

School Board Budget Priorities

*FY 2018 Combined Funds Budget and
FY 2018 – FY 2027 Capital Improvement
Program (CIP) Budget*

September 15, 2016



Every Student Succeeds

Essential Questions

- What input or feedback did school board members provide during the August 2x2 budget meetings?
- What are some of the key challenges and areas of focus for ACPS?
- What are the FY 2018 budget priorities for the CIP and combined funds budgets?
- What is the fiscal outlook for FY 2018 and long-term funding challenges facing the school division?

FY 2018 Budget Planning Process

Small group meetings with individual Board members and ACPS leadership were held in August 2016. Board Members were asked to consider and provide feedback on the following topics:

Topic	Discussion Points
FY 2018 Budget Priorities	<ul style="list-style-type: none">• Review of FY 2017 Board Budget Priorities in order to establish FY 2018 priorities for both CIP and Combined Funds
FY 2018-2027 CIP Projects	<ul style="list-style-type: none">• Comments or requests regarding new projects or the modification of planned projects
Budget Calendar and Work Sessions	<ul style="list-style-type: none">• Comments/questions about the proposed budget calendar• Suggested topics for budget work sessions
FY 2018 Budget Process Resolution	<ul style="list-style-type: none">• Comments/ questions about the draft resolution
FY 2018 Budget Adoption Rules of Engagement	<ul style="list-style-type: none">• Comments/questions about the Rules of Engagement and the suggested increase in the number of co-sponsors required for add-delete proposals
FY 2018 Fiscal Outlook	<ul style="list-style-type: none">• Revenue and enrollment projections• Philosophy regarding salaries and benefits• Strategic Plan implementation

School Board Feedback

Topic	Discussion Points
Budget Calendar and Work Sessions	<ul style="list-style-type: none"> • Staff recommended a budget calendar with the following key dates: <ul style="list-style-type: none"> • Community Budget Forum on October 6, 2016 • Presentation the FY 2018 – 2027 CIP Budget on October 27, 2016 • Presentation the FY 2018 Combined Funds Budget on January 12, 2017 • No immediate changes were required, except for the consideration of a joint City Council/ School Board budget work session in November.
Budget Process Resolution	<ul style="list-style-type: none"> • The budget process resolution remains generally unchanged from last year, except for the addition of minor clarifying language regarding maximum expenditure levels (Section D) and updated language regarding the use of fund balance to reflect the new fund balance policy (Section E.3.). No further adjustments were required.
Budget Adoption Rules of Engagement	<ul style="list-style-type: none"> • The rules of engagement are largely the same as last year with the exception of staff’s recommendation to increase the minimum number of co-sponsors from one to three (Section II.C.). • Some members are concerned that the co-sponsorship change would impact the transparency of the budget process and that this will become too restrictive for the discussion of add-delete proposals. • Staff indicated that this change is consistent with the City Council’s process, better informs the Superintendent’s recommended adjustments, focuses the add-delete discussion to those items that will likely have majority support and sets clear expectations regarding discussion topics for the board and the public. All proposals are posted and available to the public and members are free to share and discuss possible adjustments at any budget work session prior to the add-delete session. To address School Board concerns, the language has been slightly modified to add flexibility.

Please refer to the School Board Work Session materials presented on September 1, 2016 for the first draft of these documents, which are scheduled for board approval on September 15, 2016.

Challenges and Areas of Focus

- Achievement Gap
- Secondary Math
- Science K-12
- Elementary World Language
- Length of School Day
- Instructional Planning
- Specialized Instruction
- On-time Graduation Rate
- Suspension Disproportionality
- Facilities Improvements
- Redistricting
- Succession Planning and Retention



FY 2018 Combined Funds Budget Priorities

Core Achievement	Student Services	Targeted Intervention	Recruitment, Training and Retention	Operational Effectiveness
<ul style="list-style-type: none"> • Literacy • Mathematics • Science • Social Studies • Writing 	<ul style="list-style-type: none"> • Specialized Instruction • English Learners • Talented and Gifted/ Honors Support/ <u>Opportunities for Acceleration</u> • <u>Student, Family and Community Engagement</u> • <u>Student Health and Wellness</u> 	<ul style="list-style-type: none"> • Gap Group Achievement • Pre-K Initiatives • <u>Alternative Education Programming</u> • <u>Substance Abuse Prevention and Intervention Services</u> 	<ul style="list-style-type: none"> • Effective Recruitment • Creative Retention Strategies • Leadership Development/ <u>Succession Planning</u> • Cultural Competency 	<ul style="list-style-type: none"> • Revenue and Grants Development • Communications • Optimal <u>and Equitable</u> Learning Environments • Redistricting
<p><u>Items that are underlined are priorities that have been added for FY 2018.</u></p>				

School Board Feedback

Topic	Discussion Points
FY 2018 Combined Funds Budget Priorities and Considerations	<ul style="list-style-type: none">• Within core achievement, greater focus seems necessary; eliminate literacy and social studies; add evaluation of curriculum and instructional practices; add play-based and global learning/ socialization; and/or consider prioritizing content areas• For student services or targeted intervention, consider adding restorative justice; suspension/expulsion disproportionality; gang intervention and prevention; suicide/depression support; and student counseling/advisement• Consider working conditions for all staff, TELL survey of central office and greater communication of the non-monetary benefits of working for ACPS; provide cost of living salary adjustments as minimum, particularly for lowest paid staff• Set targets for revenue growth/ grants development; consider advertising for private funding; utilize more volunteers

FY 2018 Operating Fund Fiscal Outlook

Alexandria City Public Schools Operating Fund Statement of Revenues, Expenditures and Changes in Fund Balance (\$ in millions)							
	Budget	Budget	Projection Years				
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Revenues							
City Appropriation	\$ 198.8	\$ 206.6	\$ 215.1	\$ 222.1	\$ 229.2	\$ 236.9	\$ 243.0
State Funds	\$ 36.3	\$ 39.4	\$ 42.1	\$ 43.8	\$ 45.8	\$ 47.9	\$ 49.9
Local Funds	\$ 1.1	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7	\$ 0.7
Federal Funds	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1
Total Revenues	\$ 236.3	\$ 246.7	\$ 258.0	\$ 266.7	\$ 275.8	\$ 285.7	\$ 293.8
Expenditures							
Personnel	\$ 154.4	\$ 162.4	\$ 174.8	\$ 184.8	\$ 196.1	\$ 207.2	\$ 218.1
Benefits	\$ 53.0	\$ 56.1	\$ 63.3	\$ 70.1	\$ 74.1	\$ 78.1	\$ 81.9
Purchased Services	\$ 13.2	\$ 12.8	\$ 13.2	\$ 13.6	\$ 14.0	\$ 14.4	\$ 14.8
Other Charges	\$ 10.0	\$ 9.4	\$ 9.6	\$ 9.9	\$ 10.1	\$ 10.3	\$ 10.6
Materials and Supplies	\$ 7.2	\$ 7.5	\$ 8.2	\$ 8.6	\$ 9.1	\$ 9.6	\$ 10.0
Capital Outlay	\$ 2.5	\$ 2.8	\$ 2.9	\$ 3.0	\$ 3.1	\$ 3.2	\$ 3.3
Total Expenditures	\$ 240.3	\$ 251.0	\$ 272.0	\$ 290.0	\$ 306.4	\$ 322.8	\$ 338.7
Excess / (Deficiency) of Revenues over / (under) Expenditures	(3.9)	(4.3)	(14.0)	(23.3)	(30.6)	(37.1)	(44.8)
Other Items for Consideration							
Capacity Solutions	\$ -	\$ 2.2	\$ 10.2	\$ 15.6	\$ 18.1	\$ 19.0	\$ 21.4
New Textbook Adoptions	\$ -	\$ 0.2	\$ 2.1	\$ 1.9	\$ 1.4	\$ 1.4	\$ 1.4
Strategic Investments	\$ -	\$ -	\$ 0.8	\$ 0.9	\$ 1.7	\$ 3.3	\$ 5.9
Total	\$ -	\$ 2.4	\$ 13.2	\$ 18.4	\$ 21.2	\$ 23.7	\$ 28.7
Excess / (Deficiency) of Revenues over / (under) Expenditures and Other Items for Consideration	(3.9)	(6.6)	(27.2)	(41.7)	(51.8)	(60.8)	(73.5)
Other Financing Sources / (Uses), Net including the use of fund balance	\$ 3.9	\$ 6.6	\$ (1.4)	\$ (1.4)	\$ (1.4)	\$ (1.5)	\$ (1.7)
Surplus/ (Deficit)	\$ 0.00	\$ -	\$ (28.6)	\$ (43.1)	\$ (53.2)	\$ (62.3)	\$ (75.2)

Notes:

This forecast is based on the following assumptions:

- City Appropriation is based on the same per pupil amount as the FY 2017 Final Budget (\$13,527 per student).
- State revenues are based on a per pupil amount that grows by an average of 1.6% per year.
- Local and Federal revenues are held flat.
- Compensation projections include a full step increase each year along with the additional staffing required to maintain current student/teacher ratios.
- The VRS rate increases to 16.32% for FY 2018 and to 18.20% in FY 2019 and beyond per State guidance.
- Health and Dental premiums are projected to increase by 2.5% and 5.0%, respectively, per year.
- All other costs are projected to increase as a function of student enrollment increases and an inflation factor (ranging between 2.3% and 2.5%).
- *Capacity Solutions* include full lease costs for the West End Elementary, Swing Space, and the Central Preschool in FY18. A Specialized Academy comes online in FY20 and a second Central Preschool is scheduled to come online in FY22.
- *New Textbook Adoptions* follows the schedule provided by Dr. John Brown in December, 2015.
- *Strategic Investments* includes funding for the Elementary World Language program roll-out.

FY 2018-FY2027 CIP Budget Priorities

Capacity	Safety	Maintenance	Community	Equity
<ul style="list-style-type: none"> • Secondary Capacity <ul style="list-style-type: none"> ➢ Middle School ➢ High School • Elementary Capacity <ul style="list-style-type: none"> ➢ <u>New Schools</u> ➢ Modernization ➢ Swing Space • Pre-K Capacity • Transportation <ul style="list-style-type: none"> ➢ Buses 	<ul style="list-style-type: none"> • Fire and Life Safety Systems • Access Control • ADA Accessibility 	<ul style="list-style-type: none"> • Building Upgrades <ul style="list-style-type: none"> ➢ HVAC ➢ Electrical ➢ Plumbing ➢ <u>Painting</u> • Building Envelopes <ul style="list-style-type: none"> ➢ Roof Systems ➢ Windows 	<ul style="list-style-type: none"> • Outdoor Fields, <u>Play Spaces</u> and Sports Areas • Community-funded Partnership Projects 	<ul style="list-style-type: none"> • Established standards across all schools <ul style="list-style-type: none"> ➢ <u>Play Spaces</u> ➢ <u>Cafeterias</u>

Items that are underlined are priorities that have been added for FY 2018.

School Board Feedback

Topic	Discussion Points
<p>FY 2018 CIP Budget Priorities and Project Considerations</p>	<ul style="list-style-type: none"> • Capture the importance of routine maintenance such as mowing, landscaping, pest control, mold abatement, painting, etc. • Explore solar options, incorporate LEED goals for capacity projects • Evaluate the facilities work order system and staffing resources required to meet division needs • Consider a new middle school and/or new high school • Explain cost efficiencies from modernization to reduce emergency and non-capacity projects • Perform safety and security assessment • Reconsider the Minnie Howard project in context of fiscal challenges and overall needs at secondary • Define the educational vision for the City and impact on CIP • Evaluate longer term needs, consider 15 - 20 year solution • Finalize land study and consider if any options are feasible • Emphasize the importance of the grade-level configuration study and consider more creative possibilities, such as an elementary school becoming a middle school • Assess modular unit expansion across the division to add capacity • Narrow the focus for budget priorities, focusing on the most pressing issues at hand or even one year at a time; consider eliminating community-funded projects

FY 2017-2026 Adopted CIP and Funding Gap

	Project	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Grand Total
PRE-K	Retrofitting existing vacant buildings for preschool (360 student capacity)	8,262,000				9,119,702						17,381,702
ELEMENTARY	Retrofitting an existing vacant building for elementary capacity west end (700 student capacity)	16,065,000										16,065,000
	James K. Polk- addition of 5 modular classrooms (850 student capacity)	4,532,298										4,532,298
	Retrofitting an existing vacant building for Swing Space (800 student capacity)		18,819,000									18,819,000
	Douglas MacArthur- school replacement (775 student capacity)			7,908,685	39,543,424							47,452,109
	Cora Kelly-modernization of whole building and the addition of 10 classrooms (650 student capacity)					4,648,293	23,241,463					27,889,756
	George Mason-school replacement (600 student capacity)							6,983,767	34,918,833			41,902,600
	New Elementary School - Design of new building (600 student capacity)										7,520,753	7,520,753
	SECONDARY	T.C. Williams Minnie Howard Campus-10 classroom addition (8-core classrooms, 2 science lab rooms), core space expansion and limited building renovation (1140 student capacity)	4,832,585	25,000,200								
Retrofitting an existing vacant building for specialized secondary academy (650 student capacity)				15,672,698								15,672,698
OTHER	Transportation Facility			6,100,000								6,100,000
	Modernization Subtotal	33,691,883	43,810,200	29,681,383	39,543,424	13,767,995	23,241,463	6,983,767	34,918,833		7,520,753	233,168,701
	Non-Capacity Subtotal	10,501,668	7,287,983	6,769,417	6,402,536	6,963,299	8,129,492	5,221,720	2,623,802	2,412,000	1,696,000	58,007,917
	Grand Total	44,193,551	51,107,183	36,450,800	45,945,960	20,731,294	31,370,955	12,205,487	37,542,635	2,412,000	9,216,753	291,176,618
	City Council Approved	44,193,551	32,500,000	31,900,000	14,875,000	15,000,000	22,900,000	37,000,000	37,400,000	29,000,000	9,216,753	273,985,304
	Variance	-	(18,607,183)	(4,550,800)	(31,070,960)	(5,731,294)	(8,470,955)	24,794,513	(142,635)	26,588,000	-	(17,191,315)

Moving Forward

Budget Calendar Key Dates

- Public Hearing, 9/15
- Budget Priorities, 9/29
- Community Forum, 10/6
- Proposed CIP Budget, 10/27
- CIP Work Session, 11/3
- CIP Work Session, 11/7
- CIP Work Session, 11/21
- Public Hearing, 12/1
- CIP Add/Delete Session, 12/6
- CIP Add/Delete Session, 12/8
- CIP Budget Adoption, 12/15

Community Engagement

- Public Hearings
- Community Forums
- Long Range Educational Facilities Plan
- Redistricting
- Swing Space
- School Modernization
- Secondary Capacity
- Economic Development with School Representation
- Funding Growth and Diversification Strategies

Questions

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