

Date: May 2, 2024
For ACTION _____
For INFORMATION X

FROM: Robert Easley, Director of Budget & Financial Systems
Erika Gulick, Executive Director for Facilities

THROUGH: Dr. Melanie Kay-Wyatt, Superintendent of Schools
Dr. Alicia Hart, Chief Operating Officer
Dominic B. Turner, Chief Financial Officer

TO: The Honorable Dr. Michelle Rief, Chair, and Members of the Alexandria
City School Board

TOPIC: Recommendations for Superintendent's Adjusted Combined Funds (CF)
and Capital Improvement Program (CIP) Budgets

ACPS 2025 STRATEGIC PLAN GOAL:

- Goal 1: Systemic Alignment
- Goal 2: Instructional Excellence
- Goal 3: Student Accessibility and Support
- Goal 4: Strategic Resource Allocation
- Goal 5: Family and Community Engagement

SY 2024-2025 FOCUS AREA:

All

FY 2025 BUDGET PRIORITY:

- Recruitment and Retention
- Tier 1 Instruction: Alignment, Rigor and Engagement
- CASEL Social Emotional Learning Competencies
- Collective Bargaining
- Middle School Athletics
- Student Connection and Attendance.

SUMMARY:

On Thursday, May 2, 2024, the Superintendent will submit her Adjusted Combined Funds and CIP Budgets which must factor in any changes since the School Board approved the budget on February 22, 2024. Revenue and Expenditure adjustments, to

the Combined Funds (Operating, Grants & Special Projects, and School Nutrition Services) and adjustments to the Capital Improvement Program (CIP) budget, since the budgets were approved are enumerated below:

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

Operating Fund:

On Wednesday, May 1, the Alexandria City Council unanimously adopted a Fiscal Year (FY) 2025 General Fund Operating Budget. This included the appropriation to ACPS totaling \$273.03M, a \$14.3M increase over FY 2024.

Along with other adjustments, the Superintendent proposes to add a 1.5% Market Rate Adjustment (MRA) for all eligible ACPS staff, across the Combined Funds, for FY 2025. The resulting impact to compensation is approximately \$4 million. On average the year over year salary increase for staff will be 6.6%.

ACPS will also recognize approximately \$400,000 of additional Virginia Preschool Initiative (VPI) revenue due to a projected increase in funding from the Commonwealth of Virginia. The additional revenue, to the Grants and Special Projects Fund, allows for a reduced contribution to support the program from the Operating Fund.

Additionally, based on more recent estimates from ACPS' health insurance carriers (specifically Kaiser and United Healthcare), ACPS is positioned to see savings of \$984,000 from the Approved Budget.

The above-mentioned adjustments to the Operating Fund will be offset by the following items:

- \$232K - 2.0 FTEs Advanced Academic Services (itinerant teachers)
- \$125K - 1.0 Program Coordinator dedicated to marginalized students
- \$100K - Marginalized Student Achievement Program
- \$200K - Impact of FY 2024 position reclassifications
- \$263K - Communities in Schools funding
- \$464K - 4.0 FTEs Teachers at ACHS
- (\$400K) - Virginia Preschool Initiative transfer reduction
- (\$984K) - Healthcare cost reduction

The result of the Proposed Superintendent's Adjustments remains a balanced FY 2025 Operating Fund's budget.

Grants and Special Projects Fund:

Based on the Superintendent's proposal to add a 1.5% Market Rate Adjustment (MRA) for all eligible ACPS staff, across the Combined Funds, for FY 2025, the Grants & Special Projects Fund will absorb the impact of approximately \$187,500.

ACPS will also recognize approximately \$400,000 of additional Virginia Preschool Initiative (VPI) revenue due to a projected increase in funding from the Commonwealth of Virginia.

Due to the recognition of reduced health insurance renewal rates, the resulting benefits adjustments to Grants and Special Projects Fund is approximately \$56,200 in employee benefits.

The above-mentioned adjustments to the Grants and Special Projects Fund will be offset by the requisite amount of non-compensation account increases for each affected grant and/or special project.

The result of the adjustments will not affect the FY 2025 Total Grants and Special Projects Fund Budget.

School Nutrition Services Fund:

Based on the Superintendent proposal to add a 1.5% Market Rate Adjustment (MRA) for all eligible ACPS staff, across the Combined Funds, for FY 2025, the School Nutrition Services Fund will absorb the impact of approximately \$75,000 due to the compensation increase.

Due to the recognition of reduced health insurance renewal rates, the resulting benefits adjustments to School Nutrition Services is approximately \$49,900 in employee benefits.

The above-mentioned adjustments to School Nutrition Services will be offset by the requisite amount of non-compensation increases, specifically to Capital Outlay.

The result of the adjustments will not affect the FY 2025 Total School Nutrition Services Budget.

The Proposed Superintendent's Adjustments also reflect an increase to the total Combined Fund's full-time equivalent (FTE) staff by 7.0 FTEs. The adjusted total staffing is 2,703.70 FTEs.

Capital Improvement Program (CIP):

The City of Alexandria's Approved Budget resulted in a \$548,400 reduction from the School Board approved FY 2025-2034 CIP Budget.

The total adjusted FY 2025 CIP budget is now \$107,608,600 which matches the City Council Approved CIP Budget. Below are the Superintendent's Proposed Adjustments:

- **Addition of \$1,441,000** to the Swing Space Renovation at 1703 N. Beauregard St to fund the exterior playground and associated site work funded through the following adjustments:
 - **Reduction of \$239,000** from System-Wide Project Planning. Project Planning will use existing CIP funds from previous years,
 - **Re-allocation of \$250,000** from ACHS King Street Renovations and Reconfigurations for the Planetarium. Funds have already been identified for this project.
 - **Reduction of \$491,000** from Transportation Services for the replacement of existing fleet vehicles based on planned replacements this upcoming fiscal year.
 - **Re-allocation of \$500,000** from Ferdinand T. Day Exterior Playgrounds to be added to the Swing Space renovation to fund the same project.

BACKGROUND:

FY 2025 Combined Funds Budget

ACPS submitted a total City appropriation request of \$279,571,300 for FY 2025, an increase of 8.1% from FY 2024. The City of Alexandria, which is the largest revenue source to ACPS, adopted its budget on May 1, 2024 which includes the appropriation to ACPS of \$273,034,300, approximately \$6 million less than the School Board requested.

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.

FY 2025-2034 Capital Improvement Program

The City of Alexandria's Approved Budget resulted in a \$548,400 reduction from the School Board approved FY 2025-2034 CIP Budget.

The total adjusted FY 2025 CIP budget is now \$107,608,600 which matches the City Council Approved CIP Budget.

RECOMMENDATION:

The 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, as submitted.

IMPACT:

These recommended adjustments maintain the School Board's commitment to the FY 2025 Budget Priorities for both the Combined Fund Budgets and the Capital Improvement Program Budget.

ATTACHMENTS:

1. FY25-34 CIP Budget Details
2. FY25-24 CIP Budget Summary

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