

BOARD MEMO

Date: May 18, 2023

For ACTION

For INFORMATION

Board Agenda: Yes

No

FROM: Dominic B. Turner, Chief Financial Officer
Dr. Alicia Hart, Chief of Facilities and Operations
Erika Gulick, Executive Director of Facilities and Operations
Robert Easley, Director of Budget and Financial Systems

THROUGH: Dr. Melanie Kay-Wyatt, Superintendent of Schools

TO: The Honorable Meagan L. Alderton, Chair, and Members of the Alexandria City School Board

TOPIC: FY 2024 Combined Funds and CIP Add/Delete Work Session #1

ACPS 2025 STRATEGIC PLAN GOAL:

Goal 4: Strategic Resource Allocation

FY 2024 BUDGET PRIORITY:

- Full Implementation of Students with Disabilities Action Plan
- Reduce Class Sizes
- K-4 Literacy
- Target Chronic Absenteeism
- Restorative Practices Supports
- Develop plan and policy for Collective Bargaining
- Target planned compensation enhancements and staff retention efforts
- Increase support for Social and Emotional Learning
- Safe Routes to School coordination
- Building Upgrades
- Safety and Security Upgrades
- Textbooks
- Technology Upgrades
- ADA Projects
- Transportation
- Playgrounds
- Modernizations
- Capacity Projects
- Planning for Future Projects
- Communications Support
- Transparency and Engagement for CIP Projects

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SUMMARY:

According to the FY 2024 Rules of Engagement, Add/Delete items receiving “a minimum of two co-sponsors [are] to be considered with the Superintendent’s recommended adjustments.” No requests were submitted. Below are the Superintendent’s recommended adjustments to the Approved Budget.

Recommended Adjustments:

Combined Funds Budget (Operating Fund, Grants and Special Projects Fund, and School Nutrition Services Fund)

Operating Fund:

Additional funding of approximately \$537,818 in compensation, including salaries and benefits, \$430,254 for employee salaries and \$107,564 in employee benefits, is necessary to fully account for the proposed increase to the Market Rate Adjustment (MRA) and the elimination of the “hold-step” from the Salary Scale.

In response to additional information from the Virginia General Assembly and the Virginia Department of Education’s funding estimates to Virginia’s public schools, ACPS is projecting to receive Additional State Funds of approximately \$94,000 above what has been previously projected.

Additionally, based on more recent reporting from ACPS’ health insurance carriers, ACPS is positioned to see a slightly reduced increase in premium rates as were projected, resulting in a reduction of \$52,000 to the Operating Fund Employee Benefits.

The above-mentioned adjustments to the Operating Fund will be offset by the requisite amount to the division-wide estimate for position vacancy savings. The result of the adjustments will not affect the FY 2024 Total Expenditures

The Superintendent also recommends an adjustment to add the Use of Fund Balance an amount of \$1,966,021 to support the Capital Improvement Budget (CIP). Per policy DAB, funds exceeding the maximum allowable fund balance reserve of 5% (of total expenditures) may be appropriated for one-time use. This transfer of \$1,966,021 to the CIP will help support capital project needs.

Grants and Special Projects Fund:

Due to proposed increase to the Market Rate Adjustment (MRA), the elimination of the “hold-step” from the Salary Scale, and the slight reduction in the health insurance rate increase, the resulting compensation adjustments to Grants and Special Projects Fund is approximately, an additional \$72,627 in salary and \$18,157 in employee benefits.

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The above-mentioned adjustments to the Grants and Special Projects Fund will be offset by the requisite amount to the division-wide estimate for position vacancy savings. The result of the adjustments will not affect the FY 2024 Total Expenditures

School Nutrition Services Fund:

Due to proposed increase to the Market Rate Adjustment (MRA), the elimination of the “hold-step” from the Salary Scale, and the slight reduction in the health insurance rate increase, the resulting compensation adjustments to the School Nutrition Services Fund is approximately an additional \$16,914 in salary and \$4,228 in employee benefits.

The above-mentioned adjustments to the School Nutrition Services Fund will be offset by the requisite amount to the division-wide estimate for position vacancy savings. The result of the adjustments will not affect the FY 2024 Total Expenditures.

Capital Improvement Program (CIP):

Based on the City of Alexandria’s Approved Budget, there are a few adjustments to the CIP, which result in a \$7.5 million reduction from the School Board's approved FY 2024 CIP Budget. The total adjusted FY 2024 CIP budget is now \$51,255,900, which matches the City Council Approved CIP Budget. Below are the Superintendent’s Proposed Adjustments:

- Defer leased space renovation for the Chance for Change facility from FY 2024, \$2M, to FY 2025 and from FY 2025, \$10M, to FY 2026
- Reduce Patrick Henry completion from \$3.4M to \$2.9M based on bids received for this work
- Reduce FY 2024 funds for renovation of the 5th and 6th floors at Ferdinand T. Day from \$5.5M to \$0.5M to allow for re-initiation of design to start and move remaining funds with escalation to FY 2025, \$5.2M
- Re-allocate the \$2.0M proposed for William Ramsay HVAC to System-Wide HVAC to account for potential changes in ESSER funding and enable efficiency of the Educational Facilities team to get all proposed and in progress HVAC renovation projects completed
- Increase System-Wide Emergency Repairs account by \$0.05M

BACKGROUND:

FY 2024 Combined Funds Budget

The City of Alexandria, which is the largest revenue source to ACPS, voted to fully support the ACPS request for City appropriation at approximately \$258.7 million. The City’s appropriation was adopted by the City Council on May 3, 2023.

Final state revenue is still being decided at the state level. However, our current budget projects this revenue based on currently available information. Upon finalization of the state’s budget, depending on the scope of any changes, ACPS staff will determine the next appropriate stage to reflect such changes.

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To support our capital project needs, included in the Superintendent's adjustments is a Use of Fund Balance totaling \$1.97 million. This amount is the portion exceeding the 5% (of total expenditures) maximum that, according to policy, shall be in Fund Balance. Appropriating this one-time use, to transfer to the CIP will help limit the need for borrowing to complete CIP projects.

FY 2024-2033 Capital Improvement Program

Based on changes to the City of Alexandria's Approved Budget, the Superintendent proposes a few adjustments to the CIP, which result in a \$7.5 million reduction from the School Board's approved FY 2024-2033 CIP Budget. The total adjusted FY 2024 CIP budget is now \$51,255,900 which matches the City Council's Approved CIP Budget. The total adjusted FY 2024-2033 CIP Budget is \$460,763,500, exceeding the City Council's approved budget of \$367,163,100.

RECOMMENDATION:

The Interim Superintendent recommends that the School Board review the Superintendent's adjustments to the Alexandria City Public Schools Combined Funds Budget and Capital Improvement Program Budget.

IMPACT:

These recommended adjustments maintain the School Board's commitment to the FY 2024 Budget Priorities for both the Combined Fund Budgets and the Capital Improvement Program Budget.

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