

## FY26 School Board Budget Direction

The mission of Arlington Public Schools is to ensure that all students learn and excel in high-quality, safe, and supportive schools.

The School Board is committed to ensuring that APS can plan and implement efficient, effective, and sustainable system-wide operations to support the success of our students, staff, and community.

The School Board, therefore, directs the Superintendent to prepare a needs-based budget that includes several draft scenarios through which a balanced budget could be achieved, in the event that the school division's needs are not fully funded by projected revenues. These scenarios will incorporate various cost-saving measures analyzed by the Superintendent and staff, in consultation with the School Board, during the budget development process.

The budget should:

- Align spending to the APS 2024-30 Strategic Plan performance objectives and strategies.
- Prioritize recruiting, supporting, and retaining highly qualified staff, with a focus on competitive compensation.
- Preserve student-facing resources and roles that are aligned with our priorities and strategies for student academic growth and well-being as much as possible.
- Seek to implement a first phase of the staffing changes recommended by the 2024 Planning Factor Study.

The School Board further directs the Superintendent to:

- Engage in comprehensive examination of the budget as a fiscally responsible approach to overall budget planning.
- Identify opportunities for cost savings via targeted, strategic realignment of funds rather than across-the-board percentage cuts to departments and schools whenever possible.
- Include a clear rationale for any requested increases above FY25 baseline which describes expected impact(s), and identifies how these impacts will be measured and by whom.
- Present the budget with greater accessibility for readers and with continued emphasis on our core value of stewardship, which calls for the fiscally responsible and transparent management of APS resources.
- Minimize the use of general reserve funds for operating expenses (excepting the Compensation Reserve), consistent with the principle that one-time funds should be used only for one-time costs.

The School Board, in agreement with the Superintendent, will aim to maintain general reserves, defined as Compensation, Future Budget Years, Debt Service, and MC/MM reserve accounts, within a range of a minimum equivalent to 3% and a maximum of 5.5% of the annual School Operating Fund. Additionally, APS aspires to spend one-time funds only on one-time expenditures. The School Board will set specific targets toward achieving the reserve goals in each year's budget direction.

Given current financial pressures and circumstances, it will take more than one year to establish and maintain these new practices. In FY26, the School Board directs that no more than 25% of the reserve funds used in the budget will go toward ongoing operating expenses, with the exception that Compensation Reserve funds may be used for compensation purposes.