

## MEMORANDUM

TO: Arlington Public Schools (APS) School Board  
FROM: APS Budget Advisory Council (BAC)  
DATE: October 24, 2024  
SUBJECT: **FY2026 School Board Budget Direction Guidance**

Thank you for the opportunity to provide feedback on the Proposed FY26 School Board Budget Direction Document. We appreciate the inclusion of recommendations that move APS closer to a structurally-sound, long-term sustainable budget, particularly the requirement to connect new investment requests with outcomes, evaluate strategic realignment of funds (vs. reactive or across-the-board cuts), improving budgeting clarity and transparency, and reinforcing restraints on funding reserves usage. Below are several themes and recommendations for consideration.

**Define a Needs-Based Budget.** The BAC appreciates the Board’s direction to the Superintendent to create a “needs-based” budget, explore draft scenarios, and present a balanced budget. However, there are various ways to interpret a “needs-based” budget” vs. a “wants-based” budget. The best way to resolve this is to reference the Needs Assessment section of the APS Division-wide Comprehensive Plan (required per Code of Virginia § 22.1-253.13:6.B.viii). It is unclear whether a Needs Assessment or APS Comprehensive Plan exists – neither are publicly accessible on APS websites. If the document does not exist, APS should embark immediately on compiling, analyzing, and defining Needs to inform the Budget development process.

**Publish the APS Comprehensive Plan in its entirety.** We understand that APS uses a network of plans called the APS Strategic Planning System to meet VA’s statutory Comprehensive Plan requirements. Comprised of the Strategic Plan, the Division-wide Literacy Plan, the Educational Technology Plan, the Capital Improvement Plan, various Department Plans, and individual School Action Plans, it is not clear how this approach fully meets the requirements of the law, and it makes the evaluation of budget investments aligned with department performance and student achievement cumbersome at best, impossible at worst. APS should consider how its Comprehensive Plan ties to the seven priorities of the Virginia Board of Education’s Comprehensive Plan 2024-29.

**Align budget investments with performance objectives, strategies...and student outcomes.** The BAC appreciates the Proposed Budget Direction emphasis on providing detailed rationale for any requested funding increases over FY25 baselines – however we have concerns regarding the performance outcomes achieved using the FY25 baseline. We understand from the Government Finance Officers Association (GFAO) “Best Practices in School Budgeting” document, that *“a school district needs to assess learning achievement to determine whether progress is being made and whether or not the strategies and budgeting approach are succeeding.”* Recent efforts from several community organizations have analyzed student achievement data across APS elementary schools – the results showed a blend of improvement, stagnation, and regressive performance, it is unclear whether differentiation of instruction

in the classroom is working for both struggling students and advanced students, and it's unclear whether previous investments in math coaches, interventionists, and special education assistants are yielding consistently positive results. Significant teacher turnover across elementary schools is certainly impacted by compensation structures and benefits packages – however it's also impacted by competing priorities, workload demands, and resource constraints. Questions regarding the efficacy of the current educational service delivery model should be explored to minimize further teacher burnout and workforce talent exodus.

**Organize the Budget around Students by Strategic Function.** The structure and layout of the budget aligns with the Association of School Business Officials International (ASBO Intl) checklist for the Meritorious Budget Award. This checklist includes optional requirements that would clarify how resources are connected to student achievement and define investments by supporting function. To help define supporting functions, the American Association of School Administrators in *their "School Budgets 101"* document outlines the top 10 functions in a way that is clearly understood. Sharing previous MBA submission documents would help the public better understand budget components and help co-identify opportunities for cost reductions. Lastly, building the budget around students will prepare APS for the eventual transition from staffing-based budgeting to student-based budgeting.

Please find the following documents appended to the Memorandum:

- 1) A-1 Comments from Erik Sullivan (BAC Chair Emeritus)
- 2) A-2 Comments from Melanie Bowen (BAC Chair Emeritus)
- 3) A-3 Comments from Dan Rosman (BAC Chair Emeritus)
- 4) A-4 Comments from Bob Ramsey (BAC Chair Emeritus)
- 5) GFOA "Best Practices in School Budgeting"
- 6) ASBO Intl MBA Checklist
- 7) American Association of School Administrators "School Budgets 101"
- 8) Virginia Board of Education "Comprehensive Plan 2024-29"
- 9) Transforming School Funding for Equity, Transparency, and Flexibility: An Introduction to Student-Based Budgeting

Thank you for considering these recommendations as you finalize the Budget Direction.

Sincerely,

Peter Strack (BAC Chair 2024-25)

### **Comments from Erik Sullivan (BAC Chair Emeritus):**

It's great to see that School Board direction continues to evolve to include many of the BAC's past (and on-going) recommendations --- there are a number of points that are a step in the right direction to a long-term sustainable budget, specifically:

- The requirement to document measurable outcomes for all new requests
- The request that cost saving proposals are done strategically vs. reactively via across-the-board cuts
- The call for budget transparency
- Setting the principle of one-time funds to be used for one time expenses

With that in mind there are a number of things that could provide direction that will result in a budget proposal that can be reviewed and actioned more efficiently and effectively:

1 - Some of the budget direction points need to go further.

- The requirement for measurable outcomes for new requests needs to be expanded to all requests for funds that are not in the baseline budget. We've seen in the past where the term 'new requests' has been narrowly interpreted to mean requests that have never been brought up before and exclude requests that are for items that have been in prior budgets on a one-time basis but not funded on a recurring basis.
- One-time funds should be used for one-time expenses in all cases for all one-time fund buckets. This includes close-out funds that may be moved to the compensation Reserve fund. Using one-time funds to fund compensation increases is one of the primary reasons we face our current budget dilemma and we need to industrialize the discipline to avoid repeating the same mistakes. Compensation increases should be covered by increases in recurring revenue. To the extent they cannot be, then the balance should be covered by reducing other recurring expenses to shift the funds to compensation.

2 - The Budget direction currently asks for a 'need-based' budget. Unless we clearly and explicitly define what 'needs-based' means we are opening ourselves up to an 'everything but the kitchen sink' requested budget since any and everything can be defined as being needed. We've seen this time-and-time-and-time-again. The fact is that our budgets are not needs-based budgets --- full of things we don't need... There are lots of things we want, and which have great value, but we don't NEED them. Two examples...

- Options schools... We don't need to have options schools. We want to have them. And there is a very, very strong argument that they have great value for our students, our community and the county. But we don't need to have them. We certainly could have a high-quality education structure and environment without them.

- Outdoor lab... I love the outdoor lab and have contributed my own personal funds to help support it. But we don't need to have it. It's unique and provides a great learning experience for our students. But we don't need to have it. We want to have it, but that's different... It's not a need.

There are many, many, many other examples of expenditures in the budget that we certainly want to have, but DON'T need to have. The SB and Superintendent end up doing themselves an incredible disservice by presenting the budget as needs-based because most people quickly recognize there are lots of things in the budget we don't need. As a result, APS has a huge credibility issue where people think either APS is incompetent OR are trying 'pull a fast one' to get more \$\$ for things they don't necessarily need.

If the SB is going to ask for a needs-based budget in the budget direction, then the direction should be explicit in the definition of 'need'. Something is needed if we cannot exist without it. For public entities those would be statutory. So something is needed if there is a federal, state, or county law or regulation that requires it. Beyond that, everything else are things we WANT to do to try to provide an education to our students that exceeds what we need to provide. Those wants should be prioritized and funded based on priority and affordability.

3 - The Budget Direction includes a statement that we 'Seek to implement a first phase of... the 2024 Planning Factor Study'. That statement should be more explicit to clarify that it 'be done in a way to test the proposed structure so that we can quantify and evaluate to expected impact'. If we are going to increase spending by millions of \$ we should have an idea of the expected impact before jumping in. For example, if the new planning factors would result in 2 additional EL teachers for EL students in grades 3-5 at each elementary school, then we should add 2 teachers at one elementary school for G3-5 and measure the students progress over 3 years. We can then compare that to the progress of the G3-5 EL students over that same time period (for the control groups) and compare the difference. If the students at the test school progress 25% more than the control groups then we have a baseline expectation.

I have heard some say that 'we can't afford to wait' to test the factors. More in the county would argue we can't afford NOT to wait. If we're going to invest millions of \$\$\$ then we need to be sure the changes will work. It's unfair to the taxpayers in the county who struggle (especially seniors on fixed income) to keep up with our annual tax increases to chip in even more without some guarantee that their sacrifices will have measurable benefits.

**Comments from Melanie Bowen (BAC Chair Emeritus):**

Overall, I am aligned with Erik Sullivan's comments, both the positive comments and the areas in which he encourages the Board to go further.

In addition, I would like to provide additional comments in three areas:

- First, I would like to see the Board request that APS leadership present a balanced budget (ideally with multiple scenarios to reach that goal so that it is easier for the board to make choices around potential reductions should additional funds not be forthcoming). It could certainly include requests that are over and above the balanced budget, but it should be clear that these requests do not "fit" into the balanced budget. I also recommend that APS leadership engage with the Board, and potentially members of the community (like the BAC), on possible scenarios or areas of opportunity in order to get feedback in advance of finalizing the budget.
- Second, I would like to see the Board request a clear rationale and even the expected measurable outcomes for any line item over and above those included in a balanced budget (rather than just those over and above baseline spend). Asking for rationale and expected outcomes only for new items makes it very hard for the broader community to understand the value of allocating additional funds to APS (especially since these additional funds will require a tradeoff between APS and other community priorities).
- Third, while I hope that APS leadership would not take this approach, it would be possible to sway public opinion by leaving key programs out of a balanced budget in order to apply pressure on decision makers to find additional funds. I would encourage a frank conversation between the School Board and APS leadership, during the whole process, about how to find the least disruptive and most manageable path(s) to a balanced budget so that we can credibly evaluate them, recognizing that some paths will be harder than others. The School Board should have access to as much information as possible in order to help the community understand our options as the Board evaluates them, especially given the size of the expected budget deficit.

**Comments from Dan Rosman (BAC Chair Emeritus):**

1. Overall, I think this is a good document that should allow the Superintendent sufficient direction to prepare a needs-based budget. While my preference is for a balanced budget, I understand the rationale as long as there are reasonable scenarios including cost benefit tradeoffs to achieve a balanced budget.
2. I think it is imperative that the draft scenarios are presented with at least a high level cost benefit analysis which shows the rationale for the cut being considered. In the past, the BAC has not been privy to anything being considered in the budget before it is released. I would urge the Board to use the BAC as a sounding board for at least some of these scenarios so we can provide input on how best to present them to the community at large.
3. I like that compensation is high on the list of budget priorities. However, it does seem that we have fallen behind other jurisdictions in at least some pay scales and so careful consideration of how to realign compensation, especially for student facing positions, should be a high priority for APS and the Board.
4. I like the idea of a clear rationale of requested increases over the baseline but would love for it to be more specific in terms of expectations. Especially for larger increases, I would expect there to be an internal APS analysis and review which can be provided to the community in support of the request.
5. I think BAC can definitely help with budget presentation - hopefully APS leadership as well as the Board will use BAC as a sounding board for ideas on how to present summarized versions of the budget long before it is released to the public (not necessary with actual numbers but a visual template).
6. I strongly approve of the direction for one time funding to be matched only with one-time expenditures. That being said, I understand that this may not totally happen in the short term and so I think 25% is a reasonable expectation for this year.

Edits Suggested by Bob Ramsey, BAC Chair Emeritus:

## Proposed 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 Budget*

The School Board, therefore, directs the Superintendent to prepare a [spectrum-of-needs-based budget](#) that includes several draft scenarios through which a balanced budget could be achieved, ~~in the event that if~~ 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 [investments spending](#) to the APS 2024-30 Strategic Plan performance objectives and strategies.
- [Reflect a systemic and comprehensive review of all budget categories to identify potential efficiencies and cost savings.](#)
- [Identify opportunities for cost savings via targeted, strategic realignment of funds, rather than across-the-board percentage cuts to departments and schools whenever possible.](#)
- Prioritize ~~supporting~~, 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.
- [Reflect consideration of recommendations from citizen advisory committee reports, program evaluations, internal audits, and other relevant reports.](#)

[The School Board further directs the Superintendent to:](#)

- [Identify opportunities for cost savings via targeted, strategic realignment of funds rather than across-the-board percentage cuts to departments and schools whenever possible.](#)

### [Use of Reserves](#)

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.

- [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.](#)
- [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.](#)

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.

#### [Budget Presentation](#)

- ~~• [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 Superintendent is directed to 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.
- [Develop and conduct a transparent, early preview budget process that increases collaboration with key stakeholders and generates budget actions that presents details for discussion and data for analysis.](#)
- [The budget actions within the various draft scenarios proposed to balance the budget must be presented with additional information to assist the School Board in its decision making: indicate the character of the need \(ie. Does the action impact an essential function, will the action affect an efficiency, is the subject a matter desired by the community?\); identify both pros and cons of taking the proposed action; specify how impacts will be measured and by whom, and summarize the data and analysis available to support the proposed action.](#)

~~[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.](#)~~



- 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.