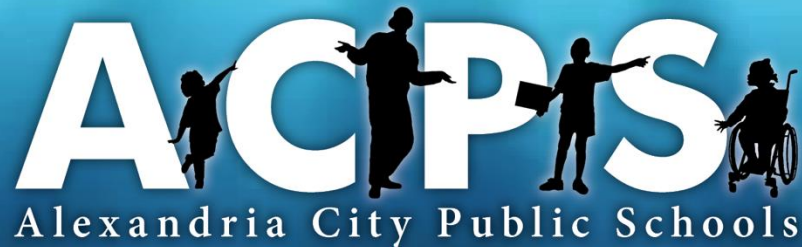


# FY 2019 ACPS Operating Budget

Joint City Council and School Board Work Session

February 26, 2018



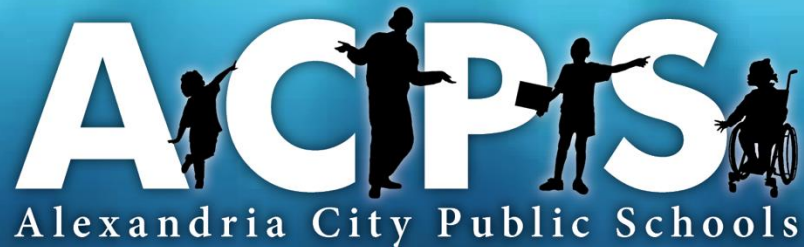
*Every Student Succeeds*

# Essential Questions

---

- What are the strategic goals and priorities for this FY 2019 Approved Budget?
- What are the primary drivers of expenditures and revenues for the FY 2019 budget?
- What City Appropriation is required to implement the ACPS operating budget?

# Strategic Plan and Budget Priorities



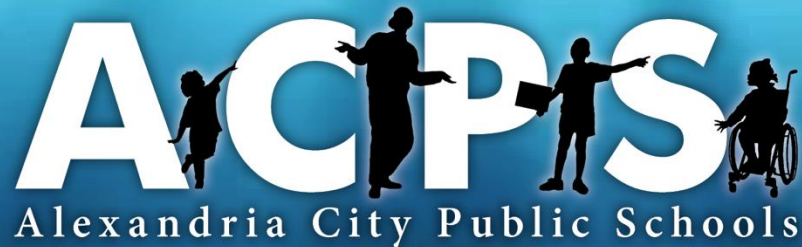
*Every Student Succeeds*

# ACPS 2020 Strategic Plan Goals

- **Goal 1 – Academic Excellence and Educational Equity:** Every student will be academically successful and prepared for life, work, and college.
- **Goal 2 – Family and Community Engagement:** ACPS will partner with families and the community in the education of Alexandria’s youth.
- **Goal 3 – An Exemplary Staff:** ACPS will recruit, develop, support, and retain a staff that meets the needs of every student.
- **Goal 4 – Facilities and the Learning Environment:** ACPS will provide optimal and equitable learning environments.
- **Goal 5 – Health and Wellness:** ACPS will promote efforts to enable students to be healthy and ready to learn.
- **Goal 6 – Effective and Efficient Operations:** ACPS will be efficient, effective, and transparent in its business operations.



# Key Operating Fund Budget Drivers



*Every Student Succeeds*

# Key Operating Fund Budget Drivers

## Revenues

- Increased State appropriation estimate
- Increased Medicaid revenue forecast
- Increased local revenue projection
- Targeting of new revenue sources:
  - Impact Aid
  - Community partnerships and grants
- Request for reasonable City appropriation enhancement

## Expenditures

- Non-Discretionary Changes:
  - Health-care rate increases
  - Enrollment increases and required staffing changes
  - Increases in FARM and EL Students
  - Opening of new West End Elementary School
  - Competitive employee compensation
  - Textbook adoptions
- Discretionary Changes:
  - Targeted reductions across Division

# Projected Revenue

## Excluding City Appropriation

Revenue Type	Revenue	FY 2018 Final Budget (Millions)	FY 2019 Proposed (Millions)	Projected Change (Millions)
State	ADM-Driven	\$40.41	\$43.41	\$3.00
State	Medicaid	\$1.55	\$1.60	\$0.05
Local	Community Partnerships and Grants	-	\$0.15	\$0.15
Local	Other Local	\$0.71	\$0.89	\$0.18
Federal	Impact Aid	-	\$0.16	\$0.16
Federal	ROTC	\$0.12	\$0.13	\$0.00
<b>Total Revenue (Excluding City)</b>		<b>\$42.80</b>	<b>\$46.34</b>	<b>\$3.54</b>

# Key Expenditure Drivers: Recruiting/Retaining Exemplary Staff

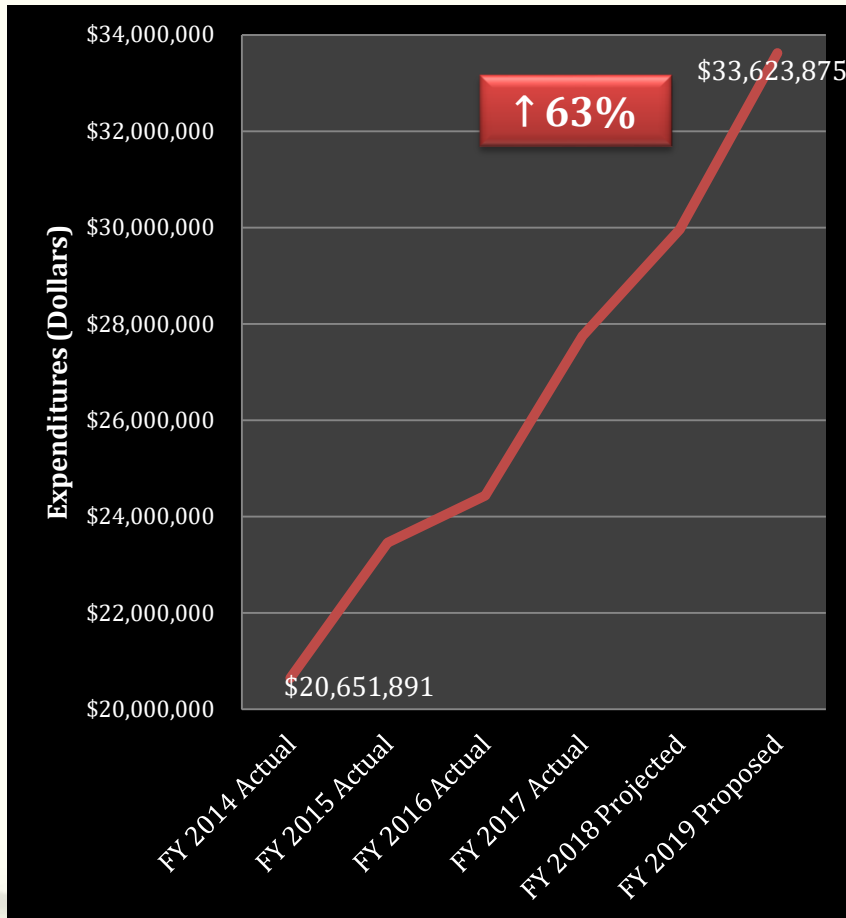
	FY 2014		FY 2015		FY 2016		FY 2017		FY 2018		FY 2019 Proposed	
Jurisdiction	MRA	STEP	MRA	STEP	MRA	STEP	MRA	STEP	MRA	STEP	MRA	STEP
Alexandria City Public Schools	No	Full Step, Mid-Year	Yes, 2% Support 1% Other	No	No	Full Step	No	Full Step	No	Full Step	No	Full Step
Arlington County Schools	No	Full Step	Yes, 2%	No	No	Full Step	No	Full Step	Yes, Specific Employees	Full Step	?	?
Fairfax County Schools	Yes, 2% Mid-Year	No	No	Full Step	Yes, .62%	Full Step	Yes, 1%	Full Step	No	Full Step	Yes	Full Step
City of Alexandria	No	Full Step	No	Full Step	No	Full Step	No	Full Step	No	Full Step	No	Full Step

Jurisdiction	Average Employee Raise from FY 2018 Step Increase
ACPS	2.6%
Arlington	2.8%
Fairfax	2.5%
COA	2.9%



# Key Expenditure Drivers: Health-Care Costs

## Health-Benefit Fund Expenditures



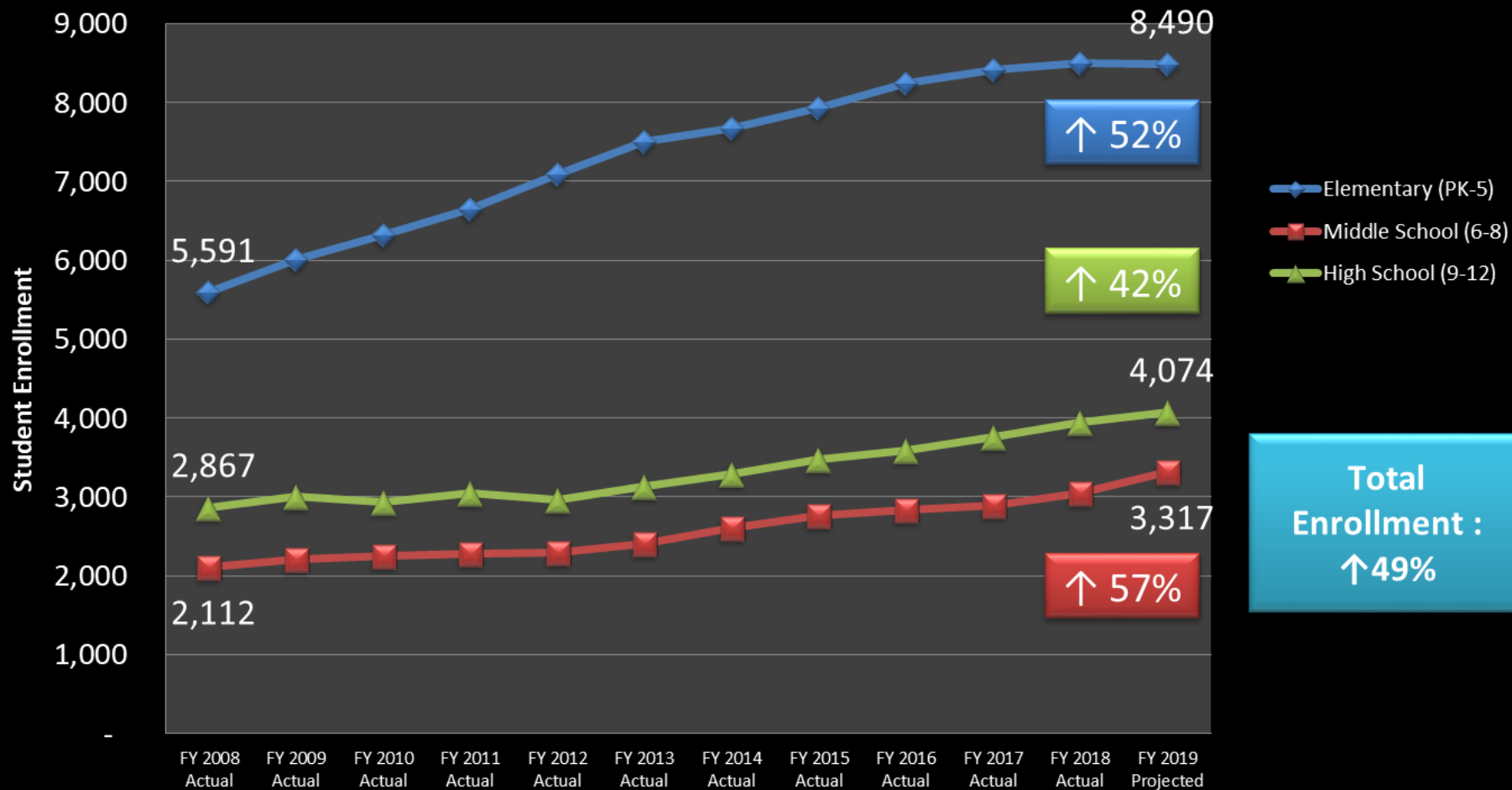
## Key Information

- FY 2019 Projected Rate Increases:
  - Kaiser Permanente (Fully-Insured): ↑ 9%
  - United Health Care (Self-Insured): ↑ 15%
- 63% Projected Cost Increase Over Five Years
  - Nationwide rise in Health Care premiums
  - Poor loss experience in Self-Insured Fund
- FY 2015 – FY 2017 Transfers from Health-Benefits Fund to Close Operating Budget Gap and Fund OPEB Contributions (Outlined Below)

## Uses of Health-Benefit Funds

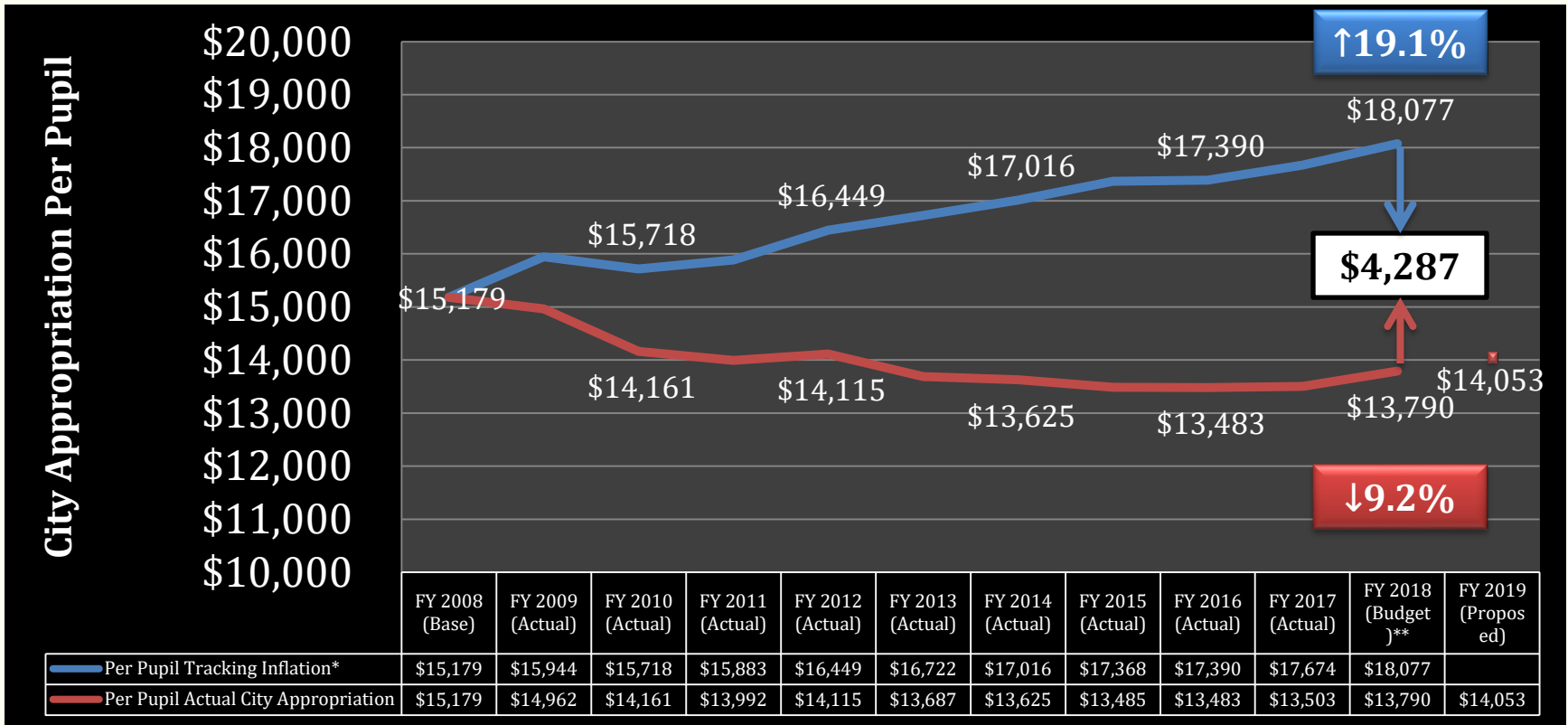
	FY 2015	FY 2016	FY 2017	Totals
Health-Benefit Fund				
Transfers to Operating Fund	\$2.3M	\$1.3M	\$2.5M	\$6.2M
OPEB Contributions	\$1.9M	\$0.8M	n/a	\$2.6M
Foregone Contributions for Premium Holidays	n/a	\$0.7M	\$0.8M	\$1.5M
<b>Totals</b>	<b>\$4.2M</b>	<b>\$2.8M</b>	<b>\$3.3M</b>	<b>\$10.2M</b>

# Key Expenditure Drivers: Enrollment Increases



Note: Enrollment figures above exclude special placements.

# Per Pupil City Appropriation over Time



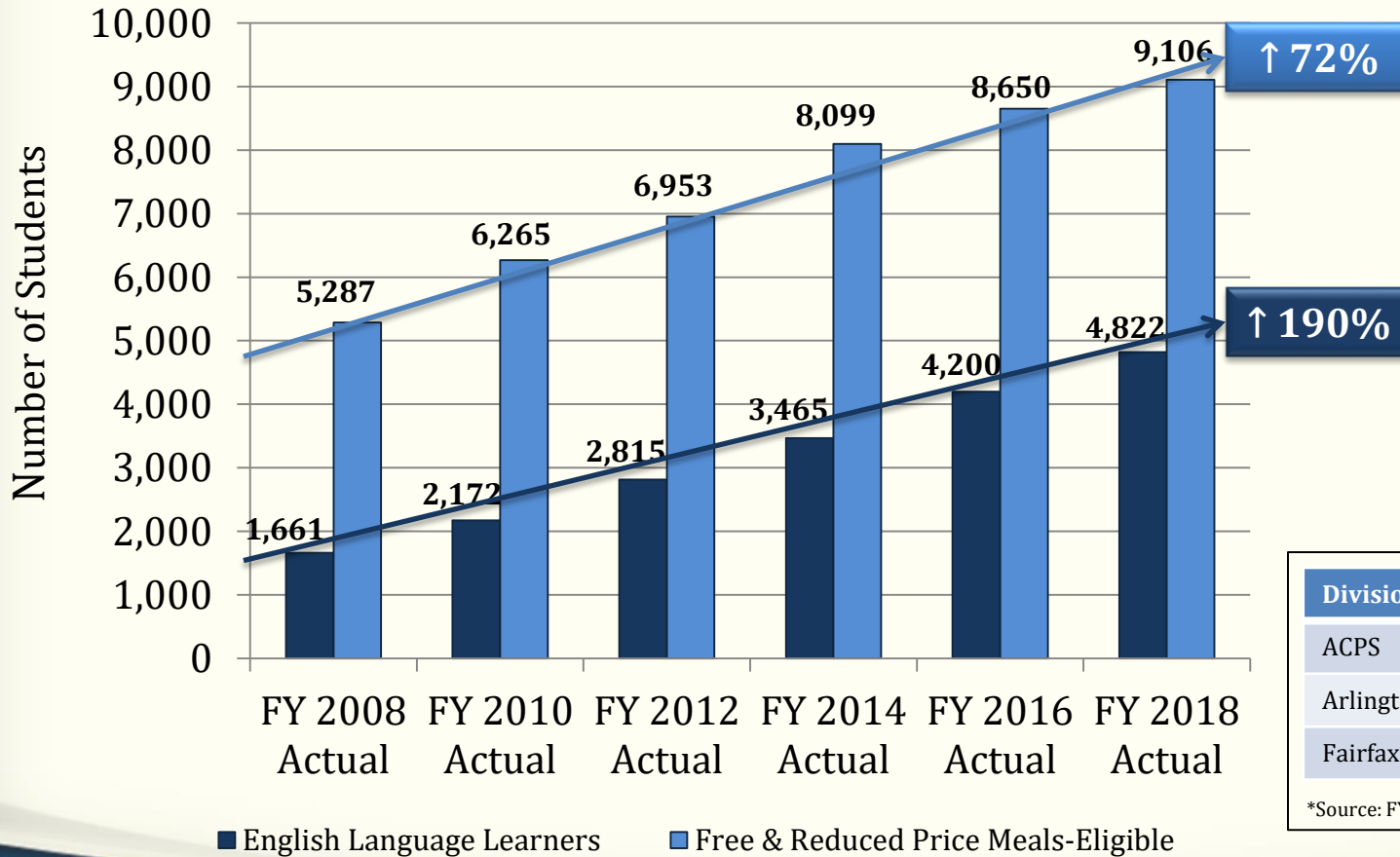
**\$4,287/Pupil = \$66.5 Million for FY 2018**

\*Proxy for Inflation Rates: CPI-U monthly data from U.S. Department of Labor Bureau of Labor Statistic as of October 31, 2017

\*\* FY 2018 inflation projection based on average month July 2017 to September 2017. September 2017 is last month where data is available from U.S. Department of Labor Bureau of Labor Statistic as of October 31, 2017.

# Key Expenditure Drivers:

## Enrollment: English Learners and Free & Reduced Price Meals



FY 2018 as a % of Total Enrollment

**FRPM**  
59%

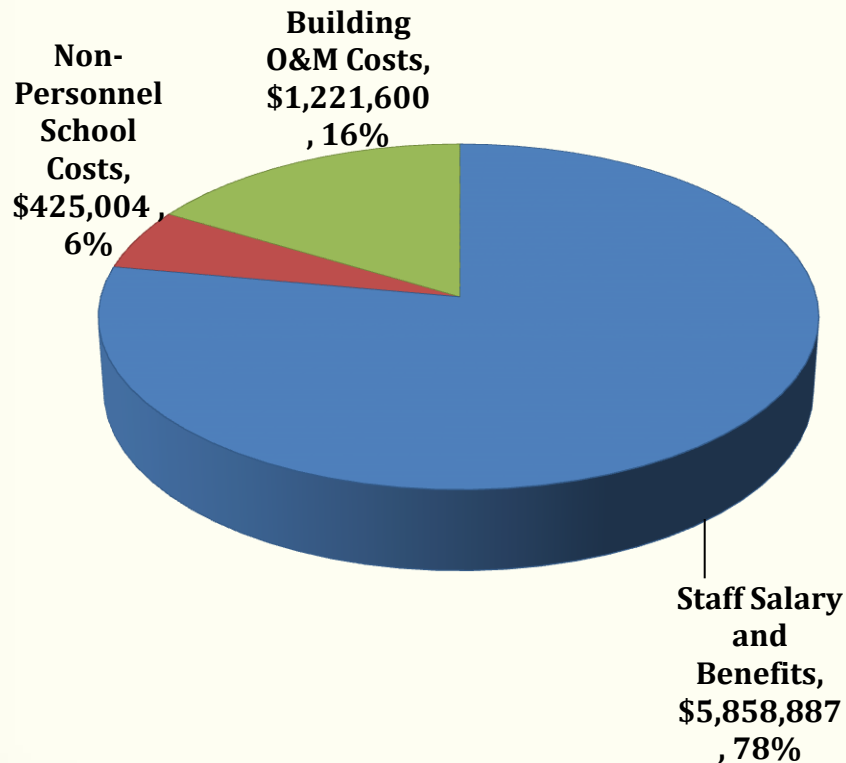
**EL**  
31%

Division	EL %	FRPM %
ACPS	31%	59%
Arlington*	17%	30%
Fairfax*	15%	27%

\*Source: FY 2017 Data from Final FY 2018 WABE Guide

# Key Expenditure Drivers: New Elementary School

## New West End Elementary Projected Operating Costs



- Total Projected Operating Costs: \$7.5 Million
  - Partially Offset by Positions Following Students from Other Schools
  - Net New Operating Costs: \$4.5 Million
- School Staff: 63.3 FTE
  - Instructional: 50.9
  - Student Services: 5.0
  - Operations/Cafeteria: 3.4
  - Administrative: 4.0

# Key Expenditure Drivers: Enrollment-Driven Staffing Changes

Position Category	FTE Change
Elementary Homeroom Teachers	3.0
Elementary Homeroom Paraprofessionals	3.0
Elementary Encore	5.4
Secondary Teachers	5.5
Specialized Instruction Teachers/Paraprofessionals	12.5
English Learner Instruction Teachers	9.5
Talented & Gifted Instruction Teachers	1.9
Bus Drivers and Monitors	3.0
Additional Reserve Positions for Enrollment/Redistricting	3.0
Other New Elementary Positions Not Included in Above Categories	14.4
Other EC Center Positions Not Included in Above Categories	2.8
All Other Changes	0.0
<b>Total Enrollment-Driven Staffing Changes</b>	<b>64.0</b>

**Notes:**

1. Includes all new positions at the new West End Elementary School and the new Early Childhood Center.
2. Represents totals across all schools. Additional changes were made at the school level that were netted out by changes at other schools.
3. Numbers rounded to the nearest tenth.

# Understanding the Staffing Increase

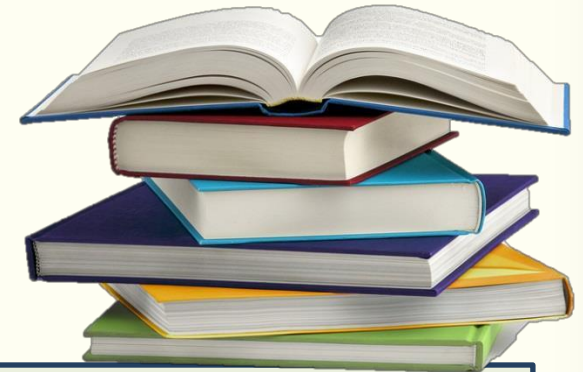
---

- Projected FY 2019 enrollment increase of 388 (2.5%) students.
- Proposed staffing increase of 62.21 (2.4%) positions.
- West End Elementary and the Early Childhood Center must be staffed according to staffing guidelines.
- Continued growth in English Learners, Students Receiving Specialized Instruction and Students Receiving Free and Reduced Price Meals.

Note: The proposed staffing increase of 62.21 includes non-enrollment driven staffing changes. A reduction of 1.5 Operating Fund positions and 0.25 Grant Fund positions

# Key Expenditure Drivers: Textbook Adoptions

Recommendations	Copyright Year	Cost
<ul style="list-style-type: none"> <li>• K-2 Reading Program (Texts)</li> <li>• K-2 Reading Program (Libraries)</li> <li>• 3-5 Reading Program (Texts)</li> <li>• 3-5 Reading Program (Libraries)</li> </ul>	2004	<ul style="list-style-type: none"> <li>• \$262,500</li> <li>• \$350,000</li> <li>• \$262,500</li> <li>• <u>\$350,000</u></li> </ul> <b>\$1,225,000<sup>1</sup></b>



**Justification:** Align textbooks with the most current VDOE SOL revisions and provide consumable and replacement texts.

<sup>1</sup>Following these adoptions, \$63k in replacement reading books would not be needed, bringing the net cost to \$1.16 M.



# Key Expenditure Drivers: Targeted Reductions

## Central Office Department Reductions

- Amount: \$535k
- Each Central Office Department was asked to reduce their non-personnel and non-contract personnel budget by at least 5%.
- Educational Facilities was excluded because of the budgetary needs associated with the new elementary school.

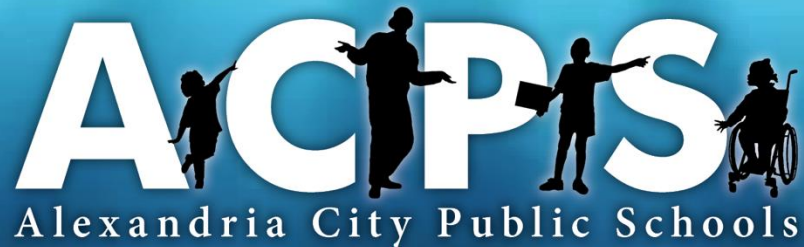
## Central Overtime Reductions

- Amount: \$250k
- Strategic reductions to overtime budgets primarily in Pupil Transportation.
- Aligned with recommendation of the recent functional audit of payroll processes.

## Discontinuing Partners in Education (PIE) Grant Program

- Amount: \$176k
- Program has been reduced several times over the last four years.
- Amounts awarded through competitive process each year so no organization is guaranteed continued funding.
- Currently five partners receiving grants for FY 2018.

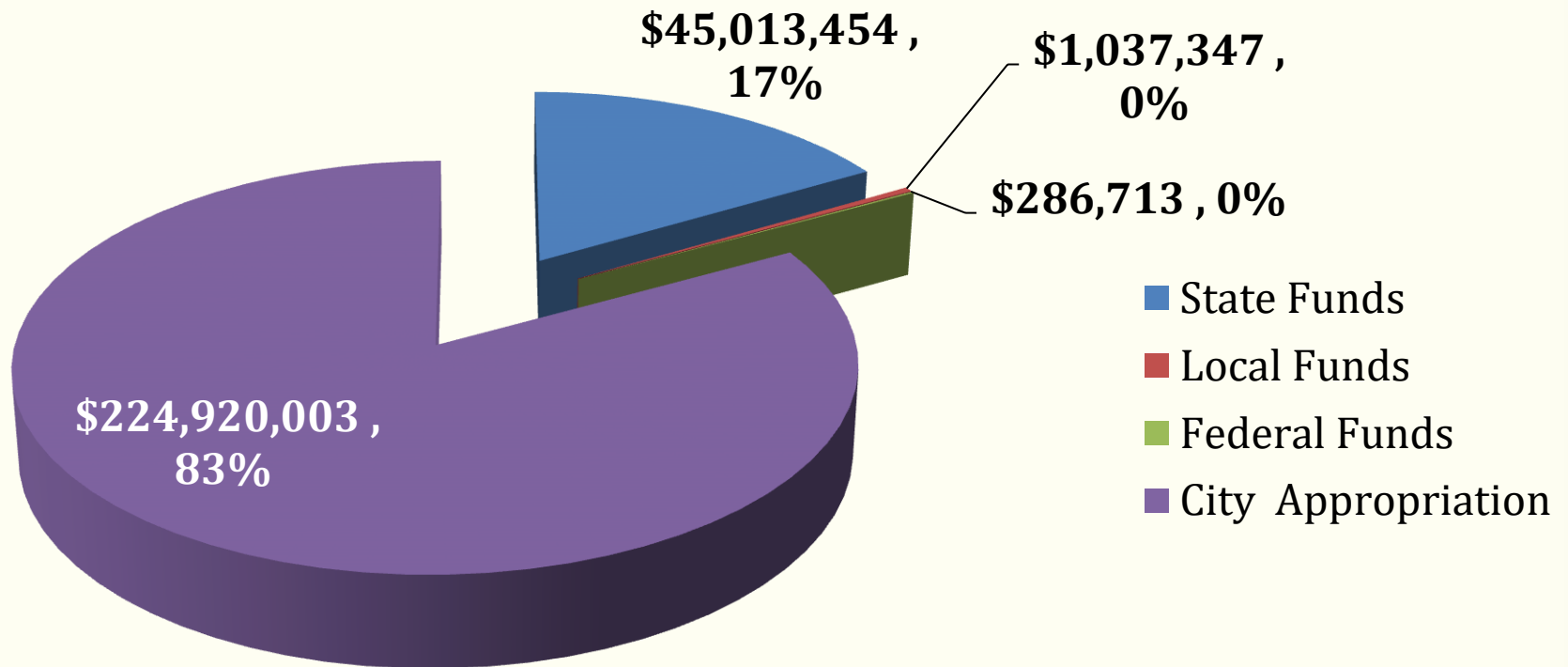
# FY 2019 Operating Budget Overview



*Every Student Succeeds*

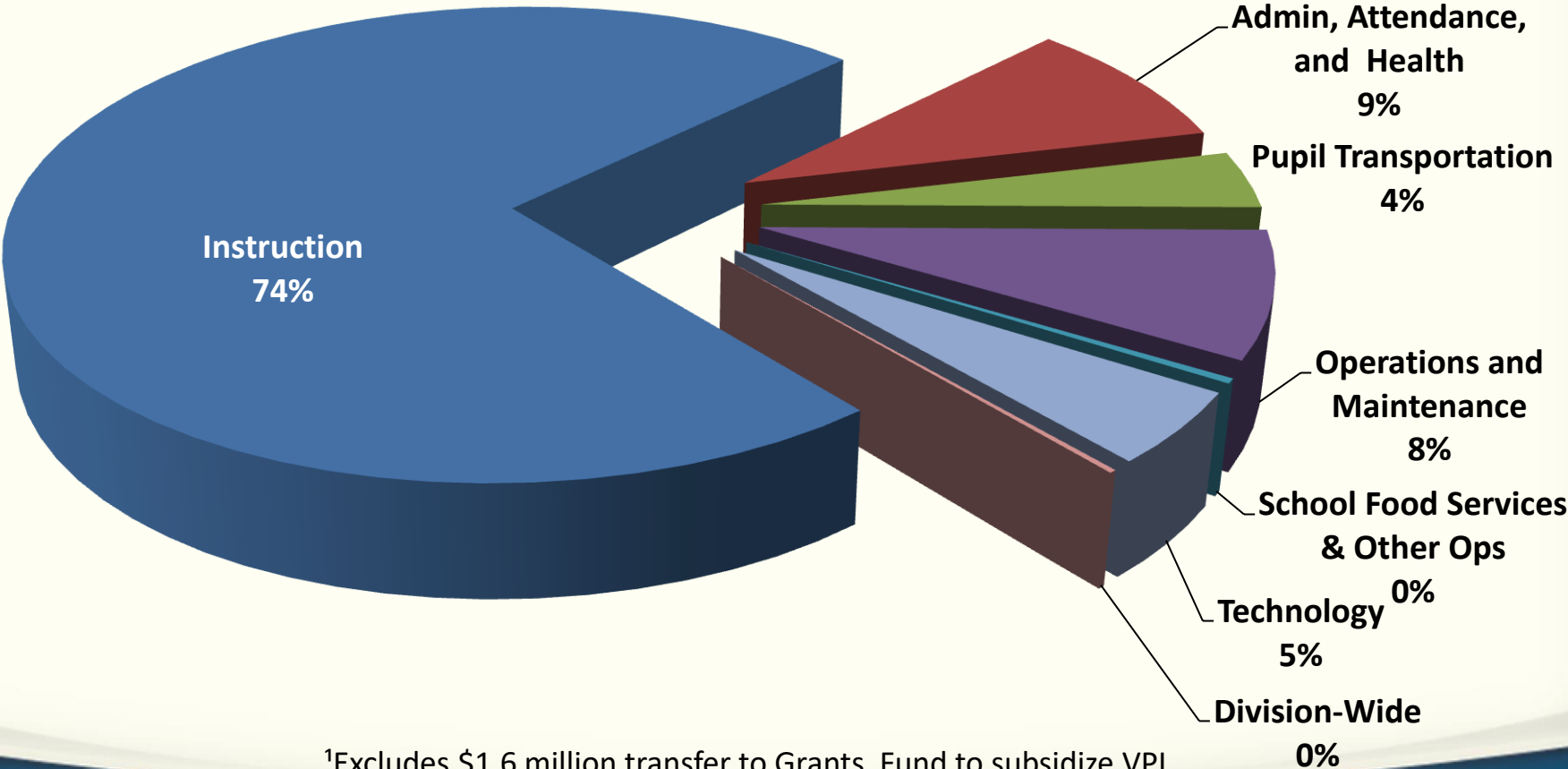
# Revenue Overview: Operating Fund

---



# FY 2019 Classification of Operating Expenditures

Total Expenditures = \$274.9 Million<sup>1</sup>

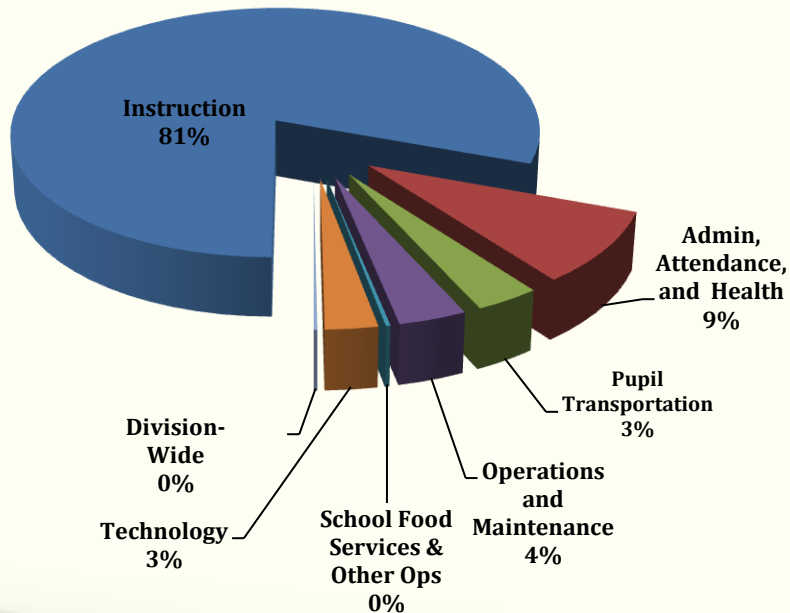


<sup>1</sup>Excludes \$1.6 million transfer to Grants Fund to subsidize VPI.

# FY 2019 Classification of Operating Expenditures

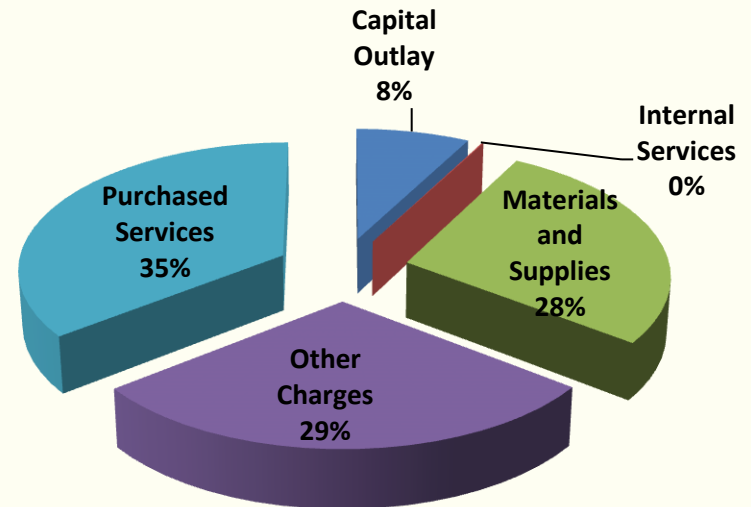
**Personnel: \$240.8M**

**88%**



**Non-Personnel: \$34.1M**

**12%**



# FY 2019 Operating Funds Budget

## Projected Revenue

Revenue Type	Amount
City Manager's Proposed Funding	(223,829,302)
State Revenue (FY 2019 Proposed)	(45,013,454)
Federal Revenue (FY 2019 Proposed)	(286,713)
Local Revenue (FY 2019 Proposed)	(1,037,747)
<b>FY 2019 Projected Revenue</b>	<b>(270,166,816)</b>

## Projected Budget Gap

Description	Amount
FY 2019 Projected Revenue	(270,166,816)
FY 2019 Projected Expenditures <sup>1</sup>	276,463,766
FY 2019 Allowable Use of Fund Balance	(5,206,249)
<b>FY 2019 Requested Add to City Approp.</b>	<b>1,090,702</b>

<sup>1</sup> Includes transfer to Grants and Special Projects Fund to subsidize costs of Virginia Preschool Initiative.

<sup>2</sup> Includes Step Increase for eligible employees, salary scale change and 1% bonus for hold-step employees.

<sup>3</sup> Savings from positions staffed at lower pay than exiting employees.

<sup>4</sup> Salary portion only. Includes new West End Elementary positions.

## Projected Expenditures

Expenditure Type	Amount
<b>FY 2018 Final Budget <sup>1</sup></b>	<b>261,894,427</b>
<b>Non-Discretionary Changes</b>	<b>15,214,639</b>
Health Care/Benefits Changes	4,682,200
VRS Changes	(235,600)
Employee Salary Changes <sup>2</sup>	4,711,000
Salary Savings <sup>3</sup>	(550,000)
Enrollment-Driven Staffing Changes <sup>4</sup>	3,888,300
Textbook Adoptions (Including TAG)	1,230,400
New Elementary O&M Costs	1,221,600
Other Non-Discretionary Changes	266,739
<b>Discretionary Changes</b>	<b>(645,300)</b>
5% Central Office Non-Pers. Reductions	(535,300)
Targeted Overtime Reduction	(250,000)
Discontinuing PIE Grants	(175,900)
Implement Specialized Instruction Recs	125,000
Other Discretionary Changes	190,900
<b>FY 2019 Projected Expenditures <sup>1</sup></b>	<b>276,463,766</b>

# Every Student Succeeds!

---

