



ARLINGTON PUBLIC SCHOOLS

Budget Work Session #4



Agenda

- Budget Forecast
- Unfunded Needs
- School Board Requests





Budget Forecast – Revenue Assumptions

- **County Transfer** –This forecast assumes moderate growth in County local tax revenue which projects 1.3% growth in FY 2026, 1.7% growth in FY 2027 and 1.9% growth in FY 2028. The County Transfer amount is based on 46.8% share of County local tax revenue. Any tax increases or decreases in future years for either the County or the Schools would change the Schools' share and would change the projected revenue in the out years.
- **State Revenue** –Assumes changes in State funding beyond FY 2025 strictly for enrollment changes based on the Governor's 2024-2026 biennial budget as presented on December 20, 2023.
- **Local Revenue** –Assumes a slight increase in local revenue each year based on historical trends and projected increases in expenditures for self-funded programs such as Extended Day and Food and Nutrition Services.
- **Federal Revenue** –Assumes a slight increase in Federal revenue each year based on historical trends, primarily in the Food and Nutrition Services Fund and Grants and Restricted Programs Fund.
- **Carry Forward** –Assumes Carry Forward will return to \$3.5 million after FY 2025.
- **Reserves** –The School Board has created several reserves to help offset the increasing costs of capital, VRS, debt service, health insurance, and other unfunded liabilities in the out years. In addition, the School Board has allocated funds from closeout from the past several fiscal years to create both the Compensation reserve to partially mitigate the cost of compensation increases and the Future Budget Years reserve to defray one-time costs in upcoming fiscal year budgets.



Budget Forecast – Expenditure Assumptions

- *Salaries and Benefits Baseline Adjustments and Efficiencies* includes estimated changes in the salary and benefits base from the prior year adopted budget to current and on board.
- *Projected changes in fringe benefit rates*
 - The VRS retirement rate for is projected to remain at the same levels as FY 2025 in the out years. The VRS rates for group life insurance and the retiree health care credit are projected to remain at the same levels as FY 2025 in the out years.
 - Health insurance premiums are projected to increase \$1.0 million per year based on historical trends and changes to health care elections in FY 2026 and beyond.
- *Baseline Savings* includes costs removed from the budget because they were one-time costs in the prior year, or changes to services in Other Funds.
- *Contractual Obligations* includes those items for which we are legally bound to pay, such as Debt Service and Building Lease Costs, and those items which must be paid for schools to run, such as utilities and property insurance.
- *Additional Funds for Baseline Services* includes increases necessary to maintain the same level of service for students and staff as is currently in place, such as expenditures for the Food and Nutrition Services fund and the Extended Day program.
- *Enrollment Growth* includes changes in enrollment which includes additional or fewer positions and materials and supplies resulting from applying the FY 2024 Adopted planning factors to the projected increase in enrollment.
- *Compensation* in FY 2026 and beyond includes a step increase, per policy.
- *New Budget/Zero-Based Budget Requests* in FY 2025 includes funding for math interventionists and consultants. Any known out-year costs are included in FY 2026 through FY 2028. Any one-time costs are funded with one-time funds, if the funds are available, and eliminated in the following year.



Budget Forecast

	FY 2025 SUPERINTENDENT'S PROPOSED	FTEs	FY 2026 PROJECTED	FY 2027 PROJECTED	FY 2028 PROJECTED
REVENUE					
Prior Year Budget - All Funds	\$812,593,100		\$797,577,324	\$786,635,496	\$798,952,065
CHANGES IN REVENUE					
Increase in County Revenue	\$20,328,215		\$10,450,129	\$11,878,108	\$13,377,875
County One-Time Revenue	\$2,231,986		\$0	\$0	\$0
County One-Time Revenue - Prior Year	(\$13,841,500)		(\$2,231,986)	\$0	\$0
Increase/(Decrease) in Carry Forward from Prior Year	\$3,600,000		(\$3,600,000)	\$0	\$0
Increase/(Decrease) in Local Revenue	\$1,309,088		\$200,000	\$200,000	\$200,000
Increase/(Decrease) in State Funds - All funds	(\$5,719,558)		\$3,716,241	(\$430,203)	\$596,839
Increase/(Decrease) in Federal Revenue	\$1,360,497		\$200,000	\$200,000	\$200,000
NET REVENUE	\$821,861,828		\$806,311,707	\$798,483,401	\$813,326,780



Budget Forecast

	FY 2025 SUPERINTENDENT'S PROPOSED	FTEs	FY 2026 PROJECTED	FY 2027 PROJECTED	FY 2028 PROJECTED
USE OF RESERVES					
VRS Reserve Used in Prior Year Budget	\$0		\$0	(\$1,000,000)	(\$47,239)
Debt Service Reserve Used in Prior Year Budget	(\$2,512,330)		(\$1,205,385)	(\$183,841)	(\$1,605,266)
Future Budget Years Reserve Used in Prior Year Budget	(\$21,509,226)		(\$18,054,667)	\$0	\$0
Compensation Reserve Used in Prior Year Budget	(\$21,123,000)		(\$1,600,000)	\$0	\$0
Capital Reserve Used in Prior Year Budget	\$0		\$0	\$0	\$0
Future Budget Years Reserve Used in Current Year Budget	\$18,054,667		\$0	\$0	\$0
Compensation Reserve Used in Current Year Budget	\$1,600,000		\$0	\$0	\$0
Capital Reserve Used in Current Year Budget	\$0		\$0	\$0	\$0
VRS Reserve Used in Current Year Budget	\$0		\$1,000,000	\$47,239	\$0
Debt Service Reserve Used in Current Year Budget	\$1,205,385		\$183,841	\$1,605,266	\$390,518
NET USE OF RESERVES	(\$24,284,504)		(\$19,676,211)	\$468,664	(\$1,261,987)
TOTAL FUNDS AVAILABLE	\$797,577,324		\$786,635,496	\$798,952,065	\$812,064,793



Budget Forecast

	FY 2025 SUPERINTENDENT'S PROPOSED	FTEs	FY 2026 PROJECTED	FY 2027 PROJECTED	FY 2028 PROJECTED
EXPENDITURES					
Prior Year Budget - All Funds	\$812,593,100	5,248.20	\$825,979,457	\$846,956,870	\$868,212,194
BASELINE ADJUSTMENTS					
Salaries and Benefits Baseline Adjustments & Efficiencies	(\$1,818,419)		\$1,000,000	\$1,000,000	\$1,000,000
Baseline Savings					
Eliminate one-time costs in prior year	(\$5,263,902)	0.00	(\$2,952,360)	(\$2,224,860)	(\$2,139,860)
Other Funds					
Debt Service	\$2,410,769		\$367,682	\$3,210,532	(\$670,536)
Baseline services in other funds (CSA, F&NS, Grants, Ext. Day)	\$2,457,200	(9.40)	\$350,000	\$350,000	\$704,000
NET BASELINE ADJUSTMENTS	(\$2,214,352)	(9.40)	(\$1,234,678)	\$2,335,672	(\$1,106,396)



Budget Forecast

	FY 2025 SUPERINTENDENT' S PROPOSED	FTEs	FY 2026 PROJECTED	FY 2027 PROJECTED	FY 2028 PROJECTED
Priority # 1 - Deepen our focus on ensuring student well-being and academic progress for all students					
Enrollment Growth					
Changes in enrollment (salaries, benefits, materials & supplies)	\$4,214,617	43.65	\$2,872,222	\$2,127,522	\$6,239,373
Spring enrollment changes	\$0		\$800,000	\$800,000	\$800,000
Baseline Adjustments					
Ongoing Baseline Services	\$5,026,518	17.80	\$809,087	\$809,087	\$809,087
One-Time Baseline Services	\$160,000	0.00	\$410,000	\$325,000	\$325,000



Budget Forecast

	FY 2025 SUPERINTENDENT' S PROPOSED	FTEs	FY 2026 PROJECTED	FY 2027 PROJECTED	FY 2028 PROJECTED
Priority # 1 - Deepen our focus on ensuring student well-being and academic progress for all students (continued)					
New Budget Requests					
Mathematics Specialist, K-5 Math Interventionist	\$650,850	6.00			
Teacher Hourly for Compensatory Services	\$140,000				
ASL Interpretation Contracted Services	\$250,000				
Computer Assisted Translation (CAT) Tools	\$30,000				
Community in Schools Contract	\$228,660				
Student Transportation - EverDriven Contract	\$344,000				
Lightspeed Alert	\$66,920				
Telehealth - Hazel Health Contract	\$250,000				
NET PRIORITY #1 ADJUSTMENTS	\$11,361,565	67.45	\$4,891,309	\$4,061,609	\$8,173,460



Budget Forecast

	FY 2025 SUPERINTENDENT'S PROPOSED	FTEs	FY 2026 PROJECTED	FY 2027 PROJECTED	FY 2028 PROJECTED
Priority # 2 - Recruit, hire, retain, and invest in a high-quality and diverse workforce to ensure APS is the place where talented individuals choose to work					
Compensation					
Step increase	\$11,205,000		\$11,600,000	\$12,100,000	\$12,600,000
1% Cost of Living Adjustment (COLA)	\$5,935,000		\$0	\$0	\$0
Baseline Adjustments					
Ongoing Baseline Services	\$553,950	0.00	\$500,000	\$500,000	\$500,000
One-Time Baseline Services	\$0		\$0	\$0	\$0
New Budget Requests					
Hourly Aquatics Staff Compensation	\$75,000				
NET PRIORITY #2 ADJUSTMENTS	\$17,768,950	0.00	\$12,100,000	\$12,600,000	\$13,100,000



Budget Forecast

	FY 2025 SUPERINTENDENT'S PROPOSED	FTEs	FY 2026 PROJECTED	FY 2027 PROJECTED	FY 2028 PROJECTED
Priority # 3 - Improve operational efficiency and continue efforts to realign all operational systems and infrastructure with industry best practices					
Baseline Adjustments					
Ongoing Baseline Services	\$1,368,039	0.00	\$728,166	\$443,183	\$105,474
One-Time Baseline Services	\$1,814,860	0.00	\$1,814,860	\$1,814,860	\$1,814,860
New Budget Requests					
Chief of Staff Zero-Based Budget					
Consultant fees for the development of the Strategic Plan	\$25,000				
Other Funds					
MC/MM - synthetic fields at Thomas Jefferson Park Lower Field	\$827,500				
NET PRIORITY #3 ADJUSTMENTS	\$4,035,399	0.00	\$2,543,026	\$2,258,043	\$1,920,334



Budget Forecast

	FY 2025 SUPERINTENDENT'S PROPOSED	FTEs	FY 2026 PROJECTED	FY 2027 PROJECTED	FY 2028 PROJECTED
REDUCTIONS	(\$17,565,206)	(40.80)	\$2,677,757	\$0	\$0
NET EXPENDITURES	\$13,386,357	17.25	\$20,977,414	\$21,255,324	\$22,087,398
TOTAL EXPENDITURES	\$825,979,457	5,265.45	\$846,956,870	\$868,212,194	\$890,299,592
Surplus/(Shortfall) if prior year is balanced with ongoing funds	(\$28,402,133)		(\$31,919,241)	(\$8,938,755)	(\$8,974,670)



Core Unfunded Needs

Total Core Unfunded Needs = **\$25.1 million**

Priority #1: Student Well-Being and Academic Progress

- **\$8.7M** Reduce class size by 2 (83.10 FTE)
- **\$1.0M** Hire K-5 Math interventionists (9.0 FTE)
- **\$0.5M** Invest in High School Literacy Coaches (5.0 FTE)
- **\$0.1M** Add EL Assessment Specialist (1.0 FTE)
- **\$0.7M** Provide deans at remaining secondary schools (6.0 FTE)
- **\$0.4M** Inflation-based adjustment to student instructional materials and supplemental supplies for teachers
- **Increase staffing** for special populations and student well-being, based on **planning factor recommendations**:
 - Special Education
 - English Learners
 - Counselors, Psychologists and Social Workers

Priority #2: Recruit, Retain, Invest in Staff

- **\$11.8M** Additional 2% cost of living increase for staff to provide a **5.3% average** compensation increase, which would advance our goal of being in the top three local school divisions for compensation

Priority #3: Operational Excellence

- **\$0.4M** Additional technicians to support the schools (4.0 FTE)
- **\$1.5M** Restore funding for Major Construction/Minor Maintenance (MC/MM)



School Board Salary Increase

- Decision has to be made this year based on Virginia Code § 22.1-32. Salary of members:
 3. No school board shall be awarded a salary increase unless, upon an affirmative vote by such school board, a specific salary increase is approved. Local school boards shall adopt such increases according to the following procedures:
 - a. A local school board representing a county may establish a salary increase prior to July 1 of any year in which members are to be elected or appointed, or, if such school board is elected or appointed for staggered terms, prior to July 1 of any year in which at least two members are to be elected or appointed. Such increase shall become effective on January 1 of the following year.



Questions/Concerns/Remarks

