

**BOARD MEMO**

Date: September 21, 2023  
For ACTION \_\_\_\_\_  
For INFORMATION  X   
Board Agenda: Yes  x   
No \_\_\_\_\_

**FROM:** Dominic B. Turner, Chief Financial Officer

**THROUGH:** Dr. Melanie Kay-Wyatt, Superintendent of Schools

**TO:** The Honorable Dr. Michelle Rief, Chair, and Members of the Alexandria City School Board

**TOPIC:** FY 2025-2029 Fiscal Forecast

**ACPS 2025 STRATEGIC PLAN GOAL:**  
Goal 4: Strategic Resource Allocation

**SY 2023-2024 FOCUS AREA:**  
N/A

**SUMMARY:**

The following document will be discussed during the FY 2025 Budget Work Session on September 21, 2023:

**Five-Year Fiscal Forecast:** The FY 2024 – FY 2029 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 a projected budget gap.

For FY 2025, the projected budget deficit is \$7.6 million (including use of Fund Balance). Each year, as expenditures outpace revenues, the estimated budget gap will continue to expand. By FY 2029, the annual funding deficit projection grows to \$34.7 million (including use of Fund Balance).

This fiscal forecast begins with the FY 2024 Final Operating Fund Budget which was balanced with the use of \$8.72 million in fund balance. In each fiscal year, beginning with FY 2025, adjustments were made to reflect the anticipated revenue and expenditure assumptions. These

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assumptions (based on historical data and analysis of the operating impacts of the Capital Improvement Program) will be discussed in the work session.

### **BACKGROUND:**

Each September, the School Board begins budget development for the next fiscal year. This budget work session commences public work on the FY 2024-2029 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. The fiscal forecast projects revenue growth conservatively and expenditure growth to meet future needs. The forecast is a tool used set the stage for the work that will be required to balance ACPS needs with anticipated funding support.

### **RECOMMENDATION:**

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

### **IMPACT:**

N/A

### **ATTACHMENTS:**

- 1) FY 2024 – FY 2029 Operating Fund Fiscal Forecast

### **REFERENCES:** N/A

**CONTACT:** Dominic B. Turner, [Dominic.Turner@acps.k12.va.us](mailto:Dominic.Turner@acps.k12.va.us)  
Robert Easley, [Robert.Easley@acps.k12.va.us](mailto:Robert.Easley@acps.k12.va.us)