

## Arlington Public School Board Budget Advisory Council

### END OF YEAR REPORT

June 7, 2019

#### PURPOSE

The purpose of the Budget Advisory Council (BAC) is “to make recommendations on policies and practices related to the presentation and preparation of the operating budget and the financial management of the school system; to make recommendations to the School Board on budget priorities before the Board gives its annual budget direction to the Superintendent and at other times as appropriate; to advise on the degree to which the Superintendent’s Proposed Budget supports best fiscal practices and the School Board’s priorities; to assist in educating the community about the budgeting process and the contents of each year’s budget; and to provide, upon the Board’s request, study and recommendations on special topics or issues.” (Arlington Public School Policy 10-6.3)

The BAC presents this annual written report on the BAC’s work during the 2018-2019 school year.

#### PRINCIPAL ACTIVITIES

The principal activities of the BAC in SY2018-2019 were focused on preparing for and responding to the Fiscal Year (FY) 2020 budget.

**Regular Monthly Meetings.** Prior to budget season, the BAC held regular monthly meetings to inform and update members on key issues in anticipation of a large budget gap, including:

- **Partnerships:** The BAC is exploring partnership models that optimize the investments that the APS makes by leveraging civic, non-profit and private sector resources and assets present in the community. With growing enrollment comes growing need, and APS must find creative solutions to reaching *all* students with more diverse and personalized services than can be provided by the school system alone. To initiate the discussion, the BAC invited the Arlington representative of the National Alliance for Mental Illness (NAMI) to discuss how it partners directly with other school districts. For example, NAMI partners with Fairfax County and Loudoun County schools for [Family Support Partner Services](#), which provides free access to mental health and wellness services for child, youth, and young adults. The BAC also talked with representatives of NOVA and George Mason University to explore the potential for expanding cooperation beyond the dual-enrollment program. This is a discussion we would like to engage in more closely with members of the School Board.
- **Transportation.** The BAC invited Kristen Haldeman to present the status of her research, analysis and policy recommendations on multi-modal strategies with ART, optimizing routes

and stops, and adjusting bell times. The BAC supported piloting the proposed solutions, as an example of both structural and creative change that can have a tangible impact on the budget in both the short and long terms, while maintaining the level of service for APS students.

- **Planning Factors.** The BAC invited Dr. Tara Nattrass to present and discuss Planning Factors and their implications for budgets, providing a valuable opportunity for members to ask questions and clarify issues in advance of the budget presentation.
- **Enrollment Projections.** Robert Ruiz presented an update to the BAC on improvements to the methodology for the enrollment projections, this year's results and their implications, and the projected impact of Amazon.

**Budget Meetings.** The BAC held three meetings to review the Superintendent's Proposed FY2020 Budget, on March 6<sup>th</sup>, March 20<sup>th</sup> and April 8<sup>th</sup>. Given the large number of proposed tier reductions in the budget, the BAC was not able to hold meaningful discussion of each one individually. Consequently, the BAC decided at the March 6<sup>th</sup> meeting to conduct online voting that would provide each member time, as possible, for more thoughtful consideration to agree or disagree with each cut. This mechanism allowed us to remove from further discussion those items with a clear two-thirds majority (in agreement or disagreement), and to focus on issues where there was less consensus and on bigger ticket items that would have a significant contribution to closing the budget gap. The initial results and recommendations were presented to the School Board on April 2<sup>nd</sup>. The outstanding items were considered in another round of on line voting and additional recommendations to the board were made at the April 8<sup>th</sup> meeting. The BAC memoranda documenting budget recommendations to the School Board are provided in an annex to this document.

BAC members dedicated a significant amount of time outside the formal meetings to allow for more thoughtful consideration. In assessing the proposed reductions, the BAC considered a range of factors, including cost/benefit, equity, choice, instructional impact, and the achievement of Strategic Plan objectives. The BAC understands that it is difficult to make tradeoffs between values (e.g., equity, choice) and dollars. But given the reality of the budget gap and the difficult decisions that needed to be made, we did the best we could with an unattractive set of choices to provide the Board with an indication of the tradeoffs we made as a citizen group charged with fiscal oversight. It was clear from the nature of many of the cuts that they were not simply efficiencies but that many would have a detrimental and unacceptable impact on equity and instruction, in particular.

## HIGHLIGHTS

**Presentation of 2018 Bond Issue.** Lida Anestidou and Laura Saul Edwards made a presentation to the BAC on the Bond Issue to inform the group and encourage them to communicate with the community about the importance of supporting it.

**Collaboration with Other Advisory Councils.** This year the BAC made a concerted effort to collaborate more closely with the Advisory Council on Instruction (ACI), which added significant value to our discussions. **Kevin Dezfulian** served as ACI's liaison to the BAC providing feedback on specific issues and keeping the members informed of ACI's agenda and priorities. BAC also designated liaisons to the County Council of PTAs, the Advisory Committee on Transportation

Choices (ACTC), and heard reports from a member of the Education Center Building Committee (ECBC). This year we did not exchange liaisons with the School Facilities and Capital Programs (FAC), however, we generally work more closely with the FAC during years when the Capital Improvement Plan (CIP) is updated.

**Proposed Revisions to the BAC Charter.** The BAC undertook this year to review School Board Policy B-3.6.33, Budget Advisory Council, which was approved on June 16, 2011. The BAC wishes to eliminate inconsistencies between the policy and actual practice and to rationalize membership and leadership appointments and terms. The BAC recommended the following changes to the policy:

1. A three-year progression for Vice-Chair/Chair/Chair-Emeritus, instead of a two-year term for Vice-Chair, followed (in practice) by a two-year term as Chair. The expectation that a member wishing to serve in a leadership role must commit to four years in leadership, and the need to commit relatively early in a potential six-year term on the BAC, is a challenge to maintaining consistent leadership and continuity.
2. Eliminating single-year terms that are intended to maintain a balance of new and old members each year. In practice, the changes in membership that occur over the course of a six-year term of service (e.g., resignations, midterm additions, lapsed membership, non-renewal of appointments) generally offset the intended effect.
3. Including a representative from the Arlington Education Association (AEA) as a formal, non-voting liaison to the BAC. The BAC highly values the teacher perspective that is brought by the AEA representative, but the lack of formal status limits participation to the public comment period at the beginning of the meeting as well as the potential benefit to the BAC.
4. Clarifying that the BAC generates two work products not one: budget advice memoranda during the budget season and a more reflective End of Year Report.

In addition, the current policy indicates that the BAC has a role in advising the School Board on budget priorities before it presents the annual budget direction to the Superintendent. This has not happened in practice; however, the BAC would welcome earlier engagement of the BAC by the Superintendent and the School Board in budget planning.

**Community Education.** In early April, the BAC was invited to participate in a budget panel at the Arlington County Civic Federation meeting. The panel included Arlington County, the Arlington Fiscal Affairs Advisory Committee, Arlington Public Schools (APS) and the BAC. An overview of the Arlington County and APS budgets, respectively, were provided, with additional comments from the advisory committees. Jenn Wagener, current BAC member, and Michael Shea, former BAC Chair, participated on the panel on behalf of the BAC. The BAC provided information about our committee and our work this spring on the proposed APS budget, including the daunting task of reviewing and discussing the 100+ proposed budget reductions. Most of the discussion and questions from participants were around class size increases and their impacts, as well as concerns about long-term APS budget needs and county tax increases.

## ISSUES

This year the anticipated magnitude of the budget deficit drove both the presentation and the evaluation of the budget to focus on the large number of proposed tier reductions. This took attention away from the fact that we are in a growth phase and need to focus on investment and more structural changes that maximize the return on investment, manage cost per pupil and maintain high standards of instruction and student performance. It also reinforced short term decision making that leads to continued use of reserves without a long-term plan for replenishment and covering some recurring costs with one-time funds.

The unexpected revenue from a 3.5% increase in property assessments and the County Board's proposed tax increase solved the short-term problem for funding the FY2020 budget. This does not, however, address the need for further revenue growth in the coming years, especially given the projected deficits in later years. The BAC encourages seeking greater commitment from the County to increase the revenue share to drive down future deficits, especially given that the County anticipates more revenue from commercial property from a projected improvement in the occupancy rate over the next four years.<sup>1</sup> The BAC would like to see a more growth-oriented budget focused on strategic investments, structural changes and cost efficiencies. These must address costs per pupil without negatively impacting instructional quality or program equity across the school system.

## FUTURE CONSIDERATIONS

**Proposed Compensation Study.** The BAC commends the School Board for funding a study to bring the T-scale up to date and to identify and address unintended disparities in its structure to enhance competitiveness. As per APS policy, the BAC has a role in budget studies and proposes that a member of the BAC be designated to participate on the study committee or such body as is charged by the School Board and APS.

**Estimating the future impact of planning factors on per pupil costs as enrollment grows.** The BAC would benefit from analysis showing how the planning factors and SOQs contributed to budget growth over the last five years, in the absolute and relative to each other. Some planning factors may not be sustainable as currently defined. For example, APS uses the National Association of School Psychologists (NASP) national standard ratio for psychologists to students of 1:500-700 and has completed its strategy to meet that ratio (at 700) in the FY2020 budget with the funding of a final cohort of psychologists. Nevertheless, that ratio was established in 2010 and the NASP is currently in the process of updating it. That ratio is likely to be lowered, while enrollment is growing, resulting in an increasing numerator and decreasing denominator. The implication is that we will remain in catch up mode, with no other strategy for addressing the need than hiring more psychologists, which may be unsustainable while failing to meet the need. At the same time, we do not have data on the actual needs of our students, nor metrics that demonstrate that these investments are improving our student outcomes.

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<sup>1</sup> [http://www.insidenova.com/news/arlington/arlington-officials-aim-for-lower-vacancy-rates-reduced-incentive-spending/article\\_2f12d638-5079-11e9-8dd2-ebb5e9aa8046.html](http://www.insidenova.com/news/arlington/arlington-officials-aim-for-lower-vacancy-rates-reduced-incentive-spending/article_2f12d638-5079-11e9-8dd2-ebb5e9aa8046.html)

**Access to budget data and analysis.** One of the continuing frustrations of the BAC each year is the lack of cost data and the difficulty relating it to student outcomes. This negatively impacts our ability to analyze tradeoffs should future cuts be warranted. With the addition of a financial analyst, the BAC looks forward to improved access to budget data and analysis. Nevertheless, access will remain constrained due to growing financial management complexity and the priority needs of the APS Budget & Finance Office for the added capacity. On the other hand, the increased complexity argues for a more robust data function at APS to guide decision making at all levels and to enable the establishment and measurement of metrics on student outcomes to inform investments and drive strategies.

**New approach to Partnerships.** Better data and clear metrics are also critical to more strategic partnering with the civic associations, private sector, and non-profit service organizations. The BAC has been exploring models for school partnerships that go beyond APS' current focus on expanding the community volunteer base, developing internship and job placement opportunities with businesses and institutions, and referrals to services listed on the website. BAC is exploring a more strategic approach to partnerships that optimizes APS resources and improves student equity and excellence through collaboration with a network of local service organizations, institutions and universities collectively aligned around shared metrics so that every student has access to the services and support they need to succeed.

**Addressing Equity.** The BAC *unequivocally* supports services for minority and disadvantaged groups but is concerned that funding staff alone is not a strategy and does not address underlying issues that require an integrated approach, external partnerships and an ecosystem of services across departments. The hiring of a Chief Diversity Officer is an important step, but we should not consider that to be the solution to the APS' equity challenges. We need to use data to pinpoint successful strategies and interventions at the school level and better metrics to identify what is working and not to improve student outcomes, to inform budget priorities and decision making.

**Improve communications with the community on sensitive issues.** More strategic outreach and community education should be designed to address some of the misperceptions in the community around certain issues, such as the relative cost of options school, increasing the planning factor for class size versus the allocation of students to classrooms, the increasing cost per pupil, and others that arise regularly or that emerge each budget season.

**Improve the Budget Presentation.** The BAC recommends that the Budget & Finance Office consider changes the budget document that will improve "readability" and "evaluability," including providing more detailed information on the impacts of proposed changes; considering the use of surveys to gather input on the budget; providing alternative cost breakouts as part of the budget documentation; providing longer-term cost projections for new investments; and, including an index to facilitate the ability to find specific items in the document.

**Planning with county.** Strengthen efforts to collaborate on long term planning with the County based on a growth strategy and make better use of County data capabilities, especially for the Capital Improvement Plan. Leverage the investments in the Career Center and the arrival of Amazon to expand opportunities for high-tech education.

**Enhance the value added by the BAC.** Each year the BAC struggles to provide valuable feedback to the board due to the limited amount of time available for review and decision making. In the past few years, we have adjusted our scheduling and added meetings to address this challenge. This year the BAC did not have time to consider the budget outside of the 100+ proposed reductions, given the short time available to provide input between the issuance of the budget on February 28<sup>th</sup> and the presentation to the Board on April 2<sup>nd</sup>. In addition, we did not have timely information about the content or sequence of the work sessions in order to plan our meeting agendas. We are concerned that our ability to provide meaningful input to the Board in the time available is limited, and request consideration of alternative ways for BAC to support and engage with the School Board, such as:

- Provide more specific direction to the BAC to allow us to be more focused with our time and resources so that we can contribute the most value.
- Explore ways to engage in budget planning prior to presentation of Superintendent’s Proposed Budget.
- Define the BAC’s role in identifying, recommending, developing, and/or overseeing budget studies that allow for an analytical approach to specific key issues outside the intense, busy period of budget deliberations.
- Avoid scheduling School Board working sessions at the same time as BAC meetings.
- Assist with recruiting new members to the BAC and encouraging school and civic groups (e.g., CCPTA, Civic Federation) to identify liaisons to attend BAC meetings and facilitate two-way information sharing on school budget issues. Fostering more two-way information sharing with community groups would enable the BAC to better assist in educating the community about the budgeting process and the contents of each year’s budget, per our charge.
- Engage the BAC earlier in the process regarding budget priorities and potential “adds”.

## SUMMARY

BAC appreciates the opportunity to work with the Board and the community on budget issues. The BAC enjoys and benefits from a close working relationship with the School Board, including the attendance and participation of this year’s School Board liaison, Tannia Talento, at many of our meetings. It is helpful to have a clear understanding of the Board’s priorities so that our time can be focused on the most relevant issues.

We are also very grateful for the support of the APS staff, especially Leslie Peterson, Assistant Superintendent for Finance & Management Services, Tameka Lovett-Miller, Director, School Board Staff, Melanie Elliott, and many others who gave up Wednesday evenings to present to the BAC, including Kristin Haldeman, Tara Natrass, and Robert Ruiz.

Finally, we want to thank **Dan Rosman**, who is departing after a full and productive six years on the BAC. He has consistently advocated for balancing efficiency with equity and his insights and

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knowledge will be greatly missed. On behalf of the students and other constituents of APS, we extend our thanks.

## **2018–2019 Budget Advisory Council Members**

### **Members**

Cecilia Ciepiela-Kaelin, Chair

Robert Ramsey, Vice Chair

Chuck Rush

Cristina Diaz-Torres

Daniel Rosman

David Rosenblatt

Gianmaria Vanzulli

Heather Jones

Jennifer Wagener

Juan Gordon, Sr.

Lars Florio

Lida Anestidou

Matt Hochstein

Melanie Bowen

Robert Ramsey

Sheila Leonard

### **Liaisons**

Tannia Talento, APS School Board

Kevin Dezfulian, Arlington Council on Instruction

### **Staff**

Lesile Peterson, Assistant Superintendent for Finance and Management Services

Tameka Lovett-Miller, Budget Director

Endia Holmes, Executive Administrative Specialist



**ATTACHMENTS**

Memorandum April 2 and attachments, budget recommendations

Memorandum April 8 and attachments, additional budget recommendations

Memorandum May 9 and attachments, proposed changes to the BAC policy

Memorandum May 30, member status and recommendations