

**Statement of the  
Advisory Council on School Facilities and Capital Programs (FAC)  
on the  
APS Superintendent's Proposed FY 2025 Budget  
14 March 2024**

The FAC welcomes the opportunity to provide comment on the Superintendent's fiscal year (FY) 2025 proposed budget (PB) for Arlington Public Schools (APS).

To begin, the PB shares a lot to be celebrated about public school outcomes in Arlington. Among these outcomes are that APS ranks in the top 3 percent of schools nationwide, and that we have consistent on time graduations rates above 90 percent. Whatever the metric of student success, the condition and sufficiency of our capital infrastructure is key to achieving that success.

There are costs to ensuring the adequacy of APS infrastructure. Thus, another welcome statistic is the flattening of enrollment trends for the County as a whole. While FAC continues to monitor variations in enrollment patterns within the County, this trend allows the Committee to advocate for redirecting FY 2025 funding assets to maintenance issues that have been deferred during recent years due to new seat construction.

However, this PB makes cuts to accounts used to maintain and operate APS' physical assets. These cuts – dollar for dollar – are deeper than suggested because the buying power of FY 2024 baseline funding levels are already cut by inflation.<sup>1</sup> Facility maintenance and operation spending often adds value over multiple years and cuts represent a lost opportunity cost. Therefore, we recommend that the PB include more information about impacts of the lost return on investment from cuts to accounts under the Department of Facilities and Operations (F&O). This recommendation is consistent with the School Board's Budget Direction that the Superintendent provide justification for new funding requests, including outcomes and how outcomes will be measured.

Lastly, we join with others who are concerned that the PB has not met the condition of the School Board's Budget Direction that the Superintendent present recommendations to balance the budget. The PB projects a gap of \$29.5 million. Even with estimates of additional state revenues and the possibility of a higher tax rate in Arlington County, the PB still presents a budget with a deficit between \$3.4 and \$9.8 million.

With this perspective, we offer the following views and concerns: *(in no order of priority)*

**Staffing:** The PB makes a number of reductions to current accounts. Given that salaries and benefits account for 80 percent of the total budget and 90.8 percent of the school operating fund, it should be no surprise that cuts would be proposed to staffing.

Among the savings the PB attributes to staff cut-backs is the elimination of the Office of Planning and Evaluation functions and staff from the Superintendent's office. Planning and evaluation

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<sup>1</sup> The latest annual inflation rate, reported for the 12 months ending in February for the United States, was 3.2%.

functions are critical to the work of the Department of Facilities and Operations (F&O) where these tasks were historically housed. It is not readily apparent what the net savings are to the PB's bottom line since these activities have been reinstated in F&O, including all staff (except for one retirement and one move to another Department). Still, we support this reorganization decision which ensures that these necessary functions continue to be carried out.

The PB also eliminates two F&O positions related to "safety." The condition of our facilities should foremost be safe places for students, staff, and the public. We understand that the functions of these positions have been reassigned to other F&O staff, and that one of the positions was vacant. This staffing change has already occurred as well.

**MC/MM:** The Minor Construction/Major Maintenance (MC/MM) program is one of three sources of funding to repair and maintain APS' 43 buildings and surrounding properties. Projects paid for with MC/MM funds typically do not exceed \$500,000. Since these funds are budgeted out of APS' annual appropriation, not bonds, the account is adjusted to zero when the budget expenditures are reconciled and closed out at the end of the FY.

This year was the last that a committee was assembled to determine which MC/MM projects will be undertaken for the upcoming budget year.<sup>2</sup> The FAC is given one of 13 votes held by APS staff. This year the committee was asked to separately rank projects recommended by staff and a list of a top-line project recommended by each school. FAC ranked its choices using the following priorities: health and safety/security, immediate instructional needs, essential building repairs, general instructional enhancements, and general building enhancements.

With that background, we are concerned that so much of the funding recommended in the PB's "system-wide projects" list (83%) was set aside for future contingencies, while specifically identified projects, especially some with a safety/security nexus were unfunded. Additionally, none of the projects in the PB were taken from the school-identified list.

Most concerning is the PB's \$1.5 million cut to the MC/MM budget. This cut represents a 27 percent reduction over the FY 2024 adopted budget.<sup>3</sup> Given the deferred maintenance concerns noted above, we do not support a cut of this magnitude. These expenditures are investments meant to prolong the life of our facilities. It is important to note that the Superintendent has also named this cut as one he would be willing to restore if additional funding is found. We clearly would support this funding restoration. However, it is not known what priority a restoration of MC/MM funds would have against other cuts named for recovery consideration.

That said, FAC identified two MC/MM accounts in the PB that are duplicative – HVAC and roofing – resulting in a double allocation of funding for these purposes. Staff is taking steps to correct these errors and will be proposing to use these funds for two "safety" identified programs from the school-identified list. We support this recommendation. Nevertheless, the addition of these two projects still leaves \$266,315 MC/MM funds uncommitted. We recommend that these funds be retained for MC/MM use only and that they be reallocated to other projects consistent with the priority uses identified by the FAC.

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<sup>2</sup> Future year MC/MM projects will be prioritized using data from APS' Long-term Plan and Facilities Study Report.

<sup>3</sup> With an inflation adjustment, the cut is ~30%.

**Facilities and Operations – Maintenance & Transportation:** Of the several offices under the F&O department, only the maintenance services and transportation accounts show funding reductions below the approved FY 2024 budget. However, these reductions can be attributed to a reorganization that took place after the FY 2024 budget was approved, and a one-time allocation of \$1.1 million in FY 2024 for bus replacements. We do not see reason for concern about these changes at this time.

**Debt Service:** Due to FAC's advisory role for the Capital Improvement Plan (CIP), the Committee follows APS' debt service account closely. The CIP is funded by bonds approved by voters. APS is responsible for repaying the County all debt incurred for school purposed bonds. As prudent fiscal managers, APS sets limits to debt incurred. These limits are followed to ensure the County's triple-A rating, thereby decreasing the cost of bonds to taxpayers. Most critical at this time is the limit that debt service not exceed expenditures by more than 10 percent. It is concerning that the BP projects a rise in debt service from a current 9.0 percent to 9.3 percent in FY 2025 and upward to a high of 9.9 percent in FYs 2028 through FY 2030, before beginning to decrease. These facts will play a larger role when the FAC considers the proposed FY 24-33 CIP later this spring.

**Proposed Deficit:** Given the PB's projected a multimillion-dollar deficit, further cuts will be necessary to balance the budget. Since the PB lacks guidance regarding additional cuts, it is unclear to the FAC whether such cuts would impact the facility programs and assets that we are charged with providing recommendations on to the School Board. As the School Board works with APS to propose a balanced budget, there may be other concerns that we will want to bring to your attention.

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Thank you for the opportunity to submit these comments.

Cynthia Hilton  
Acting Chair, FAC