

# INTERIM SUPERINTENDENT'S

## REVISED PROPOSED BUDGET

### SCHOOL BOARD MEETING

APRIL 16, 2020



**Honoring Our Commitment and Preserving Our Team**

## FY 2021 New Budget Direction



- Based on School Board Budget Direction, the new proposed budget will be presented on April 16, 2020:
  - *Maintain our growing 28,000+ student school system.*
  - *Continue to consider our school system's needs going forward and be consistent with APS's Mission, Vision, Core Values and Strategic Plan.*
  - *Reflect our new reality and the current state of economic affairs of Arlington County due to the Coronavirus pandemic and its effect on our local economy.*
  - *Include various budget scenarios from which we can select, given evolving local, state, and federal revenue calculations.*

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# External Budget Factors



## Virginia

- Virginia Retirement System rate increases
- Competitive teacher salary scales in Northern Virginia

## County

- **County Transfer:** 47% of locally-generated tax revenue

## APS

- **Enrollment:** +4% = 1,122 Students = 1-2 New Schools
- **Capacity:** 44% of APS schools currently exceed capacity
- **Operating rising costs for:**
  - Students with special needs
  - Transportation services
  - Substitutes
  - ADA accommodations
  - Health insurance

## **NEW: Economic Impact of COVID-19**

- *Loss of revenue from meals, sales and transient occupancy taxes*

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# FY 2020 Adopted Budget Changes due to the Coronavirus Pandemic

## Revenue (in millions)

	Amount
FY 2020 Adopted Budget	\$669.56
Extended Day fees	(\$3.22)
Aquatics fees	(\$0.42)
<b>Revised Revenue</b>	<b>\$665.92</b>

## Expenditures (in millions)

	Amount
FY 2020 Adopted Budget	\$669.56
Additional Costs:	
Hazard pay	\$0.23
MiFis for students; conf. lines	\$0.21
Savings:	
Substitutes and overtime	(\$1.03)
Special ed svcs, travel, etc.	(\$0.34)
Fuel and Utilities	(\$0.46)
<b>Total</b>	<b>\$668.17</b>

**Revenue less Expenditures =  
\$2.25 million shortfall**

**Based on what we know right now**

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## **FY 2020 Adopted Budget How We Can Close this Gap**

- Directed staff to find efficiencies and spend on items that were a necessity during these coming months
  - Essential items only
  - Procurement will be reviewing all purchases
- Placed a hiring freeze on non-essential positions until June 30
  - All hiring requests will be reviewed and approved as needed by HR and ELT

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## Original Needs-Based FY 2021 Budget



	<u>Amount</u> (\$ in millions)
Total Expenditure Needs	\$725.9
Total Revenue *	<u>\$698.4</u>
<b>Additional Revenue Needed</b>	<b>(\$27.5)</b>

\*Based on County Manager's proposed budget  
May not total due to rounding

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## Revised: FY 2021 Budget – Based on What We Know Right Now



	<u>Amount</u> (\$ in millions)
Total Expenditure Needs	\$725.8
Total Revenue *	<u>\$672.8</u>
<b>Additional Revenue Needed</b>	<b>(\$53.0)</b>

\*Based on proposed County transfer *increase* of \$2.2M (originally \$23.8M + \$3.7M one time)  
May not total due to rounding

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## What are the Unknowns?

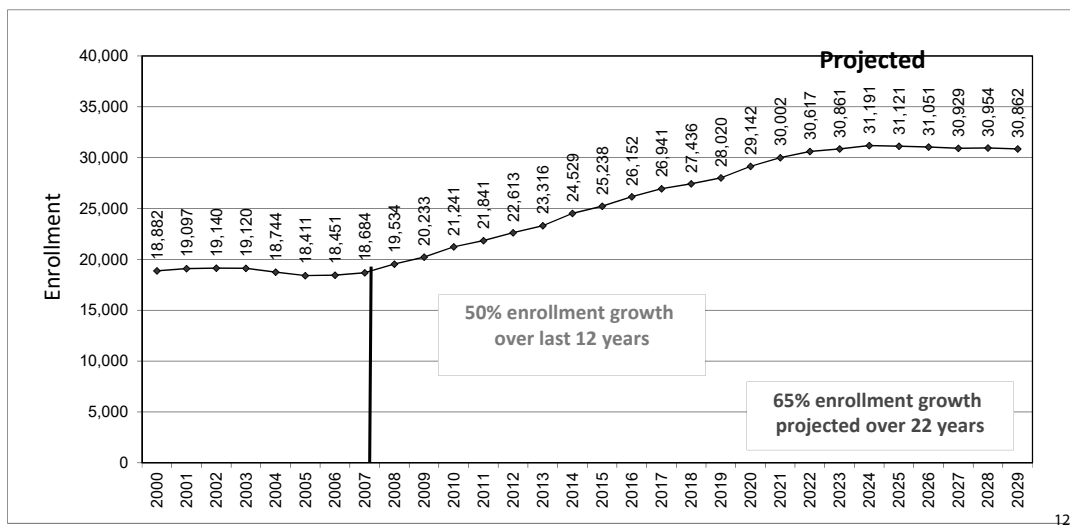
- Potential funding from the CARES Act H.R. 748
- Potential revenue reductions from State
- County revenue projections could shift
- Unknowns we are unaware of at this point

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## Total Enrollment from Fall 2000 to 2029

Projected to reach 34,201 PreK-12 Students in September 2028

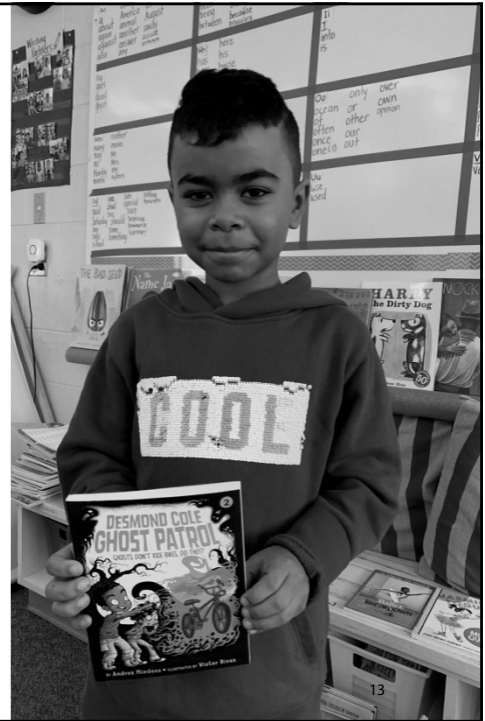


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## Consequences of Enrollment Growth

- Increased square footage = increased maintenance costs
- Increased # of staff = increased need in Teaching and Learning, Human Resources, Finance
- Increased construction needs = increased procurement needs



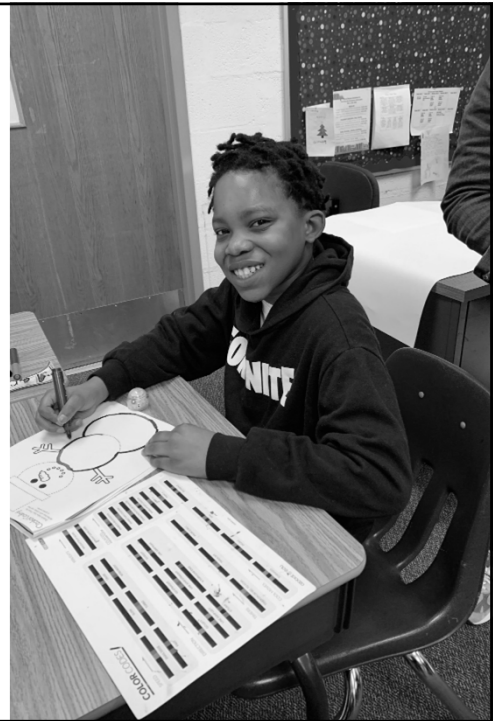
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## Thoughtful & Equitable Approach

- Maintain integrity of system
- Balance instructional and operational needs
- Preserve the team



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## Included in Original Proposed Budget

	Amount (\$ in millions)	Positions
Compensation Increase (step + 1.6% COLA)	18.04	
Enrollment Growth	12.57	118.60
Continuing Initiatives	1.57	20.75
Increased English Learner Supports	3.89	35.40
Increased Special Needs Supports	6.56	84.00
Increased Transportation Supports	1.03	14.00
Realignment of Resources	(6.20)	(36.00)
<b>Total</b>	<b>37.46</b>	<b>236.75</b>

*These additions resulted in a shortfall of \$27.5 million  
in the Original Proposed Budget.*

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## Revised Budget: Spring Enrollment Update

	Amount (\$ in millions)	Positions
Spring Update Placeholder	(\$0.8)	
Elementary changes	(0.1)	(0.60)
Secondary changes	(0.3)	(4.40)
Central office for schools (e.g., psychs, OT/PT)	0.3	2.80
Other adjustments	0.0	(0.10)
<b>Total Spring Enrollment Update</b>	<b>(\$0.8)</b>	<b>(2.30)</b>

May not total due to rounding

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## Revised Budget: All Additions Cut

	Amount (\$ in millions)	Positions
Eliminate Tier 3 new requests (\$94K used from Future Budget Years Reserve)	(\$2.8)	(34.00)
Eliminate Tier 2 new requests (\$40K used from Future Budget Years Reserve)	(4.1)	(45.00)
Eliminate Tier 1 new requests (\$320K used from Future Budget Years Reserve)	(8.3)	(89.40)
Eliminate realignments of resources	6.2	52.00
Eliminate Textbooks (from Future Budget Years Reserve)	(4.0)	
Eliminate Compensation Increase (\$7.75M used from Compensation Reserve)	(18.0)	
<b>Total Additions Cut</b>	<b>(\$31.1)</b>	<b>(116.40)</b>

May not total due to rounding

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## Revised Budget: Add Back Required Items

	<u>Amount</u> (\$ in millions)	<u>Positions</u>
DOJ Settlement Agreement		
EL Teachers	\$2.3	24.00
Incentives to take PRAXIS; subs for PL for secondary teachers	0.3	
Reduce EL assistants to provide 11.5 EL teachers	(1.3)	(23.50)
Use EL resource teachers for dually-identified students as instructors for half day	(1.2)	(12.50)
One-to-one special needs assistants	1.7	30.00
American Sign Language (ASL) interpreters	0.8	9.00
Cued Language Transliterators (CLTs)	0.3	4.00
Transportation Staffing (routing planners, bus attendants, swing driver, dispatcher)	0.4	8.00
Other Needs (Frontline contract, School Mint lottery software, Syphax maintenance)	0.2	
School Counselors ratio change delayed	(0.5)	(5.20)
Contingency against further revenue loss (state, County)	5.0	
<b>Total Required Items</b>	<b>\$7.9</b>	<b>19 33.80</b>

*May not total due to rounding*

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## Revised Budget: Expenditures

<i>(\$ in millions)</i>	<u>Amount</u>	<u>Positions</u>
<b>Expenditures in Original Proposed Budget</b>	<b>\$725.8</b>	<b>5,161.66</b>
Spring Enrollment Update	(\$0.8)	(2.30)
All Additions Cut	(\$31.1)	(116.40)
Required Items	\$7.9	33.80
<b>Revised Expenditures</b>	<b>\$701.8</b>	<b>5,076.76</b>

*May not total due to rounding*

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## Revised Budget: Revenue

<i>(\$ in millions)</i>	<u>Amount</u>
<b>Revenue in Original Proposed Budget</b>	<b>\$698.4</b>
Decrease in County Transfer – ongoing	(\$21.6)
Decrease in County Transfer – one-time	(\$3.7)
Decrease in federal revenue (Medicaid)	(\$0.2)
Reduce Future Budget Years Reserve used in Tiers 1, 2 & 3 and Textbooks	(\$4.5)
Reduce Compensation Reserve used	(\$7.8)
<b>Revised Revenue</b>	<b>\$660.6</b>

*Note: Revenue changes are based on the best information available at this time.*

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## Scenarios for School Board Consideration

<i>(\$ in millions)</i>	<u>Scenario 1</u>	<u>Scenario 2</u>	<u>Scenario 3</u>
<b>Revised Expenditures</b>	<b>\$701.8</b>	<b>\$701.8</b>	<b>\$701.8</b>
<b>Revised Revenue</b>	<b>\$660.6</b>	<b>\$660.6</b>	<b>\$660.6</b>
<b>New Deficit</b>	<b>(\$41.2)</b>	<b>(\$41.2)</b>	<b>(\$41.2)</b>
Compensation Options:			
Provide step increase per policy	(10.6)		
Provide 1% COLA		(4.7)	
No compensation			0.0
<b>New Deficit with Compensation</b>	<b>(\$51.8)</b>	<b>(\$45.9)</b>	<b>(\$41.2)</b>

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## Reductions to Close the Gap

<i>(\$ in millions)</i>	<u>Amount</u>	<u>Positions</u>
<b>Strategic Plan Goal 1 – Student Success</b>		
Eliminate FLES but provide flex positions	\$2.8	28.50
Increase class size by 1 at grades K-12	\$4.9	51.20
Reduce exemplary project staffing by half at non-Title I schools	\$1.2	8.40
Reduce ITC contracts from 12 to 11 months	0.6	
<b>SP Goal 1 Total Reductions</b>	<b>\$9.5</b>	<b>88.10</b>

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## Reductions to Close the Gap

<i>(\$ in millions)</i>	<u>Amount</u>	<u>Positions</u>
<b>Strategic Plan Goal 3 – Engaged Workforce</b>		
Eliminate tuition reimbursement for 1 year	\$0.5	
Eliminate compensation study and budget studies funding (Future Budget Years Reserve)	\$0.3	
Furlough all staff for one day	\$2.3	
<b>SP Goal 3 Total Reductions</b>	<b>\$3.0</b>	

*May not total due to rounding*

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## Reductions to Close the Gap

<i>(\$ in millions)</i>	<u>Amount</u>	<u>Positions</u>
<b>Strategic Plan Goal 4 – Operational Excellence</b>		
Use VPI Carryover funds to offset VPI expenditures	\$2.5	
Reduce debt service – bond sale in fall (Debt Service Reserve)	\$3.6	
Reduce MC/MM for one year	\$4.4	
Reduce ongoing baseline increases	\$2.5	
Eliminate purchase of 6 new buses (Future Budget Years Reserve)	\$0.7	
Delay Kenmore field conversion (Future Budget Years Reserve)	\$1.4	
Delay Ed Center furniture & technology purchases (Future Budget Years Reserve)	\$0.8	
Department reductions	\$2.4	
<b>SP Goal 4 Total Reductions</b>	<b>\$18.3</b>	

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## Revised Budget: Expenditures

<i>(\$ in millions)</i>	<u>Amount</u>	<u>Positions</u>
<b>Revised Expenditures</b>	<b>\$701.8</b>	<b>5,076.76</b>
Reductions: SP Goal 1 – Student Success	(\$9.5)	(88.10)
Reductions: SP Goal 3 – Engaged Workforce	(\$3.0)	
Reductions: SP Goal 4 – Operational Excellence	(\$18.3)	
<b>New Revised Expenditures</b>	<b>\$671.1</b>	<b>4,988.66</b>

*May not total due to rounding*

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## Revenue Changes

<i>(\$ in millions)</i>	<u>Amount</u>
<b>Revised Revenue</b>	<b>\$660.6</b>
Reduce Reserves for One-time Costs Eliminated	
Reduce Future Budget Years Reserve used	(\$3.1)
Reduce Debt Service Reserve used	(\$0.4)
Use additional reserves to close gap	14.0
<b>New Revised Revenue</b>	<b>\$671.1</b>

*Note: Revenue changes are based on the best information available at this time.*

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## Scenarios for School Board Consideration

<i>(\$ in millions)</i>	<u>Scenario 1</u> (step increase)	<u>Scenario 2</u> (1% COLA)	<u>Scenario 3</u> (no increase)
<b>New Deficit with Compensation</b>	<b>(\$51.8)</b>	<b>(\$45.9)</b>	<b>(\$41.2)</b>
Expenditure reductions	\$30.8	\$30.8	\$30.8
Revenue changes	\$10.5	\$10.5	\$10.5
<b>New Deficit</b>	<b>(\$10.5)</b>	<b>(\$4.6)</b>	<b>(\$0.0)</b>

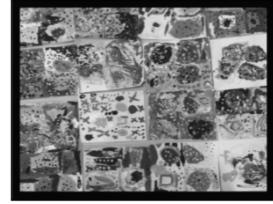
*Note: Revenue changes are based on the best information available at this time.*

*May not total due to rounding*

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## Use of Reserves\*



Reserve	Current Balance	Used in Supt's Proposed Budget	Projected Balance	Added Back from Reductions	Projected Balance	Used in Supt's Revised Proposed Budget	Projected Balance
Capital*	\$3.4		\$3.4		\$3.4		
VRS	\$2.5	(\$1.1)	\$1.4		\$1.4		
Debt Service	\$0.7	(\$0.7)	\$0.0	\$0.4	\$0.4		
Future Budget Years	\$11.2	(\$8.7)	\$2.5	\$7.6	\$10.1		
Compensation	\$7.8	(\$7.8)	\$0.0	\$7.8	\$7.8		
Separation Pay	\$2.0		\$2.0		\$2.0		
Health Care	\$1.0		\$1.0		\$1.0		
<b>Total</b>	<b>\$28.5</b>	<b>(\$18.2269)</b>	<b>\$10.3</b>	<b>\$15.8</b>	<b>\$26.1</b>	<b>(\$14.0)</b>	<b>\$12.1</b>

\* After deducting \$33M for funding earmarked for the FY19-28 CIP

Note: Revenue changes are based on the best information available at this time.

\*Reserves are one-time funds

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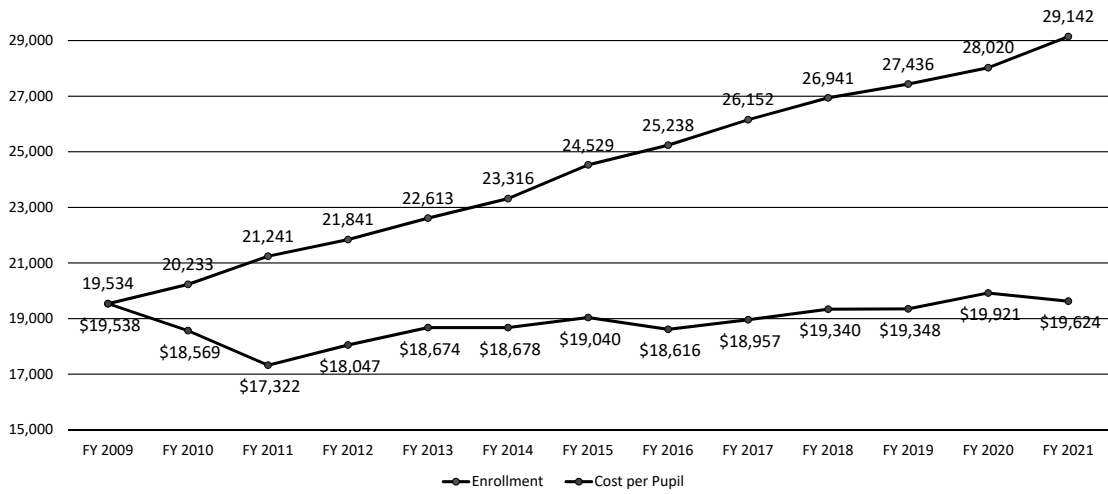
## What are the Unknowns?

- Potential funding from the CARES Act H.R. 748
- Potential revenue reductions from State
- County revenue projections could shift
- Unknowns we are unaware of at this point

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# Enrollment and Cost Per Pupil



Note: This is a preliminary Cost Per Pupil based on the Interim Superintendent's Revised Proposed FY21 Budget.

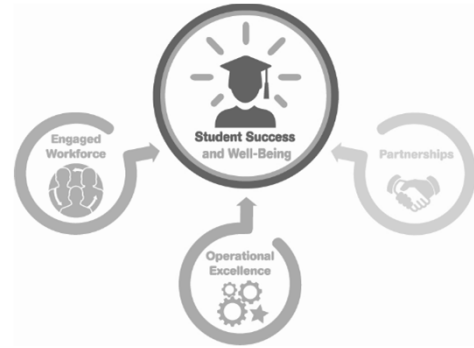


Wrap Up



## Future Considerations and Budgetary Pressures Aligned to Strategic Plan

- Multiple Pathways for Student Success
  - Continue implementation of recommendations from program evaluations for EL and Students with Special Needs
  - Continue implementation of English Learner DOJ Settlement Agreement requirements
  - Restore Class Size
- Engaged Workforce
  - Offer competitive compensation package
- Operational Excellence
  - Prepare for continued enrollment growth
  - Open Reed and Education Center sites in FY 2022
  - Restore positions
  - Replenish reserves
- Partnerships
  - Restore funding to hire Partnership Coordinator Position
  - Expand partnerships to support VA Profile of a Graduate and multiple pathways for student success

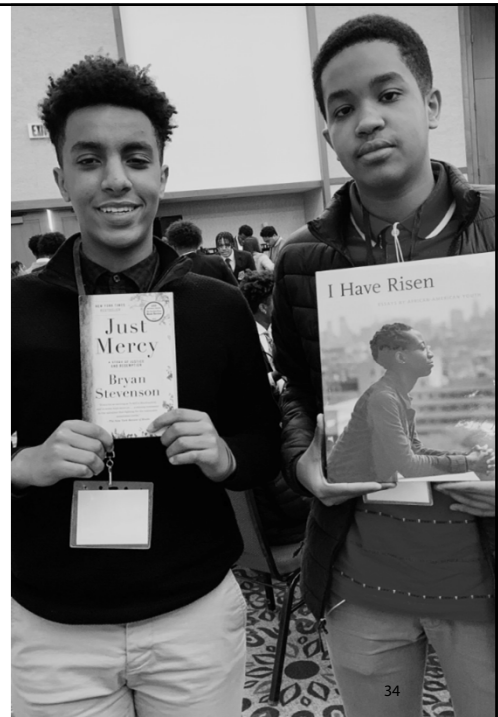


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## Key Takeaways

- Unusual year with increased external pressures; particularly with Covid-19 Response
- Tough decisions to reduce deficit
- \$54 million in realigned resources and reductions
- Quality programs and services preserved
- Preparing for Future Budgets



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## **FY 2021 Revised Budget Calendar**

**April 16:** Interim Superintendents Revised 2021 Proposed Budget

**Apr 21:** School Board Budget Work Session

Public Hearing: Interim Superintendent's Revised Proposed  
FY 2021 Budget

**Apr 23:** School Board Proposed FY 2021 Budget

**Apr 30:** County Board Adopted FY 2021 Budget

**May 5:** School Board Budget Work Session

Public Hearing: School Board's Proposed FY 2021 Budget

**May 7:** School Board's Adopted FY 2021 Budget

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SUPERINTENDENT'S**

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MEETING**

APRIL 16, 2020

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