

WS  
3-3-08

# School Board's FY 2009 Approved Budget and Capital Improvement Plan

Alexandria City Public Schools  
Joint Work Session  
City Council and School Board  
March 3, 2008



# Agenda

- ACPS Operating Budget
- Changes in the ACPS Budget Process and Documents
- City-Schools Collaboration
- ACPS Capital Improvement Program



# Budget Assumptions

- Student enrollment is stable
- Small class sizes and small schools are maintained
- Current service levels are funded
- Competitive employee compensation is maintained
- Cost increases driven by the market or by external requirements are covered



# Development of the FY 2009 Budget

- Modified zero-based budgeting approach
  - Reduction of non-recurring costs - \$3.8 mil
  - Enrollment-based allocations for schools
- The School Board made reductions in January
- Reductions total \$4.02 million – 2.1% of the FY 2008 budget

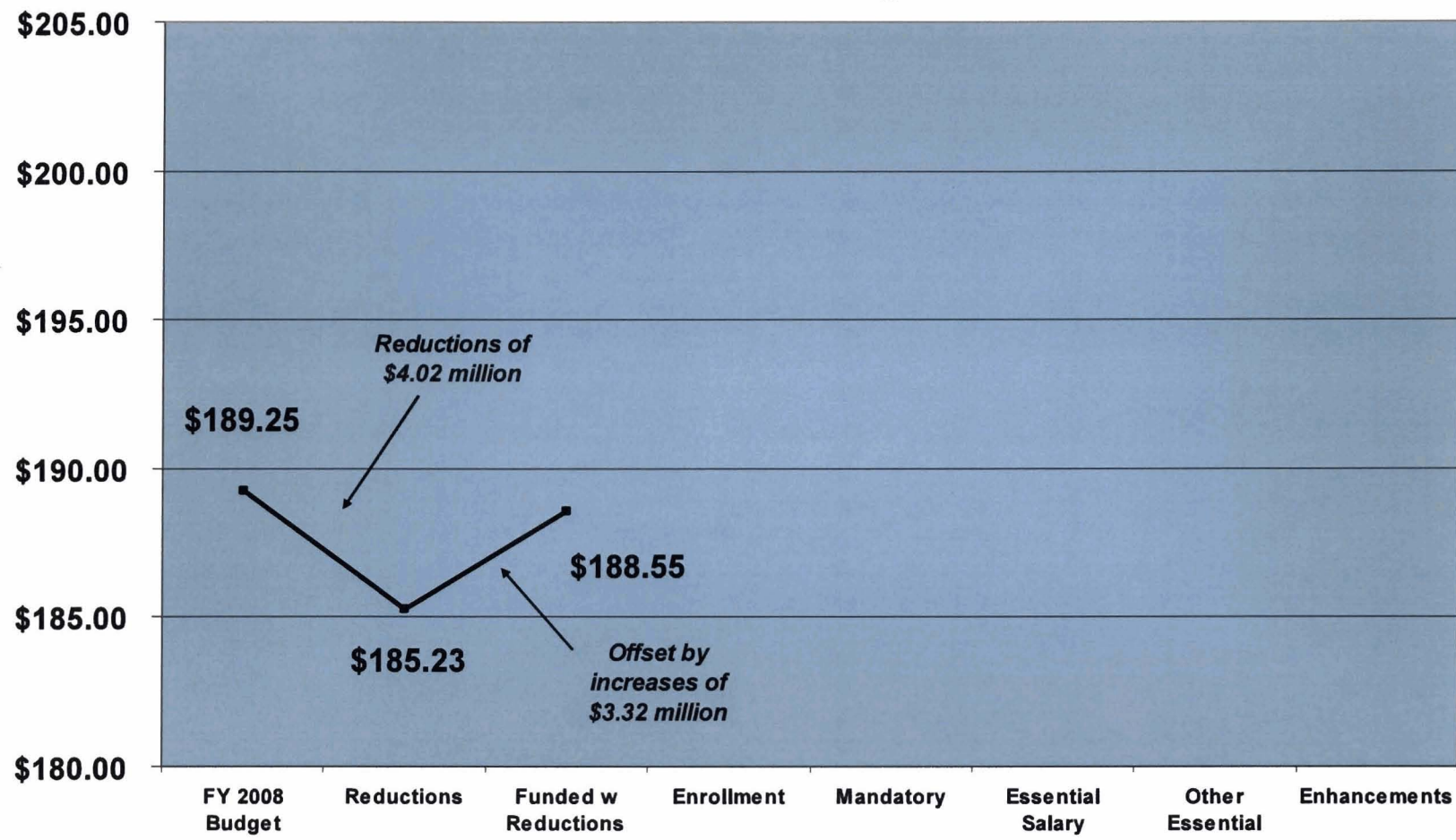


# Savings from Reductions were Used to Fund:

- Special education and homeless student costs: \$1.07 million
- Substitute teachers: \$0.75 million
- Ongoing operational costs such as utilities, custodial supplies, and building leases: \$0.60 million
- Worker's Compensation: \$0.31 million
- Long-term sick leave: \$0.30 million
- Literacy initiative: \$0.15 million
- Test proctors and tests: \$0.14 million

# Reductions and Realignment

## Reductions and Realignments





# Existing Programs Were Maintained

- Literacy for the 21<sup>st</sup> Century Initiative
- Enhancing middle school rigor
- Modified calendar, dual language, and focus school programs
- Secondary technology initiative
- Summer school and K-Prep
- Advanced Placement testing



# Enrollment\* Has Increased Compared to FY 2007

## Total student enrollment

Fiscal Year	Actual	Projected
FY 2007	10,332	
FY 2008	10,557	10,331
FY 2009		10,459

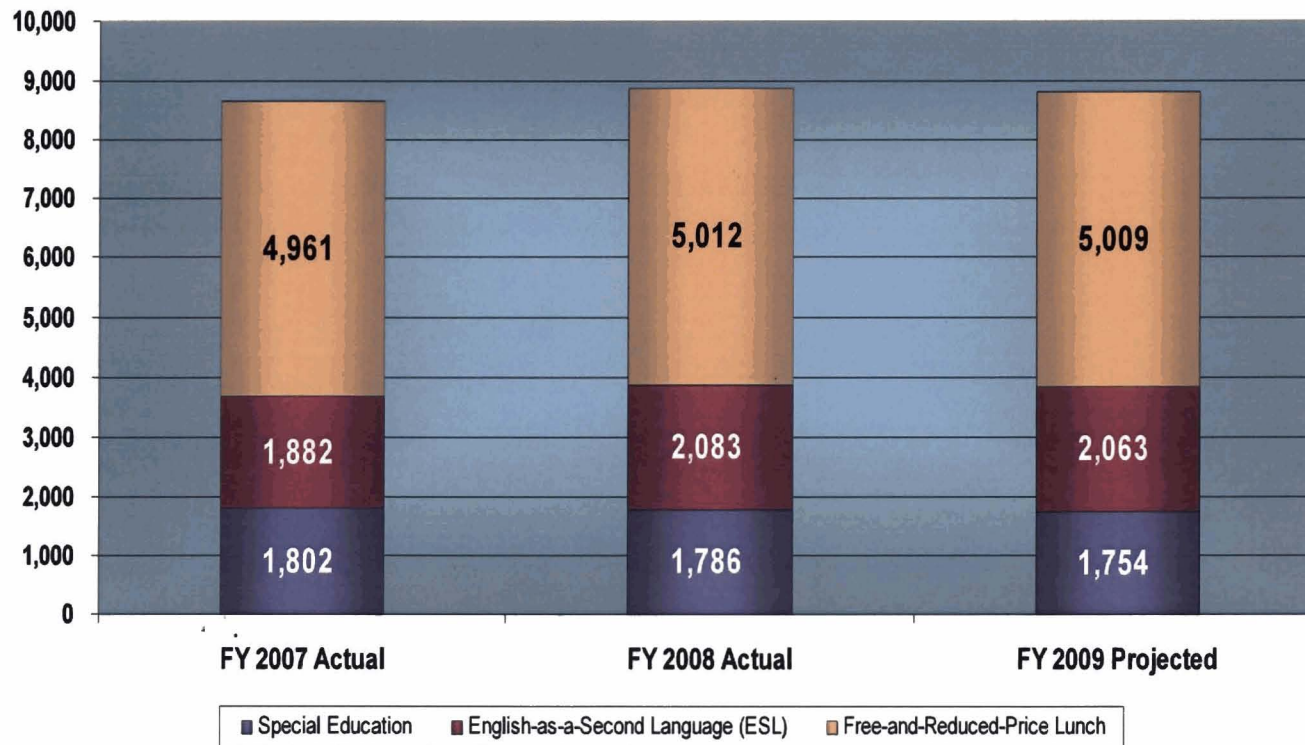
Total enrollment will increase over the two-year period by about 125 students.

\*Revised data series based on total ACPS enrollment rather than average daily membership (ADM).



# At-Risk Student Enrollment Requires Additional Staffing

Enrollment of At-Risk Students



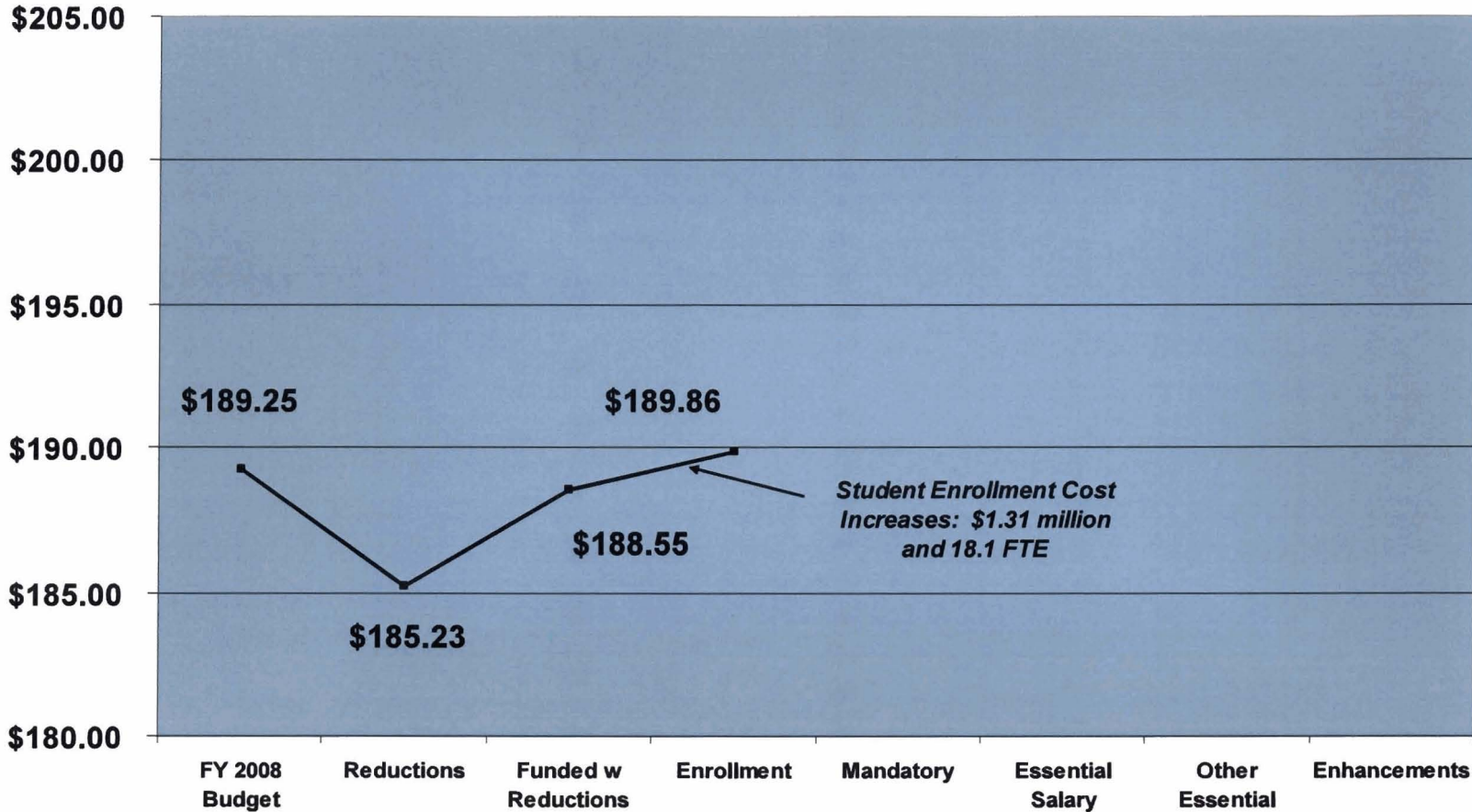


# Enrollment-related Cost Increases

- Elementary home-room teachers and paraprofessionals: \$0.44 million and 6.0 FTE
- ESL teachers: \$0.48 million and 6.1 FTE
- Special education teachers and paraprofessionals: \$0.34 million and 6.0 FTE
- Increases in differentiated resources and at-risk funds: \$0.05 million

# Student Enrollment Costs

## The Cost of Changes in Student Enrollment



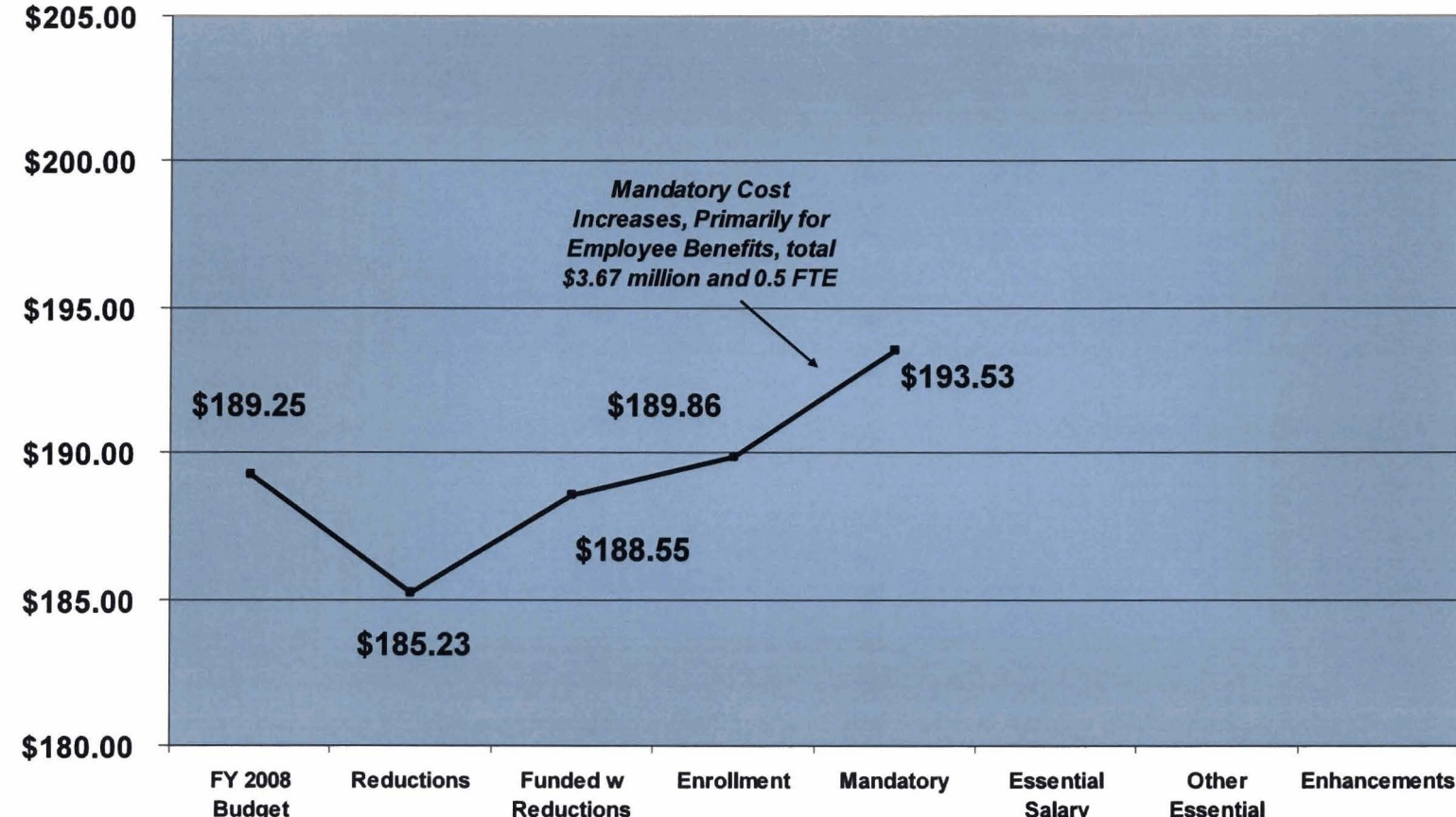


# Rising Employee Benefit Costs and Other Mandatory Items

- Virginia Retirement System programs: \$1.37 million
- OPEB liability and retiree health benefits: \$0.83 million
- Medical and dental insurance: \$1.06 million
- Supplemental retirement: \$0.23 million
- Disability insurance and termination benefits: \$0.14 million
- ISAEP teacher: \$0.04 million and 0.5 FTE

# Employee Benefit and Other Mandatory Cost Increases

**Mandatory Cost Increases**



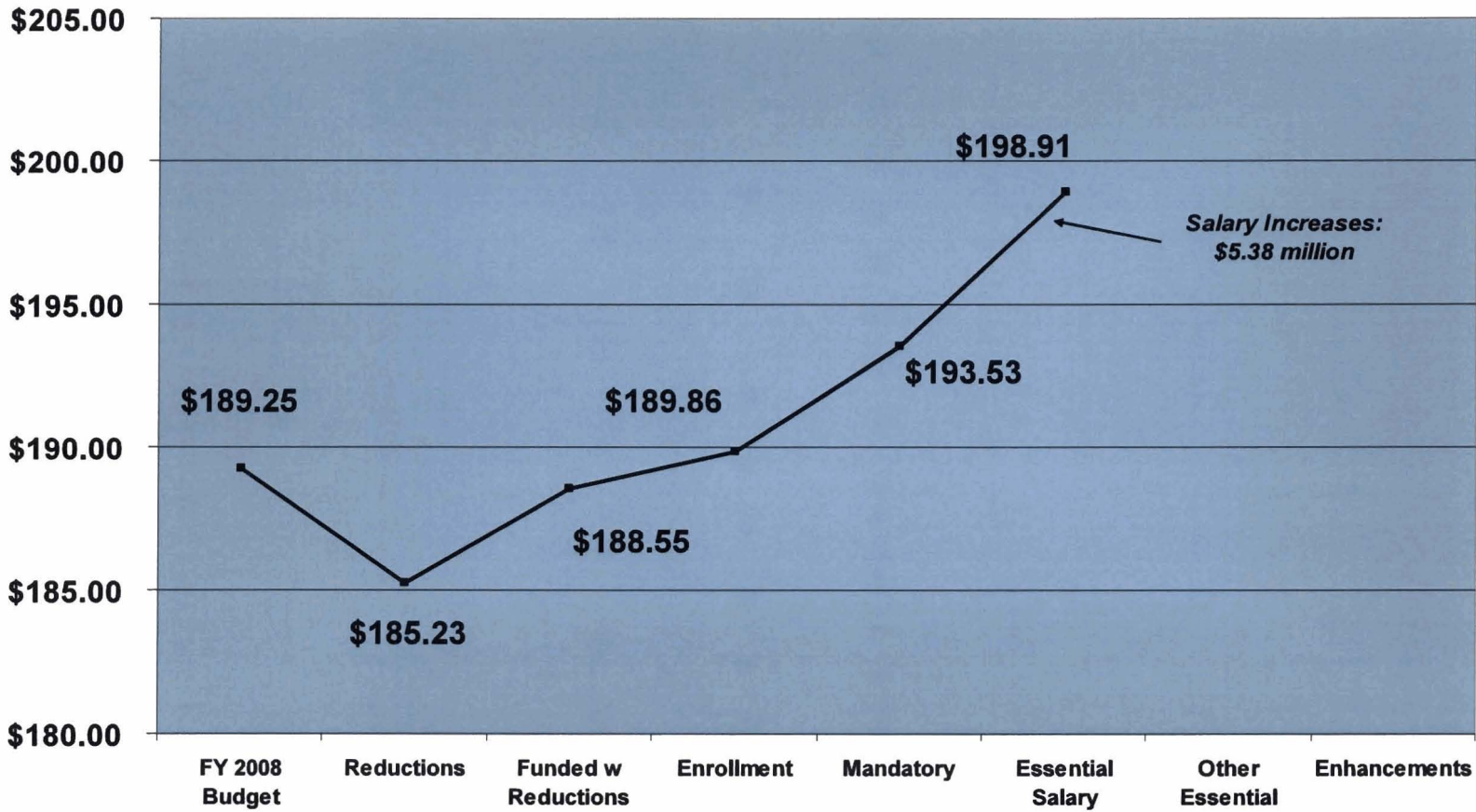


# Essential Increases: Salaries for Teachers and Other ACPS Staff

- Step increase: \$3.67 million
- Market rate adjustment of 1 percent: \$1.42 million
- Longevity step added to all salary scales: \$0.29 million

# Salary Increases are Needed to Maintain Competitive Compensation

**Salary Increases**





# Directed Funding to Meet Program Goals

- Establish Contingent Reserve: \$0.40 million
- Data-driven decision-making software: \$0.08 million
- Strategic planning and program review: \$0.05 million
- Student information system: \$0.23 million
- ITS technician for schools: \$0.08 million and 1.0 FTE
- Reading/math teachers to replace grant positions: \$0.14 million and 1.5 FTE





## Directed Funding to Meet Program Goals (cont.):

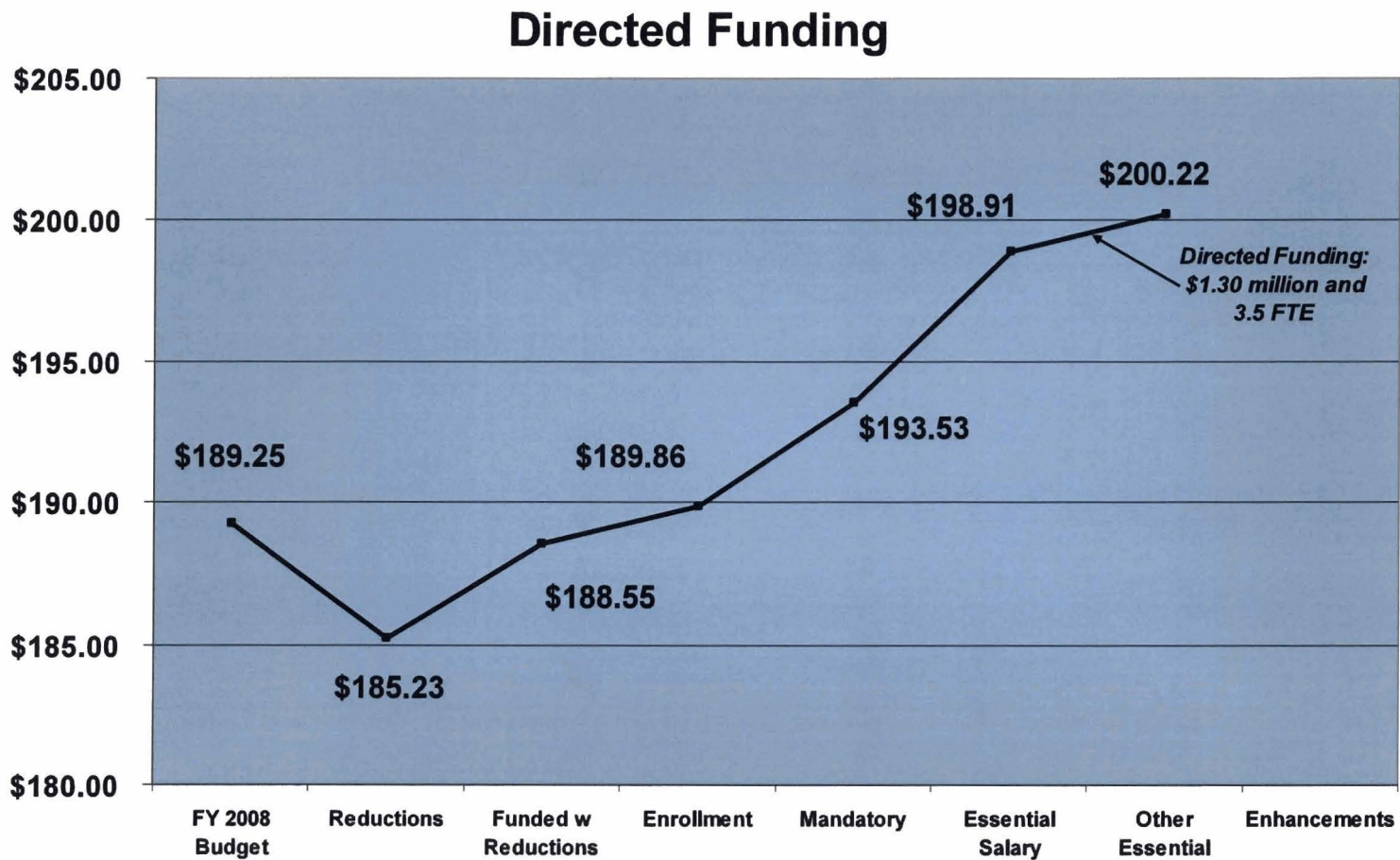
- Custodial and bus driver overtime: \$0.10 million
- Summer school funding: \$0.10 million
- Curriculum specialist contract extension: \$0.09 million
- Asst. Principal, Douglas MacArthur: \$0.06 million and 0.5 FTE
- GED teacher: \$0.04 million and 0.5 FTE




# Use of Contingent Reserve

- Comparable to City's Contingent Reserve and designated fund balance reserves
- Available for use only with prior School Board approval
- Used only for specific purposes: unanticipated special education or other legal settlements; utility or overtime costs related to unusual weather; enrollment growth requiring positions beyond those in the staffing reserve; risk management reserve pool

# Directed Funding to Meet Program Goals



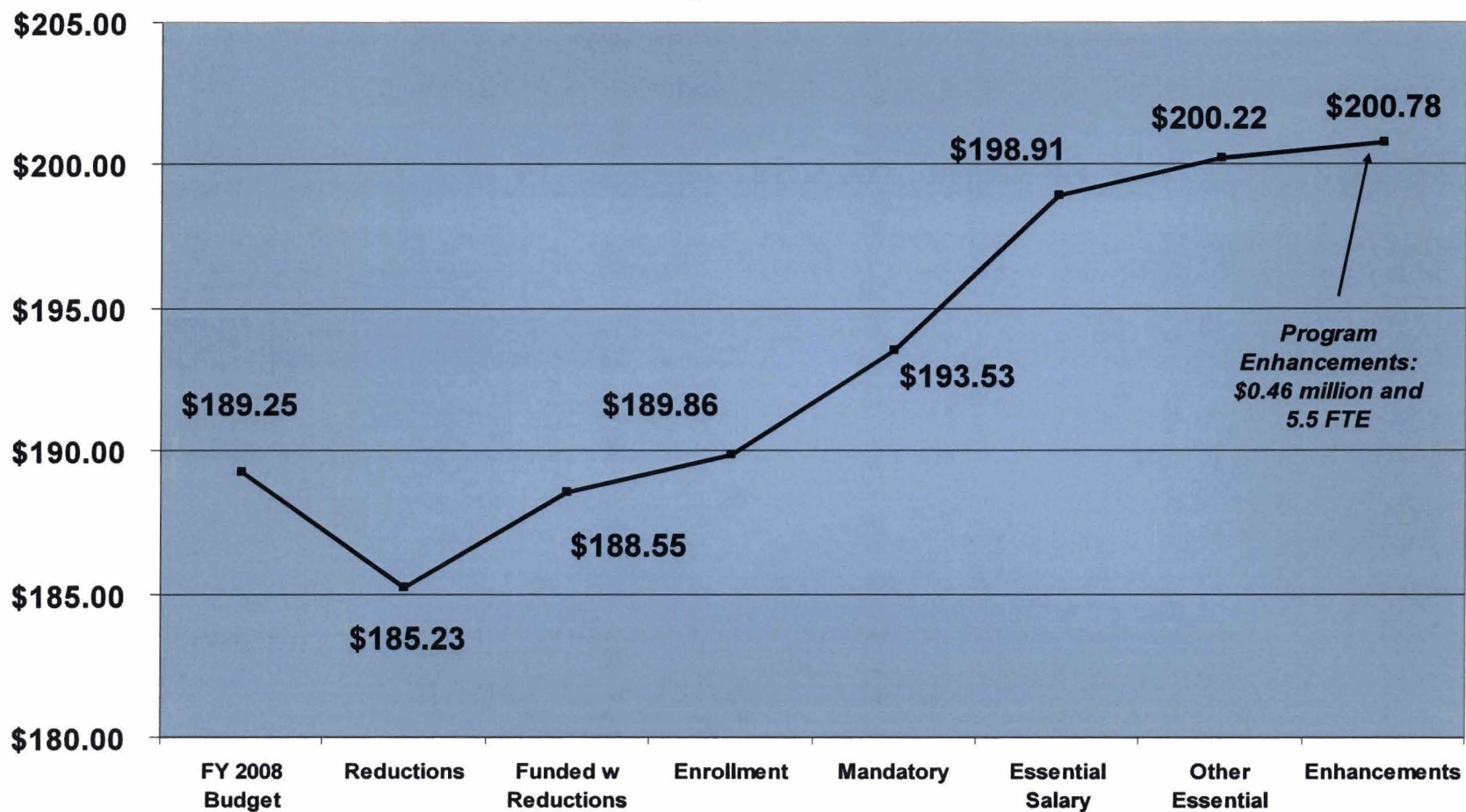



## Limited Funding for Program Enhancements is Included

- Middle School Instructional Coaches: \$0.18 million and 2.0 FTE
- Teachers for new courses in Chinese and pre-engineering: \$0.16 million and 2.0 FTE
- Reading teacher at TC Williams: \$0.08 million and 1.0 FTE
- Career coach: \$0.04 million and 0.5 FTE

# Program Enhancements

## All Expenditures





# The ACPS Budget is Focused on Instruction and on Schools

- About two-thirds of the budget goes to support school instructional staff and school administrator salaries and benefits
- School-based positions make up over 91% of all ACPS positions

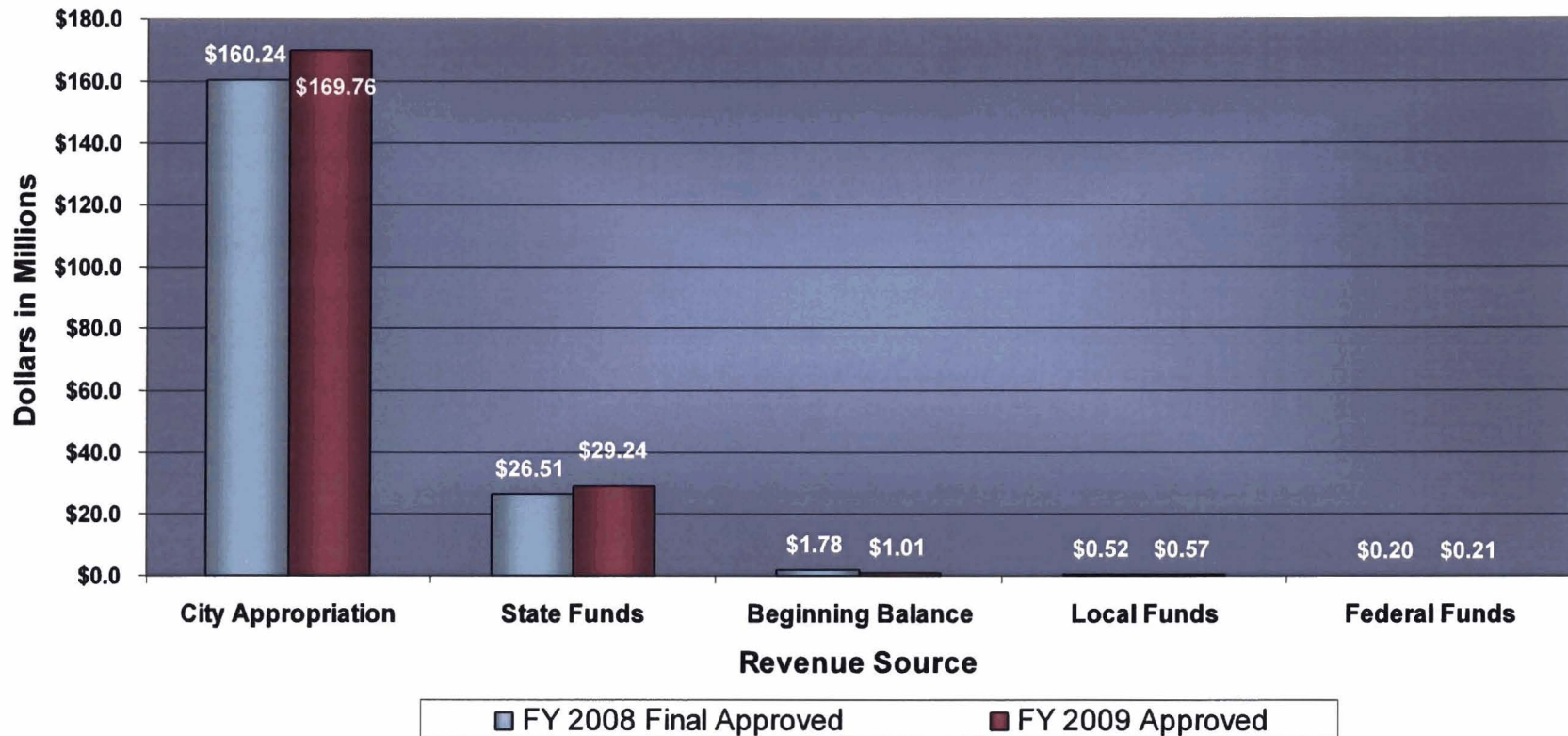


# The Revenue Side

- The City appropriation makes almost 85% of total revenue
- State revenue is over 14%
- Other funding sources, including beginning balance, total less than 1% of total revenues

# The Primary Source of Revenue is the City Appropriation

Change in ACPS Revenue







# Unknown: State Budget

- Governor's Budget provided an increase in SOQ funding
- House and Senate budget bills provide \$0.30 to \$0.40 million less than projected in FY 2009 approved budget
- House and Senate budget bills also adjust VRS rates down, resulting in some cost savings on the expenditure side
- When the final numbers are known, the School Board will be briefed and numbers adjusted accordingly



# Unknown: Enrollment

- Enrollment trends appear to be changing
- Since FY 2000 enrollment has declined; increase in FY 2008 was first since FY 2000
- Increases have continued since September. September enrollment was 225 students higher than prior year; January enrollment is 470 students higher than last January.
- FY 2009 projections will be recalculated when we have end-of-March data.



# Unknown: Health Insurance

- Tentative increase in rates of 12.5% percent; budget based on a 10.0% increase
- Possibility of self-funding of MAMSI/United Health plans under discussion with City
- ACPS has no designated fund balances or reserve to help offset the risk of moving to self-funding of health insurance



# Budget Summary

- The operating fund budget is \$200.79 million, an increase of \$11.53 million or 6.1%
- The City appropriation increases to \$169.76 million. The increase is \$9.52 million or 5.9%
- The City appropriation is \$1.5 million over the City Council's guidance when the 1% MRA is included
- The City appropriation is \$2.9 million over the City Council's guidance when the MRA is not included



# Changes in the budget documents

- Operating budget:
  - Content and structure molded by ASBO requirements
  - Introduces school and department goals and benchmarks
  - Additional content added at each budget cycle
  - Implementation of benchmarks and performance budgeting is ongoing
- CIP budget document will also include revised project pages to provide more background and descriptive information



# Changes in Budget Process

- Will move to full zero-based budgeting process over the next several years
- Department and school budgets will be reviewed, with all completed over a four- to five-year cycle
- Funding formulas for at-risk and differentiated resource calculations will be reviewed
- Refinements in performance benchmarks



# School Cost-Saving Measures

- Scheduling reviews of all major vendor contracts
- Reviewing opportunities for privatization of services
- Review of insurance and other risk management approaches
- Process improvements in the conduct of business
- Efficiency review recommendations
- Employee suggestion program



# City-School Collaborations

- Transportation for police summer programs for children and police academy training
- Transportation for City summer and after-school programs
- Shared fuel facility for City and school vehicles
- Provision of meals and snacks to City Recreation Department and Campagna Center summer and after-school programs
- Expansion of recycling efforts at ACPS sites, in response to student and PTA requests





## City-School Collaborations (cont.)

- Free use of facilities for Recreation Department, City Head Start, and Campagna Center programs
- Free custodial services and supplies for Recreation Department, Head Start, and Campagna Center programs
- Free use of fields for all Recreation Department programs
- Free use of facilities and fields for all other City-sponsored activities, including City agency use of TC Williams, Jefferson-Houston and other facilities for frequent public meetings



## City-School Collaborations (cont.)

- Free use of GW Middle School by Charles Houston Recreation Center programs for weekend, evening, and summer activities during Rec Center reconstruction for at least 1 ½ years. Free custodial supplies and utilities are being provided by ACPS.
- ACPS use of Burke Library for office space, free of charge
- MOU on grounds maintenance
- Health insurance rate-setting pool
- Shared hot-site for data and technology systems back-up



# ACPS Capital Improvement Program FY 2009 -2014

- ACPS total request is \$91.8 million for the six-year period
- City budget funds \$65.3 million, cutting \$26.5 million. The unfunded amount is 29% of the total request.
- Most of the reductions occur in FY 2010 and FY 2011

# ACPS CIP Requests: By Category and Tier, Funded and Unfunded

Funded and Unfunded Amounts by Fiscal Year

Ctgy	Tier	Funded and Unfunded Amounts by Fiscal Year								
		FY 2009 Requested	FY 2009 City Proposed	FY09 Unfunded	FY 2010 Requested	FY 2010 City Proposed	FY10 Unfunded	FY 2011 Requested	FY 2011 City Proposed	FY11 Unfunded
Recurring Infrastructure	1	1,311,000	1,311,000	-	1,473,525	1,473,525	-	1,280,890	1,280,890	-
	2	1,150,000	1,150,000	-	1,150,000	1,150,000	-	1,150,000	1,150,000	-
	3	1,215,500	1,215,500	-	1,248,525		(1,248,525)	654,270	654,270	-
<b>Recurring Infrastructure Total</b>		<b>3,676,500</b>	<b>3,676,500</b>	<b>-</b>	<b>3,872,050</b>	<b>2,623,525</b>	<b>(1,248,525)</b>	<b>3,085,160</b>	<b>3,085,160</b>	<b>-</b>
Major Infrastructure	1	10,655,267	10,655,267	-	2,843,215	2,843,215	-	1,830,249		(1,830,249)
	2	5,548,119	5,548,119	-	10,312,811		(10,312,811)	2,343,707		(2,343,707)
	3	947,446	-	(947,446)	709,360		(709,360)	2,964,496		(2,964,496)
<b>Major Infrastructure Total</b>		<b>17,150,832</b>	<b>16,203,386</b>	<b>(947,446)</b>	<b>13,865,385</b>	<b>2,843,215</b>	<b>(11,022,171)</b>	<b>7,138,452</b>		<b>(7,138,452)</b>
New Projects	1	-	-	-	220,500		(220,500)	861,000		(861,000)
	2	977,430	-	(977,430)	1,255,200		(1,255,200)	1,082,025		(1,082,025)
	3	-	-	-	-		-	1,719,000		(1,719,000)
<b>New Projects Total</b>		<b>977,430</b>	<b>-</b>	<b>(977,430)</b>	<b>1,475,700</b>		<b>(1,475,700)</b>	<b>3,662,025</b>		<b>(3,662,025)</b>
<b>Grand Total</b>		<b>21,804,762</b>	<b>19,879,886</b>	<b>(1,924,876)</b>	<b>19,213,135</b>	<b>5,466,740</b>	<b>(13,746,396)</b>	<b>13,885,637</b>	<b>3,085,160</b>	<b>(10,800,477)</b>



# FY 2009 Projects

## ■ **Funded: \$19.9 million**

- HVAC system replacements, boiler replacements, fire alarm and sprinkler systems, playground surfacing and equipment replacements

## ■ **Unfunded: \$1.9 million**

- Elevator/ADA projects, gym addition, cafeteria expansion, roof replacement, irrigation system, maintenance facility HVAC system replacement



# FY 2010 Projects

## ■ **Funded: \$5.5 million**

- HVAC controls, building components refurbishment, miscellaneous renovations, systems modernization, and tuckpointing, fire code mandates, parking lot repaving

## ■ **Unfunded: \$13.7 million**

- HVAC systems replacement, fire alarm and sprinkler systems, roof replacement, playground resurfacing and equipment replacement, elevator/ADA projects, track and artificial turf projects, tennis courts, school office renovations, school parking expansion and lighting, replacement buses and vehicles, daylighting, all rowing



# FY 2011 Projects

## ■ **Funded: \$3.1 million**

- City mandates such as generators, fire code upgrades, and parking lot paving, miscellaneous building systems modernization and renovations, replacement buses and vehicles

## ■ **Unfunded: \$10.8 million**

- HVAC systems replacement, sprinkler and fire alarm systems replacement, roof replacement, classroom additions, elevator/ADA projects, playground resurfacing, artificial turf, architectural and engineering fees for projects funded in the following year, all rowing facility projects



# Other CIP Funding Issues

- Architectural and engineering fees are funded but the projects themselves are not funded
- Beginnings of project funded in one year; the remaining portion of the project not funded in subsequent years
- Comparable projects funded in one year and not in the next, e.g, playgrounds, HVAC and electrical projects





More information is available  
on the ACPS website:

<http://www.acps.k12.va.us/budgets/index.php>