

Date: May 9, 2019

For ACTION _____

For INFORMATION X

Board Agenda: Yes X

No _____

FROM: Dominic Turner, Acting Chief Financial Officer
Mignon R. Anthony, Chief Operating Officer
Robert Easley, Acting Director of Budget and Financial Systems
Anita J. Cordova, Director, Operations Coordination

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: School Board Work Session: FY 2020 Combined-Funds Budget and FY 2020 – 2029 Capital Improvement Program Budget

BACKGROUND:

FY 2020 - 2029 Capital Improvement Program Budget

The School Board adopted its FY 2020 – 2029 Capital Improvement Program (CIP) Budget on December 20, 2018 totaling \$42.6 million for FY 2020 and \$478.5 million across all ten years. On May 1, 2019, City Council adopted its FY 2020 – 2029 CIP Budget which allocated funds for the entire amount requested as either *Direct Funding* or *Reserved Bond Capacity/Cash Capital*. This is detailed in the chart below.

Description	FY 2020 Appropriation	FY 2020 – 2029 Total Allocation
Capital Request to City, Per School-Board-Adopted Budget	\$42,609,638	\$478,530,584
Capital Allocations, Per City-Council-Adopted Budget:		
Direct Funding to ACPS	\$36,829,355	\$448,275,955
Reserved Bond Capacity/Cash Capital – Out Year Contingency	\$0	\$24,474,348
Reserved Bond Capacity/Cash Capital – Transportation Facility	\$0	\$6,710,000
Total Capital Allocations, Per City-Council-Adopted Budget	\$36,829,355	\$479,460,304
ACPS Capital Fund Budget Gap/Surplus, as of May 3, 2019	(\$5,780,283)	\$929,720

FY 2020 Combined-Funds Budget

On February 21, 2019, the School Board adopted its FY 2020 Combined-Funds Budget which included an Operating Fund request to the City of Alexandria for \$232.3 million. City

Council adopted its General Fund Budget on May 1, 2019 inclusive of a transfer to the ACPS Operating Fund in the amount of \$231.67 million (Funding for textbooks was removed from the Operating Fund and placed in the CIP, and an additional \$0.08 million was added). In addition state revenue for the Operating Fund decreased \$0.18 million. Following these actions, the ACPS FY 2020 Operating Fund Budget Gap was \$0.81 million, as shown below.

Description	Amount
Less City Appropriation (to Operating Fund)	\$631,145
Less State Revenue	\$176,875
ACPS Operating Fund Budget Gap as of May 9, 2019	\$808,020

SUMMARY:

FY 2020 - 2029 Capital Improvement Program Budget

The CIP allocation from the City Council approved CIP includes \$36.8M for FY 2020. This indicates a \$5.8M gap in funding from the School Board proposed \$42.6M for FY 2020. The following adjustments are proposed to address the funding gap in FY 2020:

Technical Adjustment:

The John Adams kitchen project was inadvertently doubled prior to School Board adoption. This project will be reduced from \$651,926 to \$325,963.

Deletes:

The Transportation Facility modernization project funds totaling \$6.7M will be deferred from FY 2020 to FY 2022 based on approved funding. This should align with the timeline of the recommendations from the Witter-Wheeler campus study currently being conducted by the City of Alexandria’s Department of General Services.

Adds:

City Council included an additional \$0.5M in the FY 2020 budget intended to be used for Mount Vernon Community School building upgrades. Staff recommends this funding be placed in the Mount Vernon renovation/reconfiguration budget line item, to increase this total line item to \$1M.

City Council approved a re-allocation of \$0.7M from the FY 2020 operating fund to FY 2020 CIP fund intended for ACPS textbooks. Staff recommends this funding be placed in a new budget line item under System-Wide: Curriculum and Instruction Materials and be used for the originally intended use outlined in the FY 2020 Proposed Operating budget. Staff is also including the intended textbook replacement funding, as originally outlined in the Proposed Operating Budget, in the CIP for FY 2020 – 2029. Funds for textbook replacement are outlined in Attachment 3 under a new line item, System-Wide: Curriculum & Instruction Materials.

These are the only Superintendent’s adjustments being recommended at this time in order to meet the FY 2020 CIP funding gap and acknowledge the intent of City Council to move textbook replacement to the CIP budget. Adjustments recommended are shown in the attached CIP summary and details charts. These adjustments result in a total FY 2020 – 2029 CIP of \$488.2M and a gap from total City Council approved funding of \$8.7M.

Adjustments required as a result of the decision to use the existing Patrick Henry building as swing space for Douglas MacArthur Elementary School will be incorporated as part of the FY 2021 – 2030 Superintendent’s Proposed CIP to be consistent with CIP development practices and to have more accurate information available. Existing funds in the FY 2019 CIP will be used to pursue this project through FY 2020. ACPS and City staff will also be working collaboratively to update construction estimates for the FY 2021 – 2030 Superintendent’s Proposed CIP.

FY 2020 Combined-Funds Budget

The Combined-Funds Budget is comprised of the Operating Fund, Grants & Special Projects Fund and the School Nutrition Fund. The Grants & Special Projects Funds and School Nutrition Fund both remain in balance and no changes from the School-Board Adopted Budget are recommended. As described above, the current Operating Fund Budget Gap is \$0.81 million.

Additionally, to facilitate funding 20 custodian FTEs, \$1.80 million will be needed. An additional \$0.04 million is required for professional development, which increases the budget gap to \$2.61 million. To close this budget gap \$1.62 million in custodial contracts and severance pay, and \$0.18 million for substitute funding would be eliminated. With the City funding textbooks through the CIP budget, a reduction of \$0.71 million to the Operating Budget can occur. This would narrow the budget gap to \$0.14 million. That gap is fully depleted through revenue enhancements of \$0.10 million and expenditure reductions of \$0.04 million respectively. These proposed actions are outlined in summary form below and are detailed in the attached presentation.

Description	Amount	Running Total
ACPS Operating Fund Budget Gap as of May 9, 2018	\$808,020	\$808,020
Add 20 Custodian FTEs (Salary)	\$799,960	\$1,607,980
Add 20 Custodian FTEs (Fringe Benefits)	\$306,215	\$1,914,195
Supplies/Materials/Intermittent	\$357,757	\$2,271,952
Estimated Custodian Contract	\$337,858	\$2,609,810
Delete Custodial Contract Funding	(\$1,158,264)	\$1,451,546
Delete Severance Package	(\$463,433)	\$988,113
Reduce Funds for Substitutes	(\$180,093)	\$808,020
Additional Professional Development	\$39,600	\$847,620
Shifting Textbook Purchase to CIP Budget	(\$708,750)	\$138,870
Medicaid Revenue Enhancement	(\$96,272)	\$42,599
Expenditure Reductions	(\$42,599)	\$0
Remaining Budget Gap	\$0	

Numbers rounded to nearest whole dollar

RECOMMENDATION: The Superintendent recommends that the School Board considers these proposed changes as they prepare School Board Budget Questions and Add/Delete requests for both the Combined-Funds Budget and the CIP Budget.

CONTACT PERSON: Dominic Turner, Acting Chief Financial Officer, 703-619-8146

ATTACHMENTS:

1. School Board Work Session Presentation

2. FY 2020 – 2029 CIP Summary with Proposed Changes
3. FY 2020 – 2029 CIP Details with Proposed Changes