

Date: May 24, 2018

For ACTION _____

For INFORMATION X

Board Agenda: Yes X
No _____

FROM: Dominic B. Turner, Director of Budget and Financial Systems
Michael R. Herbstman, Chief Financial Officer
Mignon R. Anthony, Chief Operating Officer
Erika L. Gulick, Facilities Planner/GIS Specialist

THROUGH: Dr. Lois F. Berlin, Interim Superintendent of Schools

TO: The Honorable Ramee A. Gentry, Chair, and Members of the Alexandria City School Board

TOPIC: School Board Preliminary Add-Delete Work Session: FY 2019 – 2028 Capital Improvement Program Budget and FY 2019 Combined-Funds Budget

BACKGROUND:

FY 2019 - 2028 Capital Improvement Program Budget

The School Board adopted its FY 2019 – 2028 Capital Improvement Program (CIP) Budget on January 25, 2018 totaling \$68.33 million for FY 2019 and \$474.68 million across all ten years. On May 3, 2018, City Council adopted its FY 2019 – 2028 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 2019 Appropriation	FY 2019 – 2028 Total Allocation
Capital Request to City, Per School-Board-Adopted Budget	\$68,331,789	\$474,680,533
Capital Allocations, Per City-Council-Adopted Budget:		
Direct Funding to ACPS	\$33,181,789	\$407,676,395
Reserved Bond Capacity/Cash Capital – Property Acquisition	\$30,000,000	\$30,000,000
Reserved Bond Capacity/Cash Capital – High School Capacity	\$5,150,000	\$5,150,000
Reserved Bond Capacity/Cash Capital – Out Year Contingency	\$0	\$25,144,138
Reserved Bond Capacity/Cash Capital – Transportation Facility	\$0	\$6,710,000
Total Capital Allocations, Per City-Council-Adopted Budget	\$68,331,789	\$474,680,533
ACPS Capital Fund Budget Gap, as of May 10, 2018	\$0	\$0

During the May 10, 2018 School Board Budget Work Session, ACPS Staff reported on the status of the CIP and proposed one change. The status update and proposed change are summarized below.

The CIP budget for FY 2019, in alignment with recommendations of the Ad-Hoc Joint City-Schools Facilities Investment Task Force, aims to address some of ACPS's immediate capacity needs with \$52.7 million to fund capacity planning efforts, a continuation of the high school capacity planning, property acquisition and flexible capacity space. The non-capacity portion of ACPS FY 2019 CIP includes \$15.6M to fund necessary system replacements and building upgrades. City Council voted to fully fund the FY 2019-2028 CIP with funds in reserve for high school planning and property acquisition in FY 2019, the ACPS Transportation Facility in FY 2023 and out-year contingency for major capacity projects in FY 2020 – 2027.

One change was proposed to the CIP to advance the Mount Vernon roof replacement project from FY 2021 to FY 2020. Changes in the out-years for non-capacity projects typically come to the School Board as part of the Superintendent's proposed CIP in the fall; however, the first phase of this project was funded as part of the FY 2018 CIP and, in an effort to be cost effective and attractive to vendors, was proposed for advancement at this time. This change does not create a budget gap or surplus in the total FY 2019-2028 CIP from the City's appropriation.

FY 2019 Combined-Funds Budget

On February 22, 2018, the School Board adopted its FY 2019 Combined-Funds Budget which included an Operating Fund request to the City of Alexandria for \$224.92 million. City Council adopted its General Fund Budget on May 3, 2018 inclusive of a transfer to the ACPS Operating Fund in the amount of \$223.83 million. Following these actions, the ACPS FY 2019 Operating Fund Budget Gap was \$1.09 million, as shown below.

Description	Amount
Operating Request to City, Per School-Board-Adopted Budget	\$224,919,603
City Operating Appropriation to ACPS, Per City-Council-Adopted Budget	\$223,829,302
ACPS Operating Fund Budget Gap as of May 10, 2018	\$1,090,301

On May 10, 2018, during the School Board Budget Work Session, ACPS Staff detailed proposed changes to the Operating budget as summarized below.

Technical adjustments totaling \$0.15 million raise the Operating Fund Budget Gap from the \$1.09 million amount shown above to \$1.24 million. Funds required to successfully implement the Curriculum & Instruction Department and Operations Department reorganizations increase the gap by \$0.17 million to \$1.41 million. Funding the Pre-Purchase of K-2 Literacy Textbooks and Materials with current-year funding allows for a decrease of \$0.61 million in FY 2019 budgeted expenditures. This would move the budget gap to \$0.80 million. That gap is fully depleted through revenue enhancements of \$0.05 million and expenditure reductions of \$0.75 million. These proposed actions are outlined in summary form below and were detailed in the May 10, 2018 School Board Budget Work Session. A copy of the May 10 presentation is included as Attachment 5 to this memo.

Description	Amount	Running Total
ACPS Operating Fund Budget Gap as of May 10, 2018	\$1,090,301	\$1,090,301
Applying Technical Adjustments	\$153,652	\$1,243,953
Funding Effective Implementation of Department Reorganizations	\$170,945	\$1,414,897
Pre-Purchasing K-2 Literacy Textbooks and Materials in Current Year	(\$612,000)	\$802,897

Applying FY 2019 Revenue Enhancement	(\$50,000)	\$752,898
Applying FY 2019 Expenditure Reductions	(\$752,898)	\$0
ACPS Operating Fund Budget Gap Following Proposed Changes	\$0	\$0

SUMMARY: The School Board deadline for submitting Add/Delete Proposals was May 14, 2018. There were no Add/Delete Proposals related to the 10-Year CIP. For the Combined-Funds Budget one proposal was submitted as outlined below:

Combined Funds Add/Delete Proposal HC-1 Summary

- **Add/Delete Tracking Number:** HC-1
- **Original Sponsor:** Dr. Cardwell
- **Fund:** Operating
- **Category:** Expenditures
- **Net Amount:** \$0 (Proposed Addition of \$15,102 offset by a Proposed Deletion of \$15,102)
- **Delete:** \$15,102 in Rugby Coaching stipends
 - Staff Note About the Item Proposed for Deletion: In the Budget adopted by the Board in February, this amount is allocated to:
 - 1. Girls Rugby Head Coach: \$4,790
 - 2. Girls Rugby Assistant Coach: \$2,761
 - 3. Boys Rugby Head Coach: \$4,790
 - 4. Boys Rugby Assistant Coach: \$2,761
 - Total of all four stipends: \$15,102
- **Add:** \$15,102 (equivalent amount) in support of high priority TC Student athletics/activities (as determined through existing process as outlined in the response to budget questions) with a focus on equity.
- **Rationale:** Have the Board specify priorities (e.g. equity) for allocating funds with ACPS staff implementing those priorities through existing and/or improved processes and corresponding information.
- **Co-Sponsor(s):** 2 (Ms. Graf and Mr. Lewis)
 - This item received the requisite two co-sponsors required for prioritization under the Rules of Engagement.

In the coming months, the T.C Williams administrative staff will work with the appropriate central office staff to develop a strategic plan for secondary athletics, activities and clubs. This strategic plan will focus on standardized processes, parameters and criteria for categorizing and funding all student groups and teams. This strategic plan will be presented with the Superintendent’s FY 2020 Budget Proposal.

Proposed Changes to the Grants and Special Projects Fund

Recent preliminary allocations have changed our projected grant revenues for several programs. While program managers have not yet finalized the applications and budgets inclusive of these updated preliminary allocations, the Superintendent is proposing amending revenue and expenditure funding based on the information available right now. The proposed changes are as follows:

- Increase both the revenue and expenditure budget on the following grants (relative to the amounts included in the budget adopted by the School Board on February 22, 2018):
 - Title I by \$1,425,460.12
 - IDEA Preschool by \$3,106.00
 - IDEA Part B by \$167,029.00
 - Perkins Federal Vocational Education by \$93,219.31
 - Mentor Teacher/Clinical by \$1,511.00
 - Detention Center EL by \$189,000.00
 - Early Reading Intervention by \$29,251.00
 - Project Grad by \$2,619.00
 - SOL Algebra Readiness by \$2,518.00
 - Title IV, Part A by \$81,865.25
- Decrease both the revenue and expenditure budget on the following grants (relative to the amounts included in the budget adopted by the School Board on February 22, 2018):
 - Individual Student Alternative Education Plan by \$1,739.92
 - E-Learning Backpack Initiative by \$389,200.00
 - E-Rate Program by \$150,000.00
 - Homes for America by \$77,500.00

In all, these proposed changes increase the Grants and Special Projects Funds budget by \$1,377,138.76 for both revenues and expenditures. Attachment 1 compares the proposed budget amounts by grant to the amounts adopted by the School Board on February 22, 2018. Attachment 2 provides recent updates on funding for the Title I program.

RECOMMENDATION: The Superintendent recommends that the School Board:

1. Provides “Yes/No Feedback” on the proposed Operating Fund changes presented during the May 10, 2018 Budget Work Session;
2. Provides “Yes/No Feedback” on the proposed changes to the Grants and Special Projects Fund presented during the May 24, 2018 Add/Delete Work Session;
3. Prioritizes Add/Delete Proposal HC-1 for discussion; and
4. Provides staff with a decision on whether Proposal HC-1 should be incorporated into the FY 2019 Final Combined-Funds Budget presented to the Board for adoption on June 7, 2018.

CONTACT PERSON: Michael Herbstman, Chief Financial Officer, 703-619-8098

ATTACHMENTS:

1. FY 2019 Grants and Special Projects Fund: Comparison of FY 2019 Adjusted Proposed Grant Budgets as of May 24, 2018 and FY 2019 Grant Budgets Adopted February 22, 2018
2. Title I Status Update as of May 10, 2018
3. FY 2019 – 2028 CIP Summary with Proposed Changes
4. FY 2019 – 2028 CIP Details with Proposed Changes
5. FY 2019 Budget Work Session from May 10, 2018