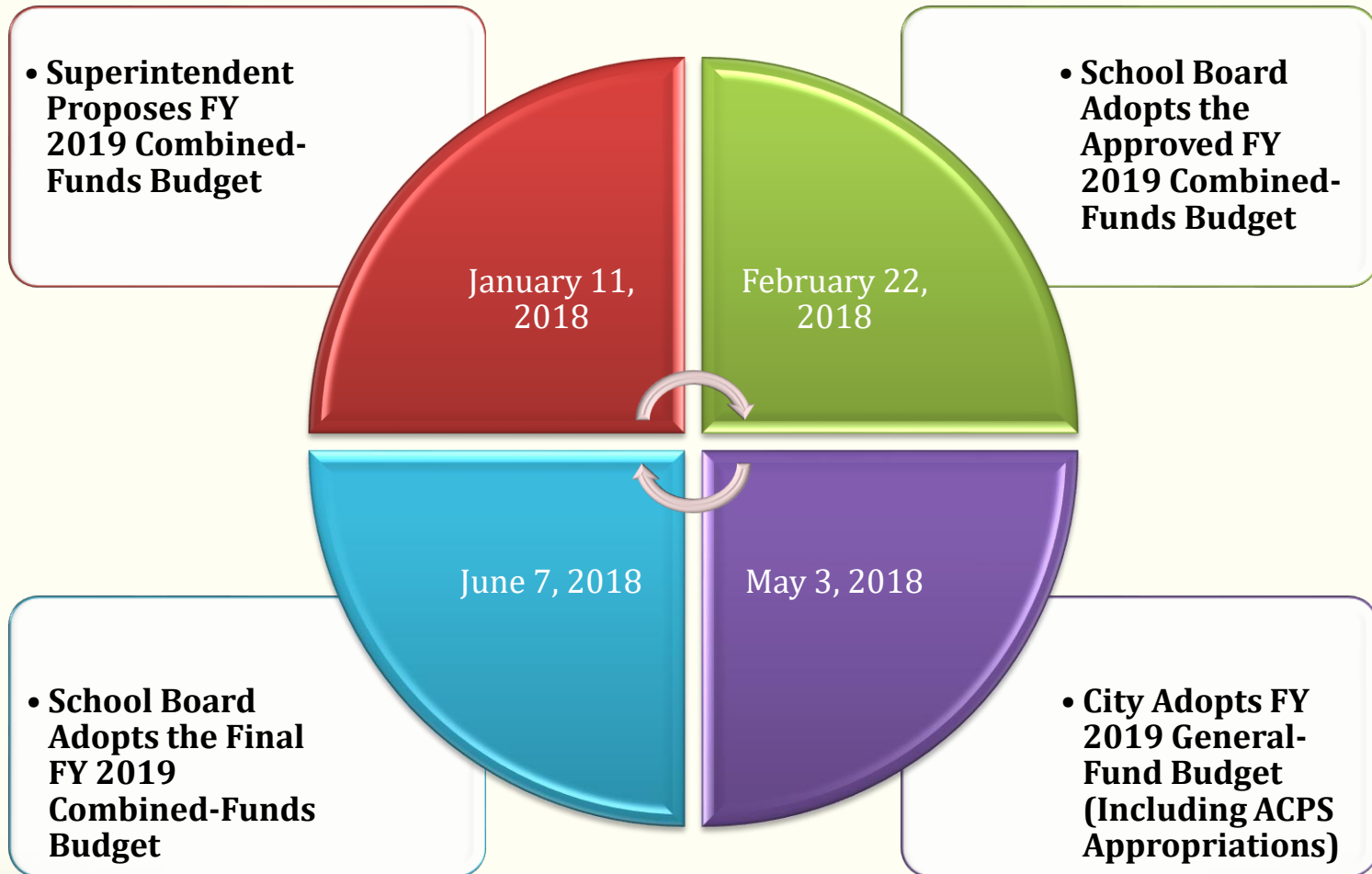
Item	Description	Amount
1	Amount approved by City Council for FY 2018	\$214,061,472
2	Overall General Fund FY 2019 revenue rate growth : 1.259%	\$2,695,034
3	Cost of FY 2019 increased enrollment	\$2,132,866
4	New West End elementary school operating costs	\$4,510,368
	Amount Established by City Council's Guidance	\$223,399,740
	City Appropriation Request in Proposed Budget	\$223,829,302
	Variance	\$(429,562)

Moving Forward through the FY 2019 Combined-Funds Budget Process



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FY 2019 Combined-Funds Budget Key Dates



Combined-Funds Budget Timeline

Date	Description
January 11, 2018	Superintendent's Proposed FY 2019 Combined-Funds (CF) Budget
January 18, 2018	Public Hearing on the CF Budget School Board CF Budget Work Session #1
January 24, 2018	School Board CF Budget Work Session #2
January 29, 2018	Deadline for School-Board Questions on the CF Budget
January 30, 2018	School Board (SB) CF Budget Work Session #3
February 2, 2018	Staff Deadline to Publicly Post Responses to SB CF Budget Questions
February 5, 2018	SB Deadline to Submit CF Add/Delete Requests
February 8, 2018	Staff Deadline to Send CF Add/Deletes to SB for Co-Sponsorships
February 12, 2018	SB Deadline to Submit CF Co-Sponsorships (by Noon)

Note: Two CIP-related joint City/Schools work sessions are scheduled for January 29 and 30, 2018.

Combined-Funds Budget Timeline

Date	Description
February 13, 2018	Staff Deadline to Publicly Post Co-Sponsorships and Updated Superintendent's Recommendations
February 15, 2018	Public Hearing on the CF Budget School Board CF Add/Delete Work Session #1
February 20, 2018	School Board CF Add/Delete Work Session #2 City Manager Presents the City's FY 2019 Proposed Budget
February 22, 2018	School Board Adoption of the FY 2019 CF Budget
March – Early May	City Council Operating and CIP Work Sessions and Add/Delete Sessions
May 3, 2018	City Council Budget Adoption (Including Appropriations to ACPS)
Early May – Early June	SB CF and CIP Work Sessions, Add/Delete Sessions, Budget Questions and Public Hearings
June 7, 2018	School Board Adoption of Final FY 2019 CF Budget and FY 2019-28 CIP

Opportunities for Public Comments & Questions

- Speak at one of the scheduled Budget Public Hearings and/or during School Board meetings:
<http://www.acps.k12.va.us/board/meetings>
- Email the Interim Superintendent at
superintendent@acps.k12.va.us
- Join the School Board's Budget Advisory Committee:
www.acps.k12.va.us/board/advisory
- Contact your school's PTA president and/or EAA representative with questions/comments

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Questions/Comments

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