

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 9, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER *J*

SUBJECT: BUDGET MEMO # 10 : CITY SHARE OF ALEXANDRIA CITY PUBLIC SCHOOLS OPERATING BUDGET

The following information highlights increases in the Schools' budget request for FY 2007. Attached are two memoranda previously sent to you that summarize the Superintendent's Proposed Budget, and the School Board's Approved Budget.

		<u>% Increase</u>
FY 2006 Approved City transfer to Schools (2% COLA)	\$138.8 M	6.6%
City Manager's FY 2007 Proposed Budget (with 3% COLA of \$3.9 M)	\$150.4 M	8.4%
City Manager's FY 2007 Alternative Target Budget (with 2.5% COLA of \$3.3 M)	\$149.3 M	7.6%

The City Manager's proposed transfer to the Schools differs from the School Board's request in that it does not include an increase of \$1.8 million for health insurance premium costs. Rather, the City Manager's Proposed Budget sets aside \$1.8 million in designated fund balance if needed to cover health cost increases. This designation is eliminated as part of the alternative target budget for the Schools. The Schools proposed budget funding level recommended by the City Manager provides sufficient funds for step increases for eligible employees (\$3.5 M), for VRS retirement cost increases (\$3.6 M), and for 22 reserve teacher positions (\$1.3 M).

Included in both the Schools' request and the City Manager's proposed budget are the following programmatic increases from FY 2006 to FY 2007:

Personnel Compensation:

- **\$2.0 M** to increase Bachelor degree teacher salary scales
- **\$4.8 M** to increase Masters degree teacher salary scales

\$6.8 M Subtotal for Compensation

New Positions:

There is a net decrease of 14.5 positions in the FY 2007 budget, primarily attributable to a decrease of 22.0 elementary school teachers, due to declining enrollment. However, there are 11.0 new positions, including:

•	1.0 technology integration administrator	\$101,967
•	2.0 science teachers (1.0 @ Jefferson Houston, 1.0 secondary)	138,988
•	4.0 bus drivers	149,012
•	2.0 bus monitors	58,048
•	1.0 career education coordinator	53,479
•	0.5 school psychologist	39,348
•	<u>0.5 substitute dispatcher</u>	<u>25,272</u>

Total: 11.0 FTEs

Subtotal for New Positions: **\$566,114**

Other Program Improvements:

- **\$388,272** to improve the High School Technology Integration Project, including annual license and server fees for BlackBoard technology (\$236,000)
- **\$61,586** for an outside evaluation of the High School Technology Integration Project
- **\$72,950** to improve student performance and achieve accreditation at Jefferson Houston School for Arts and Academics, including equipment and materials for a science lab

\$522,808 Subtotal for Program Improvements

Board Member Stipends:

- **\$68,400** for increased Board Member Stipends

Miscellaneous Additions:

- **\$50,000** for outreach and publicity
- **\$20,000** for AP tutoring stipends

\$70,000 Subtotal for Miscellaneous Additions

State Aid and VRS Costs:

It should be noted that the Schools operating budget includes \$27,149,125 in State aid, which is the amount in Governor Warner's proposed budget. This amount is subject to change. Also, there is a possibility that the cost proposed by VRS for retirement benefits may change as well.

Enrollment:

The FY 2007 Schools budget is constructed on a projected enrollment of 10,134. This is 150 lower than the actual enrollment for FY 2006 (10,284 as of September 30, 2005), and is 456 lower than the FY 2006 budgeted enrollment figure of 10,590.

Attachments

cc: Rebecca Perry, Superintendent, ACPS

City of Alexandria, Virginia

MEMORANDUM

DATE: DECEMBER 21, 2005

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES HARTMANN, CITY MANAGER *J*

SUBJECT: SCHOOL SUPERINTENDENT'S PROPOSED OPERATING BUDGET
FOR FY 2007

Attached you will find the Superintendent's Proposed Operating Budget for FY 2007 that has been presented to the School Board. The School Board will review the proposed operating budget, hold a public hearing on January 14 and then adopt an operating budget on Thursday, January 26, for City Council consideration during the City's budget process. This schedule is in accord with that established by City Council in Resolution 2150 for preparation of the FY 2007 budget.

The Superintendent's proposed operating budget for FY 2007 totals \$177.9 million, a 6.7% (\$10.2 million) increase compared to last year, and requests a City appropriation of \$148.6 million, an increase of 7.06% (\$9.8 million). The operating budget includes approximately \$24.3 million in State aid, a \$0.6 million decrease from last year. (It should be noted that the State aid forecast in the proposed budget was made prior to the Governor's introduction of his 2006-2008 biennial budget, and State aid will most likely be more than \$24.3 million. Also, the Governor proposed a smaller increase in contributions to the Virginia Retirement System than assumed in the Superintendent's proposal.) The proposed budget also includes a \$4.3 million appropriation from the Schools Operating Fund fund balance from the FY 2005 operating surplus.

City Council's action in the fall, after their retreat, set two targets for expenditure growth. These targets set the City's operating transfer to the Schools at a maximum 7.3% increase, with an alternate lower budget target of a 5.2% increase. (Neither of these percentage increases includes a COLA.) The Superintendent's Proposed Operating Budget for FY 2007 is under the 7.3% target. If the Governor's proposed budget is assumed, this 7.3% increase could be lower. In order to meet the lower 5.2% target, the Schools would need to reduce the proposed City appropriation by \$2.6 million, down to approximately \$146 million.

Highlights of the FY 2007 operating budget include:

- Continued funding for all current instructional programs such as differentiated resources, modified calendar at Samuel Tucker Elementary and Mount Vernon Community School, focus schools, dual language programs, laptops for grades 9-12, the kindergarten prep

program, and elementary math specialists. Small class sizes are maintained at all levels. The target average class size at the elementary level is 20.

- \$5.8 million of the \$8.4 million in supplemental personnel and non-personnel requests were funded. All supplemental budget items requested are listed starting on page D-22 of the attached Schools' budget. Listed below are some of the key budget additions;
- \$5.9 million to fund a required contribution increase to the Virginia Retirement System; \$3.5 million for step increases for eligible employees; \$2.0 million to adjust the pay scale for Bachelor degree teachers; and \$1.9 million to fund an increase in the employer contribution for health insurance for employees and retirees;
- Reserves for regular and special education teachers and paraprofessionals total \$1.3 million. Reserve positions are filled only if unanticipated enrollment deviations occur. The reserve positions include 12.0 elementary reserve teachers, 2.0 elementary reserve paraprofessionals, 5.0 special education reserve teachers, and 3.0 special education paraprofessionals, for a total of 22.0 positions. The special education reserves increased due to changes in the federal Individuals with Disabilities Education Improvement Act (IDEIA).
- As keeping with the City practice, the Superintendent's Proposed Budget does not include any funds for a cost of living adjustment (COLA), however, it does assume that whatever cost of living adjustment is provided for City employees will also be funded for School employees.

The overall budget is based on an estimated enrollment decline of 150 students, from 10,284 in actual enrollment on September 30, 2005, down to 10,134 in the FY 2007 projected enrollment. The Superintendent's proposed budget is lower than estimates supplied to City Council at the October retreat primarily due to lower enrollment projections for FY 2007 and corresponding reductions in staff. Twelve proposed personnel additions are off-set by a decrease (primarily in teachers) of 25.5 positions, resulting in a net decrease of 13.5 positions. It is the reduction of 25.5 positions that is a primary driver which brings the budget in under the 7.3% growth target.

In addition to receiving the Superintendent's Proposed FY 2007 Operating budget, the School Board is reviewing the Superintendent's Proposed FY 2007-FY 2012 Capital Improvement Program, which was presented to the Board on November 3. The School Board held a Public Hearing on the Proposed CIP in early December and is scheduled to adopt a CIP on January 5, 2006. The Total Proposed CIP of \$97.9 million includes an FY 2007 request of \$24.1 million which is equal to that approved by Council last year as the planned FY 2007 School's amount in the City's FY 2006-2011 CIP.

Attachment:

1. Superintendent's Proposed Schools Operating Budget for FY 2007


cc: Mark Jinks, Deputy City Manager
 Bruce Johnson, Budget Director
 Rebecca Perry, Superintendent, ACPS
 Sandy Murphy, Budget Analyst

City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 2, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES HARTMANN, CITY MANAGER 

SUBJECT: SCHOOL BOARD OPERATING BUDGET REQUEST TO CITY COUNCIL FOR FY 2007

Last week, the Alexandria School Board adopted a FY 2007 operating budget request of \$180.5 million. The adopted budget includes a requested appropriation of **\$148.3 million** from the City, which is an increase of 6.9 percent over the approved FY 2006 City appropriation of \$138.8 million. This represents a percentage increase which is between the "high" and "low" budget targets set by City Council last fall. These budget figures do not include any COLA. If a 3 percent COLA were added (\$3.9 million), the total City appropriation for FY 2007 would be **\$152.2 million**, an increase of \$13 million, or 9.7 percent, over FY 2006.

The School Board approved the following changes to the Superintendent's Proposed Budget (please refer to the attached memorandum, dated December 21, 2005, for details on the Superintendent's proposed budget):

Expenditures:

- reduced previously projected VRS cost increases by \$2.2 million, per Governor Warner's proposed budget which used different actuarial calculation methods,
- added \$4.8 million to adjust the Masters degree salary scales (this is in addition to the \$2 million included in the Superintendent's proposed budget to adjust Bachelor degree salaries),
- deleted the proposed new position of TV Station Director at a cost of \$116,459,
- increased expenditures by \$50,000 for outreach and publicity, \$20,000 for Advanced Placement tutoring stipends, and \$61,586 for an outside evaluation of the High School Technology Integration Project, including the laptop initiative (these additions total \$131,586),
- added funds for increased School Board member salaries per the recently adopted new School Board pay scale (\$68,400), and

- no reduction was taken at this time for School health insurance premium costs that, although not yet finalized, is likely to remain close to last year's level. The Schools have budgeted a \$1.9 million increase which appears may not be needed in FY 2007.

Revenue:

- increased State aid by \$2.9 million, per Governor Warner's proposed budget, and
- increased local revenue from fees, including School lunch, by 3 percent, or \$15,127.

Attachment

cc: Rebecca Perry, Superintendent, ACPS
Mark Jinks, Deputy City Manager
Bruce Johnson, Budget Director
Sandy Murphy, Budget Analyst