

FY 2017 SCHOOL BOARD BUDGET WORK SESSIONS

Work Session #3

Tuesday, March 8, 2016

6:00 pm

AGENDA

- Compensation
- Budget Investments
 - Student/Instructional
 - Infrastructure
- 3-year forecast
- School Board Proposed Changes to Superintendent's Proposed
- Discussion/Next Steps

UPCOMING:

Work Session #4

March 15, 2016 (6:30 pm)

- Advisory Groups
- Spring enrollment changes
- State revenue update
- County revenue update
- School Board proposed changes to Supt's proposed budget

COMPENSATION OPTIONS AND COSTS

Scale	Total FTE	Top of Scale		On Longevity	
		FTE	Percent	FTE	Percent
A	571.4	163.0	28.5%		
C	85.6	39.0	45.6%		
D	175.5	30.0	17.1%		
E	185.3	4.0	2.2%	84.8	45.7%
G	244.8	112.0	45.8%		
M	304.0	100.0	32.9%		
P	138.5	3.0	2.2%	40.5	29.2%
T	2,467.9	63.9	2.6%	668.0	27.1%
X	178.0	27.0	15.2%		
Overall	4,350.9	541.9	12.5%	793.3	28.4%

Cost to provide 1.75% increase to all employees at the top of the scale	\$640,000
Cost to provide 1.75% increase to all employees in longevity	<u>\$1,760,000</u>
Total	\$2,400,000

Cost of increasing minimum hourly wage to \$14.50 - Estimate	\$150,000
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BENEFITS COMPARISON BETWEEN APS AND COUNTY

NEW PARENT LEAVE	APS	COUNTY
For FY 2017	None	4 weeks
Arlington County provides paid New Parent Leave as follows: 4 weeks to the primary caregiver; 2 weeks to the secondary caregiver. This New Parent Leave counts towards the 12-week FMLA allowance; it is not in addition to the FMLA allowance.		
DCPS currently provides 8 weeks of paid FAMILY leave for the birth or placement of a child with the employee OR to care for a family member with a serious health condition. This 8 weeks of leave also counts towards the 12-week FMLA allowable leave period.		
The following school divisions do NOT provide New Parent Leave: Alexandria Fairfax Falls Church Loudoun Manassas City Manassas Park Prince William		

LIVE WHERE YOU WORK	APS	COUNTY
FY17 Budget	\$80,800	\$155,000
Grant for home purchase?	Yes	Yes
Maximum grant amount (currently) *	\$5,300	\$5,500
Approximate # of grants available at max	15	25
Grant for rental assistance?	No	Yes
Maximum grant amount (currently)	N/A	\$500
Approximate # of grants available at max	N/A	24
* County max is based on 1% of average assessed home value and will likely increase for FY17		
Additional cost to provide 25 grants at \$5500 each (current max)	\$56,700	
Additional cost to provide 25 grants at \$6035 each (1% of \$603,500)	\$70,075	

TUITION REIMBURSEMENT	APS	COUNTY
FY17 Budget	\$201,209	\$325,500
FY17 Total FTE	4,527.85	3,917.62
County maximum reimbursement per year (FY17; currently \$1600)		\$1,900
APS maximum reimbursement (FY16)		
A, E, G, M, and X scales (per 3-credit course)	\$1,086	
T scale license renewal (per five-year licensure cycle) *	\$2,172	
T scale license deficiency (VDOE cited; per 3-credit course) *	\$1,086	
Maximum # of reimbursements available per year	185	171
* T scale employees may also receive \$650 once every five years for professional development NB: APS maximum reimbursement is based on UVA's School of Continuing & Professional Studies credit rate at the start of the fall semester each year. This amount will likely increase in Fall 2016, thereby decreasing the number of reimbursements available in FY17.		

Building the FY 2017 Budget

FY 2017 NEW BUDGET INVESTMENTS

INVESTMENTS	FY 2017		FY 2018		FY 2019		FY 2020	
	PROPOSED	FTES	PROPOSED	FTES	PROPOSED	FTES	PROPOSED	FTES
ARLINGTON TECH @ THE CAREER CENTER								
Arlington Tech	\$0.75	4.30	\$1.17	10.00	\$1.00	8.10	\$0.71	5.00
Subtotal Arlington Tech	\$0.75	4.30	\$1.17	10.00	\$1.00	8.10	\$0.71	5.00
CENTRAL REGISTRATION								
Central Registration	\$0.22	3.00						
Subtotal Central Registration	\$0.22	3.00						
STUDENT AND INSTRUCTIONAL SUPPORT								
Administrative Services Specialist	\$0.11	1.00						
Second Chance Initiative	\$0.02							
ESOL/HILT Staffing for Langston and New Directions	\$0.18	2.00						
School Psychologist and Social Worker/Visiting Teacher Planning Factor Adjustments	\$1.16	12.00	\$1.11		\$1.02			
Stipend for Two School Psychology Interns	\$0.04							
Arlington Tiered System of Support (ATSS) Data Specialist	\$0.15	1.00						
Substance Abuse Counselor	\$0.09	1.00	\$0.09	1.00				
Professional Development for Inclusion	\$0.04							
Mental Health First Aid Training	\$0.06							
Communities in Schools NOVA – Barcroft	\$0.10							
Academic Support for Level 5 English Language Learners	\$0.32	3.50	\$0.28	3.00	\$0.28	3.00	TBD	
Elementary Resource Teacher of Gifted (RTG)	\$0.28	3.00						
Personalized Learning Office <i>Offset by reduction in Instructional and Innovative Technologies</i>	\$0.10	1.00						
Elementary Education Specialist	\$0.09	1.00						
Secondary Education Specialist	\$0.10	1.00						
Minority Achievement Office Restructuring	\$0.40		TBD		TBD		TBD	
Social Studies Textbooks	\$0.40		\$0.01		\$0.01		\$0.01	
Drew Model School Strategic Planning	\$0.20							
Update Functionality in Synergy@APS (Edupoint)	\$0.07							
Instructional Technology Coordinators (ITCs)	\$0.32	3.00	\$0.05	0.50				
Technology Funding	\$0.00	0.00	\$3.50		\$2.50		\$3.30	
Subtotal Student and Instructional Support	\$4.26	29.50	\$5.04	4.50	\$3.81	3.00	\$3.31	
PROFESSIONAL DEVELOPMENT								
Workforce Initiative	\$0.10							
Workforce Initiative Professional Development and Succession Planning	\$0.03							
Subtotal Professional Development	\$0.13							

Note: May not total due to rounding.

Building the FY 2017 Budget

FY 2017 NEW BUDGET INVESTMENTS (CONT.)

INVESTMENTS	FY 2017		FY 2018		FY 2019		FY 2020	
	PROPOSED	FTES	PROPOSED	FTES	PROPOSED	FTES	PROPOSED	FTES
SAFETY AND SECURITY NEEDS								
Welcome Center Receptionist	\$0.05	1.00						
Emergency Management Planner	\$0.12	1.00						
Distributed Antenna System and Bi-Directional Amplifier	\$0.17		\$0.17		\$0.17		\$0.17	
Safety and Security Upgrade	\$0.11		\$0.16		\$0.11		\$0.09	
Subtotal Safety and Security Needs	\$0.45	2.00	\$0.33		\$0.28		\$0.26	
INFRASTRUCTURE AND SUPPORT NEEDS								
Site-Based Technology Support Specialist	\$0.08	1.00						
Municipal Separate Storm Sewer System Program Support	\$0.23							
Transportation Second Shift	\$0.18	2.00						
Add Contracted Bus Driver Positions	\$0.44	9.00	\$0.44	9.00				
Add Contracted Bus Attendant Positions	\$0.38	11.00	\$0.35	10.00				
Preventive Maintenance HVAC Technicians	\$0.12	2.00						
Preventive Maintenance HVAC Contract	\$0.10		\$0.10					
Pool Maintenance	\$0.05							
Facilities and Operations Communication Services Coordinator	\$0.05	0.50	\$0.05	0.50				
Horticultural Specialist Contract	\$0.13							
Student Activities Fund Support	\$0.11	1.00						
Enterprise Resource Planning (ERP) Jr. Analyst Positions	\$0.23	2.00						
Workforce Initiative Team	\$0.36	3.00						
Strategic Talent Management System	\$0.03		TBD		TBD		TBD	
Application Developer	\$0.13	1.00						
Technicians	\$0.12	1.00						
Community Engagement Coordinator	\$0.13	1.00						
Website Assistance for Central Departments	\$0.05							
Volunteer/Partnership Liaison Stipends	\$0.05							
School Web Liaison Stipends	\$0.05							
Communications Evaluation	\$0.02							
Subtotal Infrastructure and Support Needs	\$3.03	34.50	\$0.94	19.50				
GRAND TOTAL	\$8.84	73.30	\$7.48	34.00	\$5.09	11.10	\$4.28	5.00

Note: May not total due to rounding.

Budget Forecast

	FY 2017 SUPERINTENDENT'S PROPOSED		FY 2018 PROJECTED	FY 2019 PROJECTED	FY 2020 PROJECTED
	FUNDS	FTE	FUNDS	FUNDS	FUNDS
REVENUE					
Prior Year Budget - All Funds	\$557,421,987		\$577,509,291	\$591,086,374	\$602,175,225
Increase in County Revenue	\$10,830,796		\$8,693,577	\$11,873,268	\$12,510,598
Increase/(Decrease) in Local Revenue	\$964,721		\$300,000	\$300,000	\$300,000
Increase/(Decrease) in State Funds - All funds	\$3,666,894		\$5,030,356	\$1,927,333	\$1,360,077
Increase/(Decrease) in Federal Revenue	\$490,794		\$200,000	\$200,000	\$200,000
TOTAL REVENUE	\$573,375,192		\$591,733,224	\$605,386,975	\$616,545,900
Partial Use of VRS Reserve in Prior Year Budget	\$0		(\$1,000,000)	(\$2,300,000)	(\$1,500,000)
Partial Use of Reserve for Debt Service in Prior Year Budget	(\$100,000)		(\$650,000)	(\$2,300,000)	(\$700,000)
Reserve to Offset One-time Costs in FY Prior Year Budget	(\$7,079,001)		(\$5,863,100)	(\$2,266,250)	(\$1,454,500)
Reserve to Offset One-time Costs in Current Year Budget	\$5,863,100		\$2,266,250	\$1,454,500	\$3,274,500
Partial Use of Compensation Reserve in Current Year Budget	\$3,800,000		\$0	\$0	\$0
Partial Use of VRS Reserve in Current Year Budget	\$1,000,000		\$2,300,000	\$1,500,000	\$837,239
Partial Use of Reserve for Debt Service in Current Year Budget	\$650,000		\$2,300,000	\$700,000	\$600,000
TOTAL FUNDS AVAILABLE	\$577,509,291		\$591,086,374	\$602,175,225	\$617,603,139
EXPENDITURES					
Prior Year Budget - All Funds	\$557,421,987	4,371.72	\$579,437,131	\$602,792,922	\$620,288,804
BASELINE ADJUSTMENTS					
Salaries and Benefits Baseline Adjustments & Efficiencies	(\$6,100,000)		\$4,000,000	\$2,500,000	\$2,500,000
Baseline Savings					
Eliminate one-time costs in prior year	(\$7,079,001)	(12.20)	(\$2,584,400)	(\$1,500,000)	(\$1,000,000)
Other baseline savings	(\$877,215)	(5.10)	(\$200,000)	(\$200,000)	(\$200,000)
Contractual Obligations					
Debt Service	\$1,305,795		\$4,605,831	\$1,438,352	\$1,155,327
Other contractual obligations	(\$277,798)		\$540,000	\$550,000	\$555,000
Additional Funds for Baseline Services					
Baseline services in other funds (CSA, F&NS, Grants, Ext. Day)	\$794,104	7.63	\$200,000	\$200,000	\$200,000
Other baseline services	\$3,106,754	10.90	\$212,700	\$212,700	\$212,700
Additional Costs for New Capacity					
Additional operating costs	\$195,252	1.00	\$42,700	\$0	\$2,978,000
Start-up costs	\$250,000		\$25,000	(\$275,000)	\$1,800,000
NET BASELINE ADJUSTMENTS	(\$8,682,109)	2.23	\$6,841,831	\$2,926,052	\$8,201,027
NEW INVESTMENTS					
Enrollment Growth					
Changes in enrollment	\$7,966,453	80.60	\$10,400,000	\$9,000,000	\$10,400,000
Other enrollment-related needs	\$2,794,400		\$1,290,000	\$1,000,000	\$1,000,000
Compensation					
Step increase	\$7,600,000		\$0	\$0	\$0
Placeholder for additional compensation	\$2,000,000		\$0	\$0	\$0
Arlington Tech	\$750,950	4.30	\$921,210	\$827,630	\$528,250
Central Registration	\$217,800	3.00	\$0	\$0	\$0
Student and Instructional Support	\$4,403,829	30.50	\$4,336,280	\$3,792,200	\$3,300,000
Safety and Security Needs	\$449,200	2.00	\$50,000	(\$50,000)	(\$15,000)
Professional Development	\$130,000		\$0	\$0	\$0
Infrastructure and Support Needs	\$2,884,621	33.50	\$1,016,470	\$0	\$0
TOTAL NEW INVESTMENTS	\$29,197,253	153.90	\$18,013,960	\$14,569,830	\$15,213,250
USE OF ONE-TIME FUNDS (NOT INCLUDED ELSEWHERE)	\$1,500,000		(\$1,500,000)	\$0	\$0
TOTAL EXPENDITURES	\$579,437,131	4,527.85	\$602,792,922	\$620,288,804	\$643,703,081
Surplus/(Shortfall)	(\$1,927,840)		(\$11,706,548)	(\$18,113,579)	(\$26,099,942)
POSSIBLE COMPENSATION ADJUSTMENTS					
Step increase			\$8,000,000	\$8,400,000	\$8,800,000
1% Compensation adjustment	\$3,800,000		\$3,950,000	\$4,100,000	\$4,250,000

Informational

Budget Forecast

The budget forecasts for FY 2018 through FY 2020 are based on the proposed budget for FY 2017. Given the revenue and expenditure assumptions below, the potential deficits or surpluses are as shown above. However, should any of the variables change, the surpluses or shortfalls will change as well and could be higher or lower. These forecasts are intended to show how the budget will change in order to maintain the current instructional, support, and extracurricular programs and services as well as to provide services to the 2,560 additional students projected to enroll in APS in FY18 through FY20. The forecast also assumes that all new investments included in the Superintendent's Proposed budget will be approved. As a result, any known out-year costs, as indicated in the 'Building the Budget' section, are included in the forecast. These forecasts are not intended to show the effects of any new programmatic decisions that might be made in any of those years.

The revenue and expenditure assumptions used to build the three-year forecast are listed below.

Revenue Assumptions

- **County Transfer**–The County publishes two separate revenue forecasts: a low growth scenario and a moderate growth scenario. This forecast assumes the moderate growth scenario which projects 1.8% growth in total County local tax revenue in FY 2018, 2.52% in FY 2019, and 2.59% growth in FY 2020. The County Transfer amount is based on 46.5%, the share received in FY 2016, of County local tax revenue up to the 2.4% growth amount outlined in the County Board's budget guidance. If the County Board elects to provide Schools with any portion of the additional \$6.2 million available above the 2.4% growth amount, then the Schools' share would change which would then change the projected revenue in the out years. Any tax increases 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 growth in State funding in FY 2018 based on the Governor's introduced 2016-2018 biennial budget. Also assumes some growth in State funding in FY 2019 and FY 2020 strictly for increased enrollment. Any changes to the Governor's introduced 2016-2018 biennial budget by the General Assembly would change the projected revenue in the out years.
- **Local Revenue**–Assumes a slight increase in Local revenue each year based on historical trends.
- **Federal Revenue**–Assumes a slight increase in Federal revenue each year based on historical trends, primarily in the Food and Nutrition Services Fund.
- **Carry Forward**–Assumes Carry Forward will remain at the same level as FY 2017.
- **Reserves**–The School Board has created a number of reserves over the past six years as a way to help offset the increasing costs of capital, VRS, debt service, compensation, health insurance, and other unfunded liabilities in the out years. In addition, the School Board has allocated funds from closeout of the past four fiscal years to create a Future Budget Years reserve to help defray one-time costs in upcoming fiscal year budgets. Reserves are used in the forecast to partially offset any projected increases in VRS and debt service in the FY 2017 budget and in the out years until depleted. Reserves are also used to offset one-time costs in the FY 2017 budget and any known one-time costs in the out years related to Enrollment, Additional Capacity, and New Investments in FY 2017. Because the reserves are one-time revenue sources each year, the subsequent year is decreased by the amount of reserves used in the prior year.

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
 - Using the rates in the Governor’s introduced 2016-2018 biennial budget, the VRS retirement rate for professional staff will increase 1.66 percentage points in FY 2018. For FY 2019 and FY 2020, it is estimated that the rate will increase one percentage point each year. The group life insurance rate will increase from 0.47% to 0.52% and the retiree health care credit rate will increase from 1.11% to 1.23% in FY 2018; both rates are projected to remain at the FY 2018 level for FY 2019 and FY 2020. The VRS retirement rate for non-professional staff is projected to remain the same as in FY 2017 in the out years
 - Health insurance premiums are projected to increase \$1 million per year based on historical trends and premium increases of 3% in FY 2018 and beyond
- *Baseline Savings* includes costs removed from the budget because they were one-time costs in the prior year, or because the cost of an item or service has decreased.
- *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 in order for schools to run such as Utilities.
- *Additional Funds for Baseline Services* includes increases necessary in order to maintain the same level of service as is currently in place such as increased expenditures for the Food and Nutrition Services and Grants and Restricted Programs funds and the Extended Day program, funding of items with ongoing funding that were funded with one-time funds in the prior year, funding of positions paid for from contingency in FY 2016, and increased maintenance and repair costs.
- *Additional Costs for New Capacity* include additional operating costs required for either new or enlarged schools such as staffing and utilities as well as any start-up costs needed such as equipment, technology, library materials, buses, etc.
- *Enrollment Growth includes:*
 - ✦ Changes in enrollment which includes additional positions and additional materials and supplies resulting from applying the FY 2016 Adopted planning factors to the projected increase in enrollment
 - ✦ Other enrollment-related needs include funds to purchase additional relocatables along with technology and furniture for the relocatables to address capacity as well as additional buses to meet increased transportation demands.
- *Compensation* in FY 2017 consists of a step increase for eligible employees plus a \$2 million placeholder for a one-time payment for eligible employees who would not receive an increase in compensation with a step increase as well as other ongoing adjustments for hourly employees. The baseline forecast does not include any step increases or compensation adjustments in FY 2018 and beyond. The estimated costs of increased compensation in the out years are shown at the bottom of the forecast.

Budget Forecast

- *Arlington Tech* includes the costs of starting the program in FY 2017 and expanding the program in fiscal years 2018 through 2020. Any one-time costs are funded with one-time funds and eliminated in the following year.
- *Central Registration* includes the first-year cost of implementation of this initiative; out-year costs are still to be determined.
- *Student and Instructional Support* includes costs for new initiatives to provide specific, targeted assistance to students and staff in support of the School Board's priority around the whole child. Any known out-years costs are included in fiscal years 2018 through 2020 and any one-time costs are funded with one-time funds and eliminated in the following year.
- *Safety and Security Needs* includes initiatives to increase the safety of students and staff and the security of school buildings. Any known out-years costs are included in fiscal years 2018 through 2020 and any one-time costs are funded with one-time funds and eliminated in the following year.
- *Professional Development* includes funding for additional professional development for staff.
- *Infrastructure and Support Needs* includes funding to provide additional central supports for students and staff in preparation for becoming a 30,000-student school division in 2021. Any known out-years costs are included in fiscal years 2018 through 2020 and any one-time costs are funded with one-time funds and eliminated in the following year.
- *Use of One-time Funds* includes those items that will be funded with one-time funds from the Future Budget Years reserve that have not been included elsewhere in the forecast such as replacement buses and technology. One-time funds will also be used to offset the technology start-up costs for the addition at McKinley Elementary included in Additional Costs for New Capacity, the relocatables and necessary furnishings for the relocatables as well as additional buses included in Enrollment Growth, and any one-time costs included in New Investments.
- *Possible Compensation Adjustments* outlines the costs of possible adjustments to compensation in the out years.