

BOARD MEMO

Date: May 4, 2023

For ACTION _____

For INFORMATION x

Board Agenda: Yes x

No _____

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

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

TO: The Honorable Meagan Alderton, 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 2022-2023 FOCUS AREA:

All

FY 2024 BUDGET PRIORITY:

- Full Implementation of Students with Disabilities Action Plan
- Reduce Class Sizes
- K-4 Literacy
- Target Chronic Absenteeism
- Restorative Practices Supports
- Develop plan and policy for Collective Bargaining
- Target planned compensation enhancements and staff retention efforts
- Increase support for Social and Emotional Learning
- Safe Routes to School coordination

SUMMARY:

On Thursday, May 4, 2023, 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 16, 2023. Revenue and Expenditure adjustments, to the Combined Funds (Operating,

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Grants & Special Projects, and School Nutrition Services) and adjustments to the CIP, 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:

Additional funding of approximately \$537,818 in compensation, including salaries and benefits, \$430,254 for employee salaries and \$107,564 in employee benefits, is necessary to fully account for the proposed increase to the Market Rate Adjustment (MRA) and the elimination of the “hold-step” from the Salary Scale.

In response to additional information from the Virginia General Assembly and the Virginia Department of Education’s funding estimates to Virginia’s public schools, ACPS is projecting to receive Additional State Funds of approximately \$94,000 above what has been previously projected.

Additionally, based on more recent reporting from ACPS’ health insurance carriers, ACPS is positioned to see a slightly reduced increase in premium rates as were projected, resulting in a reduction of \$52,000 to the Operating Fund Employee Benefits.

The above-mentioned adjustments to the Operating Fund will be offset by the requisite amount to the division-wide estimate for position vacancy savings. The result of the adjustments will not affect the FY 2024 Total Expenditures

The Superintendent also recommends an adjustment to add the Use of Fund Balance an amount of \$1,966,021 to support the Capital Improvement Budget (CIP). Per policy DAB, funds exceeding the maximum allowable fund balance reserve of 5% (of total expenditures) may be appropriated for one-time use. This transfer of \$1,966,021 to the CIP will help support capital project needs.

Grants and Special Projects Fund:

Due to proposed increase to the Market Rate Adjustment (MRA), the elimination of the “hold-step” from the Salary Scale, and the slight reduction in the health insurance rate increase, the resulting compensation adjustments to Grants and Special Projects Fund is approximately, an additional \$72,627 in salary and \$18,157 in employee benefits.

The above-mentioned adjustments to the Grants and Special Projects Fund will be offset by the requisite amount to the division-wide estimate for position vacancy savings. The result of the adjustments will not affect the FY 2024 Total Expenditures

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School Nutrition Services Fund:

Due to proposed increase to the Market Rate Adjustment (MRA), the elimination of the “hold-step” from the Salary Scale, and the slight reduction in the health insurance rate increase, the resulting compensation adjustments to the School Nutrition Services Fund is approximately, an additional \$16,914 in salary and \$4,228 in employee benefits.

The above-mentioned adjustments to the School Nutrition Services Fund will be offset by the requisite amount to the division-wide estimate for position vacancy savings. The result of the adjustments will not affect the FY 2024 Total Expenditures

Capital Improvement Program (CIP):

Based on changes to the City of Alexandria’s Approved Budget, there are a few adjustments to the CIP, which result in a \$7.5 million reduction from the School Board approved FY 2024-2033 CIP Budget. The total adjusted FY 2024 CIP budget is now \$51,255,900 which matches the City Council Approved CIP Budget. Below are the Superintendent’s Proposed Adjustments:

- Defer leased space renovation for the Chance for Change facility from FY 2024, \$2M, to FY 2025 and from FY 2025, \$10M, to FY 2026
- Reduce Patrick Henry completion from \$3.4M to \$2.9M based on bids received for this work
- Reduce FY 2024 funds for renovation of the 5th and 6th floors at Ferdinand T. Day from \$5.5M to \$0.5M to allow for re-initiation of design to start and move remaining funds with escalation to FY 2025, \$5.2M
- Re-allocate the \$2.0M proposed for William Ramsay HVAC to System-Wide HVAC to account for potential changes in ESSER funding and enable efficiency of the Educational Facilities team to get all proposed and in progress HVAC renovation projects completed
- Increase System-Wide Emergency Repairs account by \$0.05M

BACKGROUND:

FY 2024 Combined Funds Budget

The City of Alexandria, which is the largest revenue source to ACPS, voted to fully support the ACPS request for City appropriation at approximately \$258.7 million. The City’s appropriation was adopted by the City Council on May 3, 2023.

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.

To support our capital project needs, included in the Superintendent’s adjustments is a Use of

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Fund Balance totaling \$1.97 million. This amount is the portion exceeding the 5% (of total expenditures) maximum that, according to policy, shall be in Fund Balance. Appropriating this one-time use, to transfer to the CIP will help limit the need for borrowing to complete CIP projects.

FY 2024-2033 Capital Improvement Program

Based on changes to the City of Alexandria's Approved Budget, the Superintendent proposes a few adjustments to the CIP, which result in a \$7.5 million reduction from the School Board approved FY 2024-2033 CIP Budget. The total adjusted CIP budget is now \$51,255,900 which matches the City Council's Approved CIP Budget.

RECOMMENDATION:

The Superintendent recommends that the School Board approve 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 2024 Budget Priorities for both the Combined Fund Budgets and the Capital Improvement Program Budget.

ATTACHMENTS:

1. FY24 - FY33 CIP Budget Details
2. FY24 - FY33 CIP Budget Summary

REFERENCES:

CONTACT:

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