

BOARD MEMO

Date: September 19, 2019
For ACTION _____
For INFORMATION x
Board Agenda: Yes x
No _____

FROM: Dominic B. Turner, Chief Financial Officer

THROUGH: Gregory C. Hutchings, Jr., Ed.D., Superintendent of Schools

TO: The Honorable Cindy Anderson, Chair, and
Members of the Alexandria City School Board

TOPIC: FY 2020-2025 Fiscal Forecast

ACPS 2020 STRATEGIC PLAN GOAL:
Goal 6: Effective and Efficient Operations

SY 2019-2020 FOCUS AREA:
Focus Area 2: Budget Process

FY 2020 BUDGET PRIORITY:
Specialized Instruction
English Learner Services
Gap Group Achievements
Academics
Communications and Customer Service for External Stakeholders
Leadership and Professional Development
Competitive Compensation
Retention and Recruitment
Safe Schools for Students and Faculty
Optimal and Equitable Learning Environments
Mental and Social/Emotional Health
Physical Education/Fitness
Nutrition Programs
Communications and Customer Service for Internal Stakeholders

BACKGROUND:
Each September, the School Board begins budget development for the next fiscal year. This budget work session commences public work on the FY 2020-2025 fiscal forecast

Five-Year Fiscal Forecast: In order to facilitate long-term planning and budgeting efforts, ACPS Staff provides the School Board with periodic updates on the long-term fiscal forecast of the Operating Fund.

SUMMARY:
The following document will be discussed during the FY 2021 Budget Work Session on September 19, 2019:

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Five-Year Fiscal Forecast: The FY 2020 – FY 2025 Operating Fund Fiscal Forecast reflects the financial challenges that the Division will face in the coming years. Over the previous decade, student enrollment and expenditures have increased at a far quicker pace than the corresponding revenue has grown. ACPS Staff analysis shows that this trend will continue into the future, requiring a combination of revenue enhancements and expenditure reductions to balance sizable projected budget gaps.

For FY 2021, the projected budget deficit is \$14.6 million. Each year, as expenditures outstrip revenues, the estimated budget gap will continue to expand. By FY 2025, the annual funding deficit projection grows to \$55.3 million.

This fiscal forecast begins with the FY 2020 Final Operating Fund Budget which was balanced with the use of \$5.7 million in fund balance. In each fiscal year beginning with FY 2021, adjustments were made to reflect the anticipated revenue and expenditure assumptions. These assumptions (based on historical data and analysis of the operating impacts of the Capital Improvement Program) will be discussed in the work session.

RECOMMENDATION:

The Superintendent recommends that the School Board review the Five-Year Fiscal Forecast in preparation for the work session.

ATTACHMENTS:

- 1) FY 2020 – FY 2025 Operating Fund Fiscal Forecast

CONTACT:

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