

2015 – 2016 BUDGET ADVISORY COUNCIL

Monthly Meeting – March 9, 2016

Education Center, Room 101

7:30 PM - 9:30 PM

1. Introductions
2. Review and approve February meeting minutes
3. Public Comments
4. BAC Discussion of position of Assistant Superintendent for Finance & Management Services (Dr. Kristi Murphy, APS)
5. INFORMATION ITEMS
 - A. Reports from Liaisons to BAC (FAC; CCPTA, CivFed; ACI)
6. ACTION ITEM
 - A. BAC Discussion of Superintendent's Proposed FY2017 Budget and Drafting Comments/Recommendations for School Board

Upcoming events

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| March 15 | School Board Work Session #4 @ 6:30 PM (Advisory Groups) |
| March 16 | BAC Meeting @ 7:30 PM |
| March 17 | Public Hearing on School Budget (Superintendent's proposed) |
| March 30 | Community Forum #4 on CIP FY2017-2016 – Washington-Lee HS |
| April 7 | School Board's Proposed Budget FY 2017 |
| April 12 | School Board Budget Work Session #5 – <i>if needed</i> |

Upcoming BAC meeting dates are:

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| March 16, 2016 | May 11, 2016 |
| April 13, 2016 | June 8 or 15, 2016 |

** All BAC regular meetings are on Wednesdays. All meet at the Education Center in room 101.

**Arlington Public Schools
Budget Advisory Council
Minutes—March 9, 2016 Meeting**

Present: BAC Chair Michael Shea, BAC Co-chair Matt DeFerranti, Moira Forbes, Heather Jones, Kathryn Ricard, Tina Kuklenski-Miller, Michael Bruce; APS Staff - Deirdra McLaughlin, Leslie Peterson, Kristi Murphy; AEA – Josh Folb, Gerry Collins. Liaisons: Eric Harold (FAC) and Allan Gajadhar (CivFed). School Board liaison Nancy van Doren attended as well.

The meeting began at 7:35 p.m.

Discussion of Position of Assistant Superintendent for Finance and Management: Dr. Murphy reviewed the position description and process for hiring a replacement for Deidra, including having advisory groups consulted in March. BAC will be represented on a cross functional panel that will interview the second round of candidates. The Superintendent makes the final decision after that round, with consultation from the School Board possible. Tina and Matt asked about whether the frequency of night meetings was an expectation that might be worth adding to the job description. Dr. Murphy suggested that a letter from BAC might be appropriate, consistent with what other advisory councils are doing. Moira asked if non-school finance personnel would be considered. Michael said he would draft a letter reflecting the discussion for the BAC's consideration.

Public Comments: Josh Folb from AEA spoke about the compensation study, which was summarized in a school board meeting over the past week. Josh passed around a proposal that he and Gerry have presented to the school board to make sure all the different levels of APS employees receive the equivalent of a step, including hourly workers and employees who earn less than the majority of APS employees.

Liaison Reports: Allan Gajadhar from CivFed spoke about the following items currently being discussed:

- Is there sufficient interest in Arlington Tech to justify the investment that the Board is considering?
- Is the necessary serious consideration of an additional comprehensive high school or small additions to meet the need for additional seats for high school students being considered?

Eric Harold from FAC reported that the FAC was continuing to work through a high school capacity working group. Eric said that the FAC would meet Monday the 14th, but that one issue currently under consideration is the ability to meet expectations for construction of three schools by the 2019 school year. More updates on that to come.

Proposed Budget Discussion: Given that the Compensation Study is not fully available, its findings will be used by the School Board in the budget planning for FY 2018. Michael Shea asked if the BAC supported the step increase. Moira said analysis of work-study spending would be useful. Tina said when the full report comes out information might be helpful. Michael Bruce asked about the possibility of pay ranges as a means for flexibility and incentivizing performance. Deirdra said that could be looked at, but is not typical in school salary structures. The BAC agreed that next year when the full compensation report is out, would be a good time for consideration of alterations, but that extended time might be necessary to fully consider employee compensation, including employee leave and benefits. Matt asked about the savings of \$5.5 million for employee salary and Leslie said it was due to the retirement of a number of older employees, which she had discovered after analyzing the current employment reports.

Michael Shea raised the question of whether the 12 additional psychologists was something the BAC agreed with and wanted to comment on. The BAC agreed with the recommendation.

Moira asked how the budget was going to be balanced—since a \$1.9 million gap remains. Deidra said that an additional \$1.3 million is available from the state and there may be more money available from the County. The long-term sustainability of the budget with these additions was raised by Moira as well.

Heather raised a question about Central Registration, which Nancy Van Doren addressed as something the School Board has concerns with.

Michael Shea asked if BAC members were OK with highlighting the importance of data and program evaluation. After brief discussion, the BAC agreed that would be fine.

Michael asked if BAC Members had concerns in the Finance and Revenue section of the Board Book, the Instruction section of the Board book, the Special Education Section of the Board Book, or the Human Resources section of the Board Book. BAC members raised several issues, including the following:

- The HVAC system maintenance was identified as worthwhile spending
- Kathryn mentioned the address verification staff as an item worthy of consideration. Deirdra described the work done.
- Matt raised the question of the World Languages staff—asking about the 6 additional employees in this area. It was decided that BAC would consult with ACI on several issues related to World Language programs.
- The HR investment in additional resources were discussed and the BAC agreed that the additional spending appeared to be worthwhile.

The BAC adjourned at 9:35 PM.

The BAC report to the School Board for March 15th is attached for reference.

MEMORANDUM

March 15, 2016

To: Dr. Emma Violand-Sanchez, Arlington School Board Chair
From: Michael Shea, Budget Advisory Council Chair
Re: BAC Initial Review of Superintendent's Proposed Budget for FY 2017

Dr. Violand-Sanchez:

On behalf of the APS Budget Advisory Council, I want to express our thanks to you, your School Board colleagues, Dr. Murphy, and the Executive Leadership Team for steering APS through the past few years of budget strains. The Superintendent's Proposed Budget for FY 2017 reflects the ongoing challenges faced by APS, but the immediate pressures have lessened in comparison with past years.

Past budget strains have justified cuts in areas such as maintenance that were not sustainable, as well as deferrals of spending on staff such as school psychologists that was needed to cope with growing enrollment. The BAC commends the Superintendent for taking corrective action in those areas for FY 2017.

In past budget cycles, the BAC has urged the School Board to measure the effectiveness of programs with data. Initiatives, even if not on a large scale, should be justified by showing a positive impact on meeting strategic goals. The BAC commends the Superintendent for new budget investments proposed for FY 2017 where the ability of APS to use data more effectively is enhanced or the proposal is tied to a program evaluation for enhanced effectiveness.

The BAC supports the Superintendent's proposal for compensation increases, but we are disappointed that the Compensation Study is not yet complete and available to inform budget choices for FY 2017. We eagerly await the delivery of the Compensation Study in the expectation that it will be a robust foundation upon which to design compensation choices in the FY 2018 budget cycle. It is our intention to thoroughly review the Compensation Study and weigh compensation options for APS, delivering a report to the School Board by November 2016 – in time for the School Board to consider our views when crafting its Budget Direction for FY 2018.

For some of the budget choices we supported in past years, such as the addition of a new position to increase Medicaid reimbursement, we are encouraged to see the report in this Proposed Budget that a significant increase in revenue followed that addition. For other budget choices we have supported, such as increased effort to verify residency status and the transfer of capital fund positions to bond fund positions, we will continue to ask for measures of the impact from those changes.

In our discussions about the Proposed Budget, we have raised questions and concerns about the choices being made on World Languages and distance learning. The BAC understands and supports that APS is striving to design a comprehensive K-12 continuum of online learning that includes World Languages, as well as an effective continuum of classroom World Language instruction. We further understand that a budget study of the consistency of FLES instruction is forthcoming. And the BAC is keenly aware that our own understanding and views on these budget choices would be greatly informed by discussions with the ACI and its committees. To that end, we are planning to collaborate with ACI over the rest of the school year and deliver a report to the School Board on these issues by June.

We do see a risk that a relatively calmer budget climate will inadvertently lessen the close scrutiny of new budget investments. Capacity pressures will continue throughout our projection horizon. Opportunities to build up reserves now should not be ignored and would pay dividends in future years.

At our BAC meeting on March 16th, we will continue to review specific parts of the Proposed Budget and draft comments and recommendations. The absence of references in this report to any new FY 2017 budget investments or choices should not be interpreted as a lack of support or interest on the BAC. We are simply doing our budget review in two phases so as to go more in depth.

More detailed comments follow.

Preventive Maintenance, Adding Positions and Contracts

Budget strains in the past few years had the unfortunate effect of shortchanging preventive maintenance funding at time of increased pressure on facilities. Those budget choices were unsustainable. The BAC commends the Superintendent for taking action, in this relatively easier budget climate, to get APS back on track.

In addition to the two FTEs for preventive maintenance in the Proposed Budget, funds are included for a preventive maintenance contract (\$100K in FY 2017 and an additional \$100K in FY 2018). The contract arrangement is for the newest HVAC systems (Wakefield, Yorktown, and Discovery) which are seen as beyond current staff capacities.

As with all funding for infrastructure, the BAC encourages APS to strategically utilize a balance of FTEs and contractual services, and to develop metrics to measure the impact of different approaches.

School Psychologists and Social Workers: Three-year Plan

The Proposed Budget for FY 2017 starts a three-year, phased-in plan to adjust the planning factors for school psychologists and social workers. The intent is to move APS ratios for these key support staff more in line with recommendations from the National Association of School Psychologists, and more in line with ratios for neighboring school divisions. APS currently

provides less than half the school psychologists and social workers recommended by the guidelines.

With rising enrollment over the past decade, this shortfall has been exacerbated. Budget strains in recent years understandably delayed a remedy. The BAC commends the Superintendent for taking action this year and taking a reasonable approach by phasing it in over three years. We also commend the Superintendent for addressing this need by restoring the stipend for interns and providing training for mental health first aid.

Adding 11 or 12 school psychologists each year for three years does present an opportunity to evaluate the impact or effectiveness of additional school psychologists. APS should consider ways to estimate the impact, even if outside a formal evaluation of the program.

Using Data More Effectively, Differentiated Instruction, Supportive Interventions

The BAC supports APS efforts to measure the impact of different programs and to learn from evaluations to better implement initiatives and services. We commend the Superintendent for several choices in the Proposed Budget for FY 2017 based on this approach. These include:

- Administrative Services Specialist (1.0 FTE) – monitoring, evaluating, coordinating related to disciplinary referrals.
- ATSS Data Specialist (1.0 FTE) – support for a centralized data and intervention monitoring system; based on recommendation from Minority Achievement Program Evaluation
- Elementary Education Specialist (1.0 FTE) and Secondary Education Specialist (1.0 FTE) – support to coordination on programs between schools and program offices, using data to better serve specific student groups and strengthen differentiated instruction
- Minority Achievement Office Restructuring (\$400K) – placeholder funding to implement the recommendations from the Minority Achievement Program Evaluation and the discussion at the Minority Achievement Office Program Evaluation Data Retreat (December 4th)

We encourage APS to continue working on improving its evaluation capabilities. Going forward, there would be great benefit to having evaluations more readily available, both internally to APS and externally to better inform community discussion.

Other choices in the Proposed Budget are directly related to the ability of APS to manage and analyze data. Adding the positions listed above underscores the importance of continued improvement in APS data systems access and functionality.