



# School Board Meeting

5-year Forecast and Budget Development  
November 10, 2022

# Learning for All Strategic Plan

## GOAL 3: EQUITABLE, TRANSFORMATIVE RESOURCES

### **OBJECTIVE 3:**


ACPS will provide resources in an equitable manner that transforms learning experiences and opportunities for all students.

**Strategy 1:** ACPS will provide operational infrastructure that removes barriers and promotes access to all division programs for all students



# Purpose

*The purpose of this session is to review the 5-year financial forecast and provide feedback for FY 24 budget development.*

1. Approve 5-year CIP total request and balanced request (ACTION)
  2. Review 5-year Operating Revenue and Expenditure Assumptions
  3. Determine Priorities for balancing the 5-year Operating Forecast
  4. Provide Input for FY 24 Budget Development Process
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# CIP Request Approval

# CIP Request Summary

	FY 24	FY 25	FY 26	FY 27	FY 28	5-year Total
<b>1 Elementary School #1 SFP</b>	\$3.5M	\$40.6M				<b>\$44.1M</b>
<b>2 Elementary School #2 (NFP)</b>				\$3.6M	\$47.0M	<b>\$50.6M</b>
<b>3 High School Renovations</b>	\$13.4M	\$5.1M	\$6.9M	\$9.2M		<b>\$34.6M</b>
<b>4 Lambs Lane Campus Improvements</b>			\$500K	\$5.7M	\$10.4M	<b>\$16.6M</b>
<b>5 Middle School Renovations</b>	\$5.0M	\$5.0M	\$5.0M	\$5.0M		<b>\$20.0M</b>
<b>6 Elementary School Renovations</b>	\$10.0M	\$10.0M	\$10.0M	\$10.0M	\$10.0M	<b>\$50.0M</b>
<b>7 Elevator Additions</b>	\$700K	\$700K	\$700K	\$700K	\$1.4M	<b>\$4.2M</b>
<b>8 Data Center</b>	\$1.7M					<b>\$1.7M</b>
<b>9 Elementary School #3</b>			\$7.5M			<b>\$7.5M</b>
<b>Project Management</b>	\$560K	\$580K	\$610K	\$640K	\$660K	<b>\$3.1M</b>
<b>Facilities Maint/Replacement</b>	\$14.1M	\$12.5M	\$14.0M	\$12.7M	\$14.7M	<b>\$68.0M</b>
<b>School Bus Replacement</b>	\$2.4M	\$2.6M	\$2.7M	\$2.8M	\$3.0M	<b>\$13.5M</b>
<b>Network Technology</b>	\$2.0M	\$400,000	\$320,000	\$620,000	\$840,000	<b>\$4.2M</b>
<b>Total 5-year Request</b>	<b>\$53.4M</b>	<b>\$77.5M</b>	<b>\$48.2M</b>	<b>\$51.0M</b>	<b>\$88.0M</b>	<b>\$318.0M</b>

FY 29 - FY33	
Capital Needs Assessment (CNA)	Elementary School #3
	Administration Space
	Lambs Lane Campus Improvements
	High School Capacity
	Athletic Improvements
	Middle School Study Recommendations

*Note: High School Center 2 and Mountain View Expansion/Improvements funding is included in the current FY 23 capital budget.*

# Addressing High School Capacity

## **Current CIP: FY 23**

\$32.5M Construction Budget

*Placeholder scope is for High School Center 2, representing a 61,500 square foot facility with a 400 student per day capacity.*

## **CNA: Years 6-10**

Budget TBD

*Additional High School Capacity project is recommended in the Capital Needs Assessment. Scope is to be determined.*



# High School Enrollment Projections

	Capacity	Enroll. 2022/23	PROJECTED ENROLLMENT									
			2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
ALBEMARLE	1,727	1,945	1,958	1,905	1,836	1,865	1,877	1,961	2,038	2,059	2,095	2,084
MONTICELLO	1,180	1,170	1,150	1,148	1,135	1,141	1,092	1,138	1,123	1,158	1,246	1,258
W. ALBEMARLE	1,122	1,115	1,116	1,145	1,114	1,090	1,141	1,187	1,203	1,270	1,265	1,279
CENTER 1	120	99	120	120	120	120	120	120	120	120	120	120
<b>Total</b>	<b>4,149</b>	<b>4,329</b>	<b>4,344</b>	<b>4,318</b>	<b>4,205</b>	<b>4,216</b>	<b>4,230</b>	<b>4,406</b>	<b>4,484</b>	<b>4,607</b>	<b>4,726</b>	<b>4,741</b>

	Capacity	Enroll. 2022/23	PROJECTED CAPACITY CONFLICTS									
			2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33
ALBEMARLE	1,727	1,945	(231)	(178)	(109)	(138)	(150)	(234)	(311)	(332)	(368)	(357)
MONTICELLO	1,180	1,170	30	32	45	39	88	42	57	22	(66)	(78)
W. ALBEMARLE	1,122	1,115	6	(23)	8	32	(19)	(65)	(81)	(148)	(143)	(157)
CENTER 1	120	99	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,149</b>	<b>4,329</b>	<b>(195)</b>	<b>(169)</b>	<b>(56)</b>	<b>(67)</b>	<b>(81)</b>	<b>(257)</b>	<b>(335)</b>	<b>(458)</b>	<b>(577)</b>	<b>(592)</b>

# Highest Priority CIP Projects Scenario

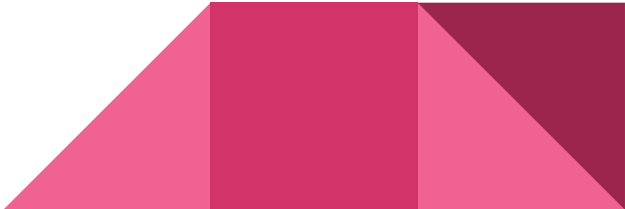
	FY 24	FY 25	FY 26	FY 27	FY 28	5-year Total
Elementary School #1 (Mountain View)	\$3.5M	\$40.6M				<b>\$44.1M</b>
Elementary School #2 (NFP) <sup>1</sup>				\$3.6M	\$42.2M	<b>\$45.8M</b>
High School Renovations <sup>2</sup>	-	-	-	-	-	-
Project Management	\$560K	\$580K	\$610K	\$640K	\$660K	<b>\$3.1M</b>
Facilities Maint/Replacement <sup>1</sup>	\$9.0M	\$9.0M	\$9.0M	\$9.0M	\$9.0M	<b>\$45.0M</b>
School Bus Replacement <sup>1</sup>	\$1.5M	\$1.5M	\$1.5M	\$1.5M	\$1.5M	<b>\$7.5M</b>
Network Technology <sup>1</sup>	\$1.4M	\$380K	\$300K	\$550K	\$725K	<b>\$3.4M</b>
<b>Total</b>	<b>\$16.0M</b>	<b>\$52.1M</b>	<b>\$11.4M</b>	<b>\$15.3M</b>	<b>\$54.1M</b>	<b>\$148.8M</b>

<sup>1</sup>These projects show no increases from adopted CIP or show amounts lower than requested, which would result in reduced scope in the programs. <sup>2</sup>High School Renovations is included in the FY 23-27 CIP, but excluded in this scenario.

*Note: High School Capacity (Center 2) funding is included in the current FY 23 CIP.*



School Board Action to Approve the FY 24-28 *Total CIP Request and Highest Priorities Scenario*





# 5-Year Financial Forecast (Operating)

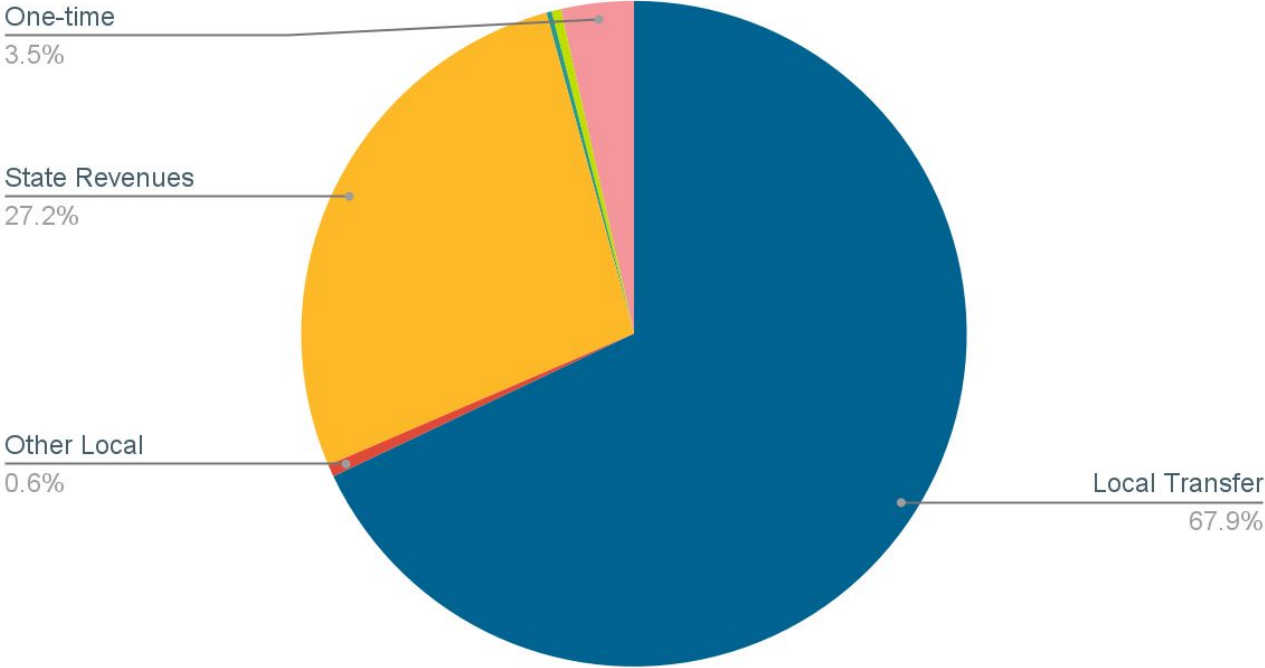
# Purpose of 5-year Forecast

- Ensure that capital and operational decisions will ensure long-term financial stability
  - Plan expenditures in response to potential fluctuations in revenue growth
  - Provide greater context for the development of each annual budget
- Serves as a planning tool to supplement budgeting processes

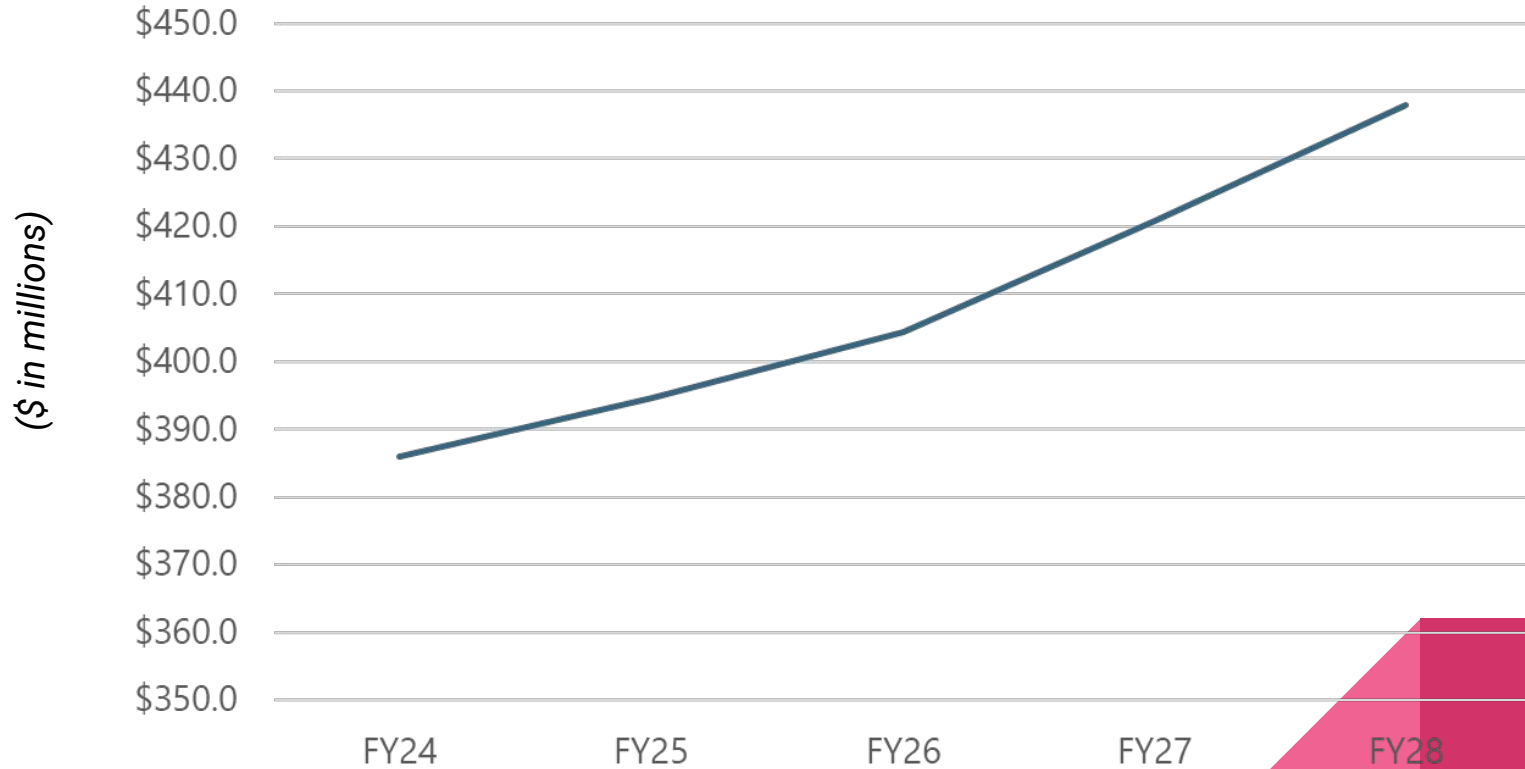


# Revenue Drivers

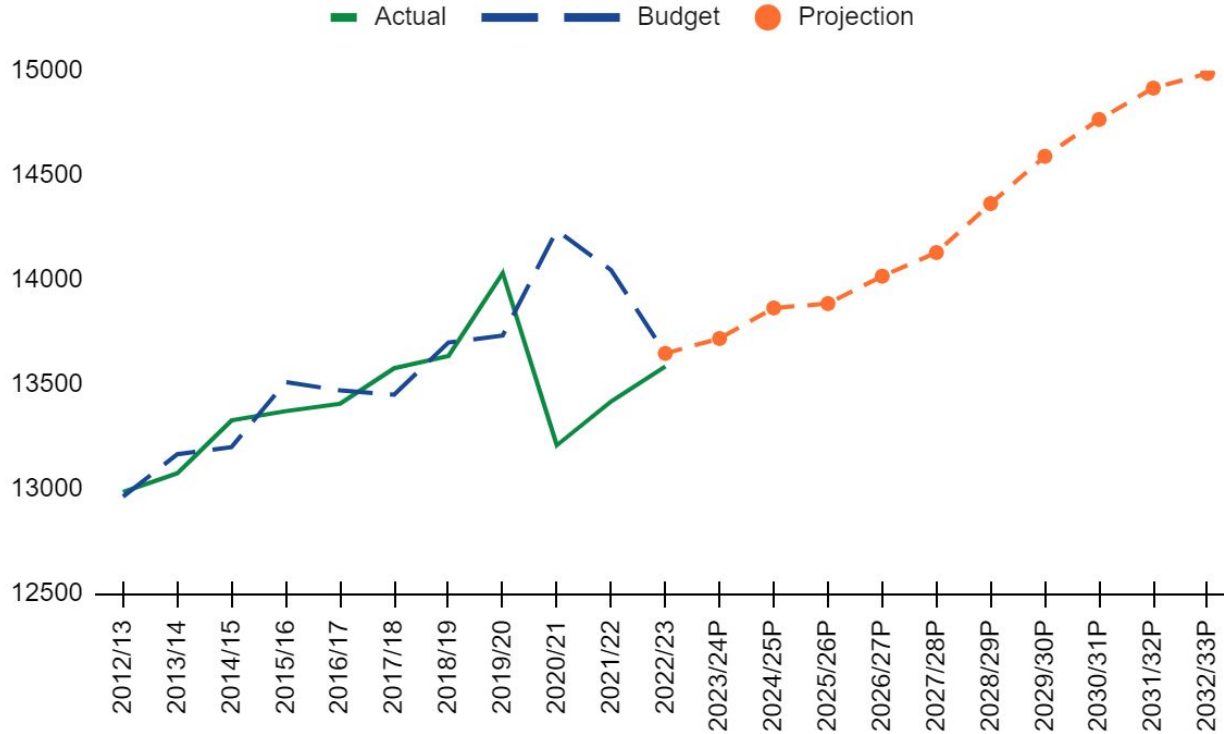
## FY 23 School Fund Revenues



# Five-Year Projection: General Fund Revenues



# 10-year Projected Enrollment



Peak enrollment (2019)	14,032
Current enrollment (2022)	13,585
5-year Proj. Growth +545, +4.0%	14,130
10-year Proj. Growth +1,401, +10.3%	14,986



# Revenue Forecast

	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28
Local Transfer	\$167,453,853	\$176,500,000	\$180,500,000	\$185,700,000	\$193,600,000	\$201,800,000
		5.4%	2.3%	2.9%	4.3%	4.2%
State Revenues	67,085,366	68,200,000	71,400,000	74,300,000	77,000,000	79,000,000
		1.6%	4.7%	4.1%	3.6%	2.5%
Federal	618,000	618,000	618,000	618,000	618,000	618,000
Other	<u>2,579,865</u>	<u>2,600,000</u>	<u>2,600,000</u>	<u>2,600,000</u>	<u>2,600,000</u>	<u>2,600,000</u>
<b>Total Recurring</b>	<b>\$237,737,084</b>	<b>\$247,918,000</b>	<b>\$255,118,000</b>	<b>\$263,218,000</b>	<b>\$273,818,000</b>	<b>\$284,018,000</b>
		4.3%	2.9%	3.2%	4.0%	3.7%
<b>New Revenues</b>		<b>\$10,200,000</b>	<b>\$7,200,000</b>	<b>\$8,100,000</b>	<b>\$10,600,000</b>	<b>\$10,200,000</b>

*Local Transfer forecast provided by Albemarle County*

*State Revenues assume constant LCI, enrollment growth, SOQ position cost increase*

*Federal Revenues assume no changes*

# Expenditure Drivers

- Salary Increase Assumptions
- Health Care Contribution Increase
- Growth & Class Size
- Operational Obligations and Inflation
- CIP Operational Impacts
- New Proposals





# Expenditure Forecast

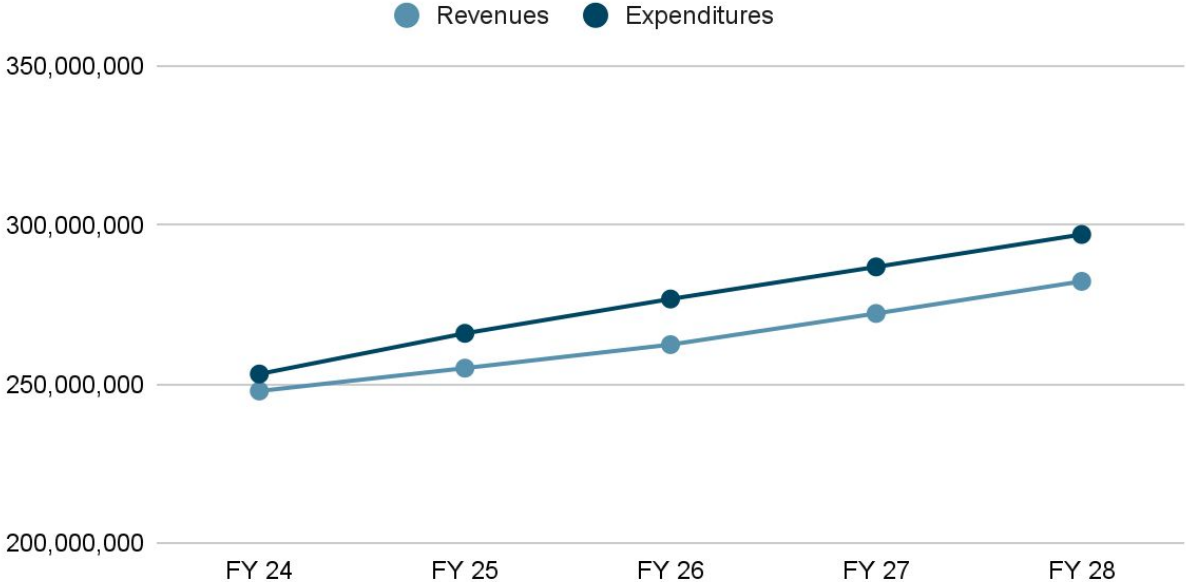
	FY 24	FY 25	FY 26	FY 27	FY 28
Baseline Adjustment	\$ (500,000)	\$ (500,000)	\$ (600,000)	\$ (600,000)	\$ (600,000)
Growth	\$ 1,100,000	\$ 1,200,000	\$ 200,000	\$ 1,100,000	\$ 1,100,000
FTEs	12.0	12.0	2.0	11.0	10.0
Compensation	\$9,500,000	\$8,000,000	\$6,200,000	\$4,300,000	\$4,400,000
	5.0%	4.0%	3.0%	2.0%	2.0%
Operational Inflation	\$2,400,000	\$2,000,000	\$1,600,000	\$1,100,000	\$1,100,000
	5.0%	4.0%	3.0%	2.0%	2.0%
CIP Operating Impacts	\$50,000	\$100,000	\$1,400,000	\$2,200,000	\$2,200,000
New Proposals	<u>\$3,000,000</u>	<u>\$2,000,000</u>	<u>\$2,000,000</u>	<u>\$2,000,000</u>	<u>\$2,000,000</u>
<b>New Expenditures</b>	<b>\$15,500,000</b>	<b>\$12,800,000</b>	<b>\$10,800,000</b>	<b>\$10,100,000</b>	<b>\$10,200,000</b>

New FTEs are a result of applying staffing standards to projected enrollment.

Compensation and operational increases are higher in the first year, then revert to historical levels.


CIP Operating Impacts, according to current and requested CIP Projects.

# Operational Funding Gap



<b>Revenues</b>	\$247,900,000	\$255,100,000	\$262,500,000	\$272,300,000	\$282,400,000
<b>Expenditures</b>	<u>\$253,250,000</u>	<u>\$266,050,000</u>	<u>\$276,850,000</u>	<u>\$286,950,000</u>	<u>\$297,150,000</u>
<b>(Gap)</b>	(5,350,000)	(10,950,000)	(14,350,000)	(14,650,000)	(14,750,000)

# Operational Balancing Scenario

- Increase Revenues
    - State revenues released in December
    - Local revenues finalized in January
  - Limit new proposals
  - Compensation Assumptions
    - Compensation Study adjustments (limit FY 24 salary increase)
  - Reduce Services
    - Class size (increase of staffing ratio by 0.5 would result in a 15-16 FTE reduction)
    - Transfer reductions (Vehicle Replacement Fund \$200,000; Learning Resources Fund \$600,000)
    - Reduce inflationary increases by reducing departmental expenditures
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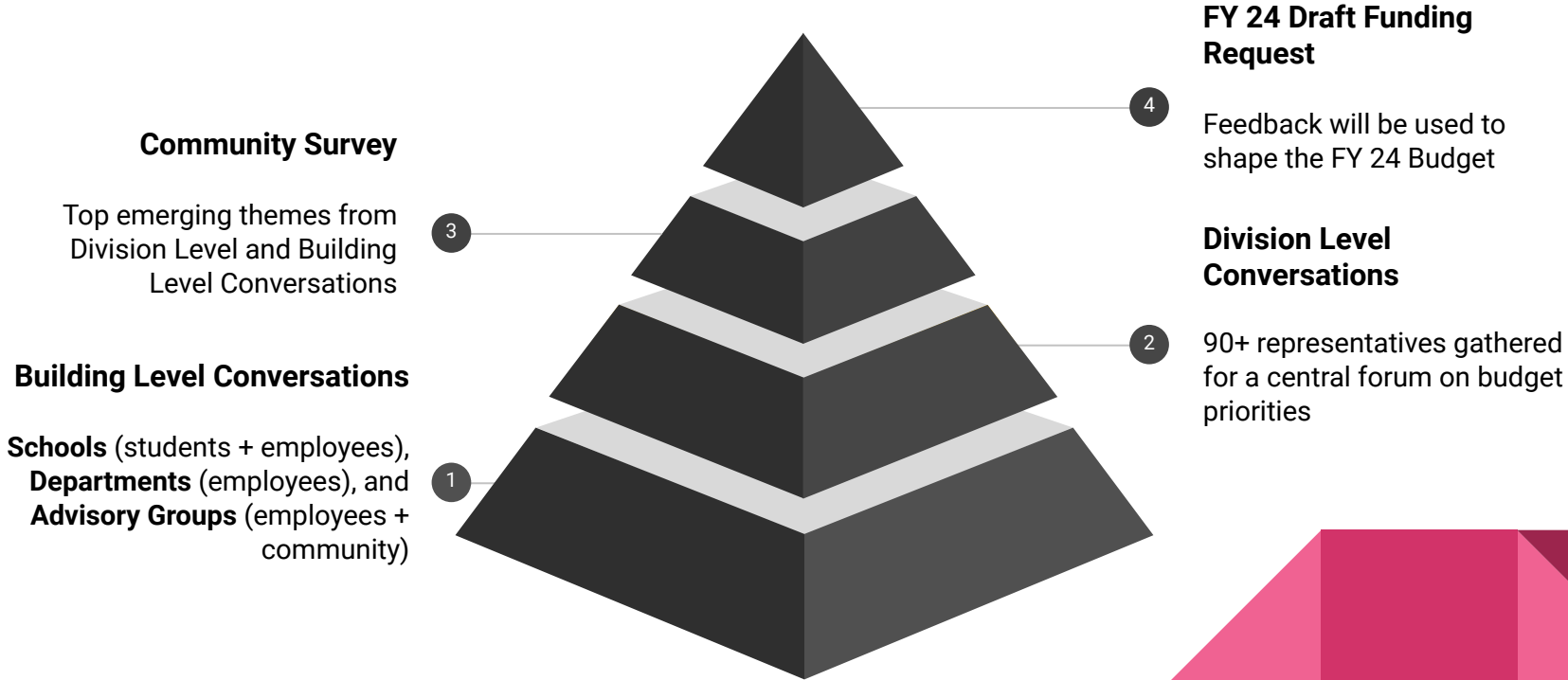


# FY 24 Budget Development

# Budget Goals

- 1 Develop a budget that advances the **school division's mission** (strategic plan).
- 2 Provide a plan that supports **competitive benefits and salaries** and reflects market adjustments.
- 3 Develop a responsive and systematic approach to operations that reflects best practices and ensures **long-term financial stability**.
- 4 Present budget proposals that align with the **school division's strategic plan** and the school board's priorities.
- 5 Incorporate **metrics**, such as logic models and performance measures, as a management and decision-making tool during the budget process.

# Community Conversations



# Examples of what we've heard so far...

<b>Thriving Students</b>	<b>Affirming and Empowering Communities</b>	<b>Equitable, Transformative Resources</b>
Improved access to student materials	Make the SEL Counselor position permanent	Hire more bus drivers, TAs, and permanent substitute teachers
After school activities and activity buses	Supports for Staff (e.g., TA time)	Move away from fossil fuels
Low class sizes	Add family support liaisons	Update classrooms to create more small group/individual learning spaces

More Examples in Survey  
[Take the survey here \(link\)](#)

# Discussion

- 1. Spend some time reviewing the feedback from Community Conversations
- 2. Share out your priorities in each of the Strategic Plan goal areas

<b>Thriving Students</b>	<b>Affirming and Empowering Communities</b>	<b>Equitable, Transformative Resources</b>





# Next Steps

<b>Joint SB/BOS Meeting</b> <i>Wednesday, 12/7</i>	Focused discussion on the 5-year financial plans for ACPS and alignment with Albemarle County's Strategic Priorities
<b>School Board Meeting</b> <i>Thursday, 1/12</i>	Budget updates, as needed
<b>Special School Board Meeting</b> <i>Thursday, 2/16</i>	Superintendent presents Draft Funding Request (Work Session #1)