

Proposed Budget Fiscal Year 2019

Prince William County School Board Meeting

February 7, 2018

David S. Cline

Associate Superintendent for Finance & Support Services



Prince William County

PUBLIC SCHOOLS

Providing A World-Class Education

®

Budget Process and Virginia Law

- Virginia Code 22.1-92:
 - Superintendent required to develop a Proposed Budget which meets the “**needs**” of the School Division
 - School Board reviews, revises, approves, and submits a budget to the County which meets the “**needs**” of the School Division
- Board of County Supervisors (BOCS) is responsible for funding the School Division upon request of the School Board:
 - BOCS is responsible for setting tax rates
 - BOCS does not have line item authority and may only budget by lump-sum appropriation or broad state categories



Overview

- Maintains current programs providing for 1,193 additional students; an increase of 1.3%, for a total of 90,636
- Provides 2.7 percent step increase for all eligible employees
- Funds required benefits, including a 6.6% increase in health insurance
- Opening of Independence Nontraditional School
- Maintains class-size reduction efforts; expanded at K-3
- Increased funding for At-Risk students - “economically disadvantaged”
- Expands pre-school program using Washington-Reid



Operating Fund & Debt Service Fund Proposed Fiscal Year 2019

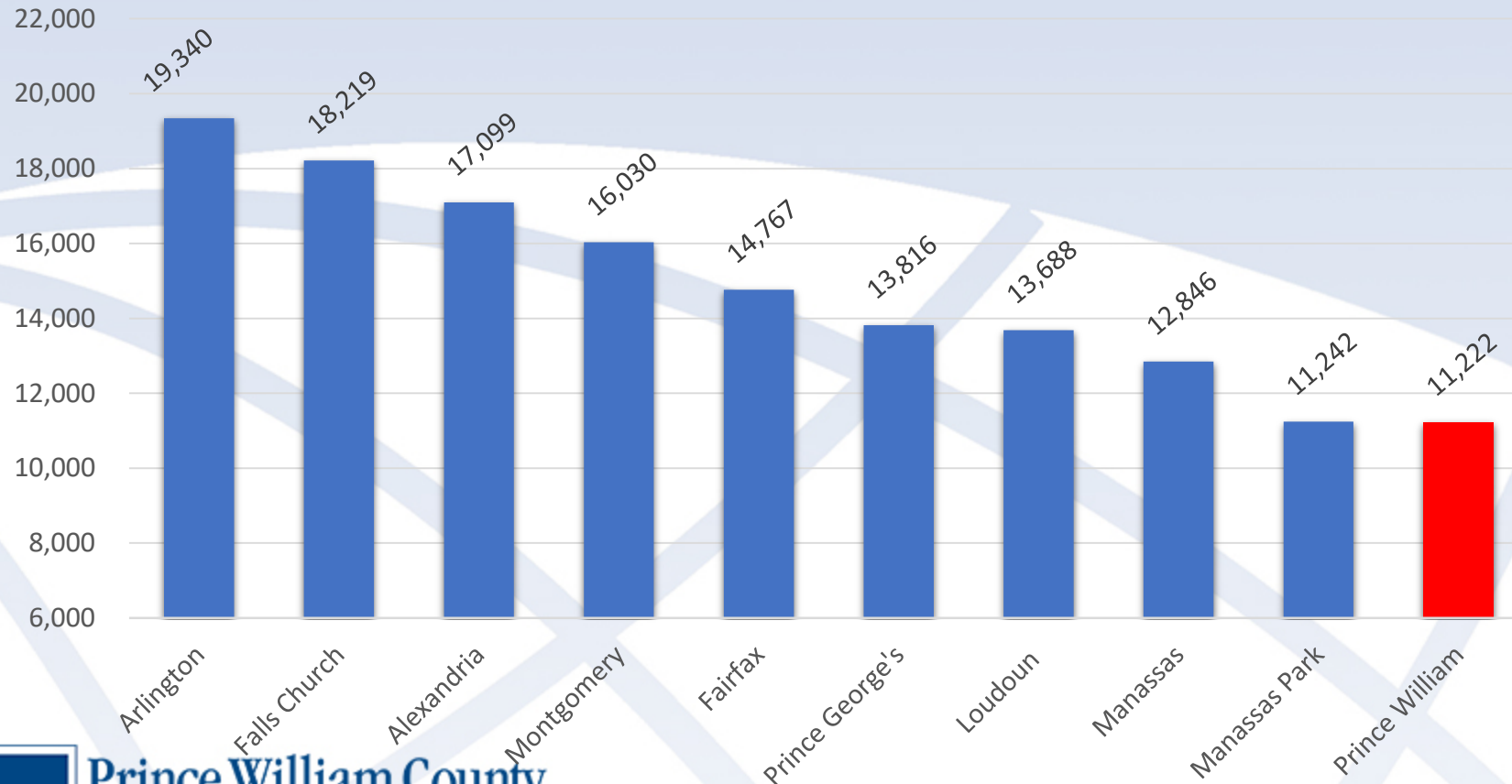
	<u>FY 2018</u>	<u>FY 2019</u>	<u>Change</u>	<u>Percent</u>
County	\$552,205,462	\$583,697,716	\$31,492,254	5.7%
State	\$511,507,537	\$531,145,227	\$19,637,690	3.8%
Federal	\$42,196,319	\$38,121,179	(\$4,075,140)	-9.7%
Other	\$14,902,280	\$9,007,395	(\$5,894,885)	-39.5%
Beginning Balance	\$23,013,491	\$26,439,634	\$3,426,143	14.9%
Total	\$1,143,825,089	\$1,188,411,151	\$44,586,062	3.9%
By Fund:				
Debt Service	\$101,045,974	\$107,730,113	\$6,684,139	6.6%
Operating	\$1,042,779,115	\$1,080,681,038	\$37,901,923	3.6%

Funding Notes

- County Revenue per agreement
- State
 - Based on Governor’s Proposed Budget
 - No restoration of “Great Recession” reductions
 - Reduction for Northern Virginia Regional Special Education Program
- Federal – Changes in Grants/Programs
- Beginning Balance

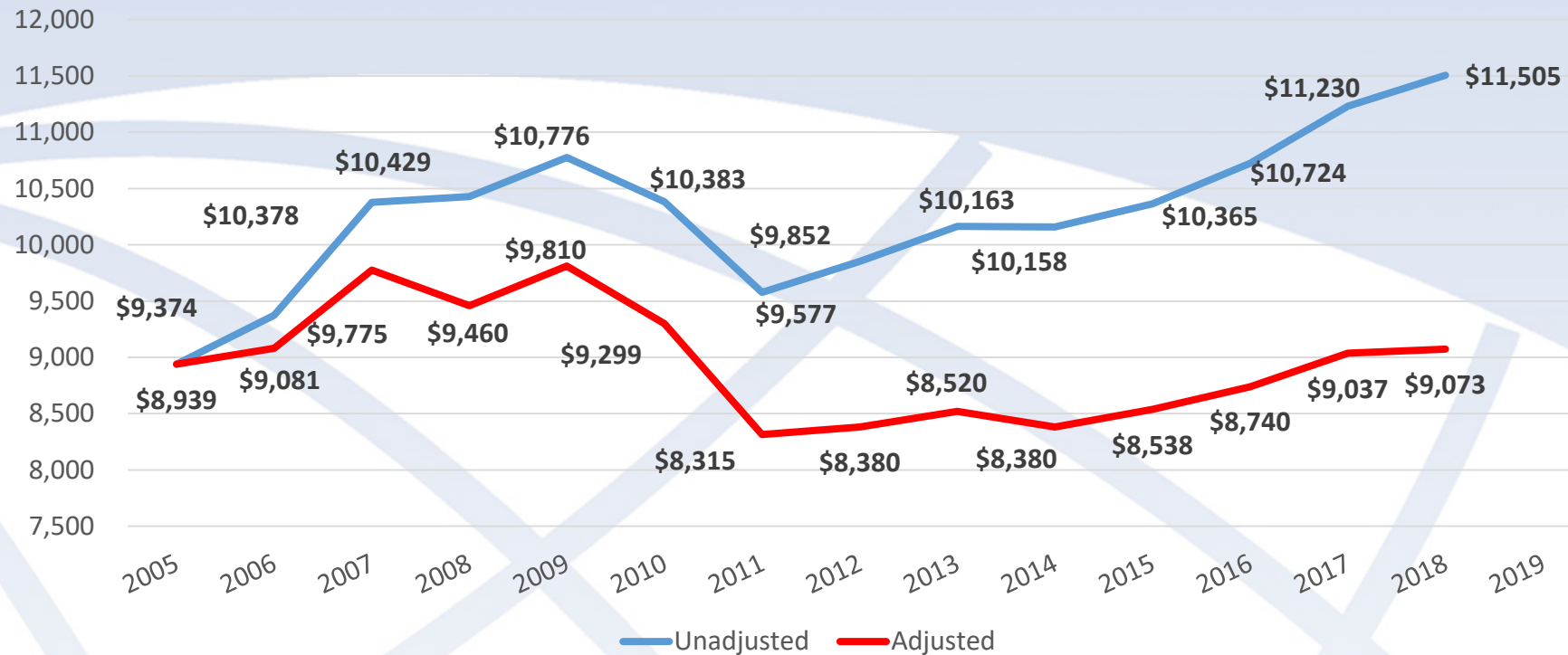


FY 2018 Cost per Pupil Comparison

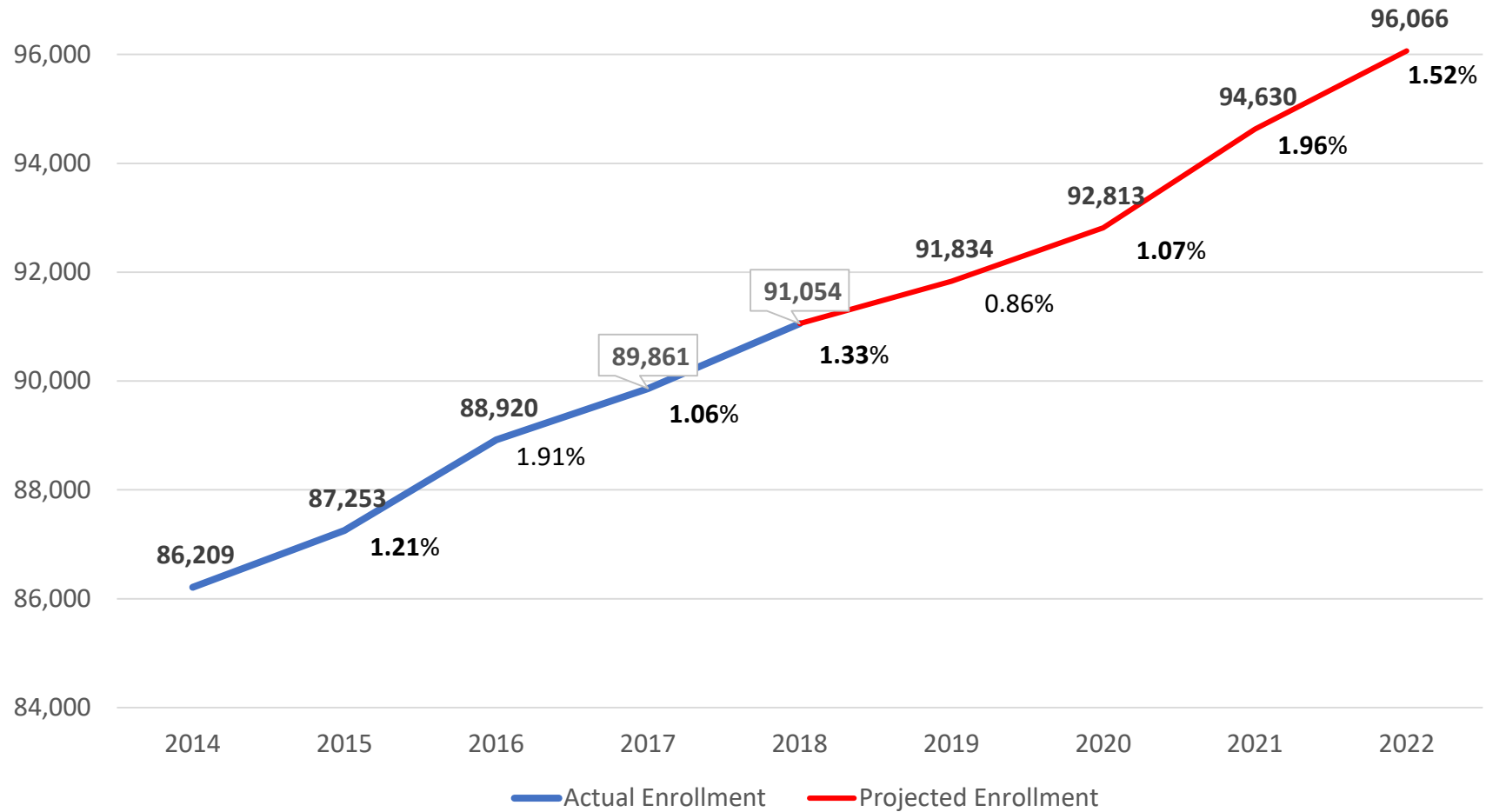


FY 2018 Washington Area Boards of Education (WABE) comparative data

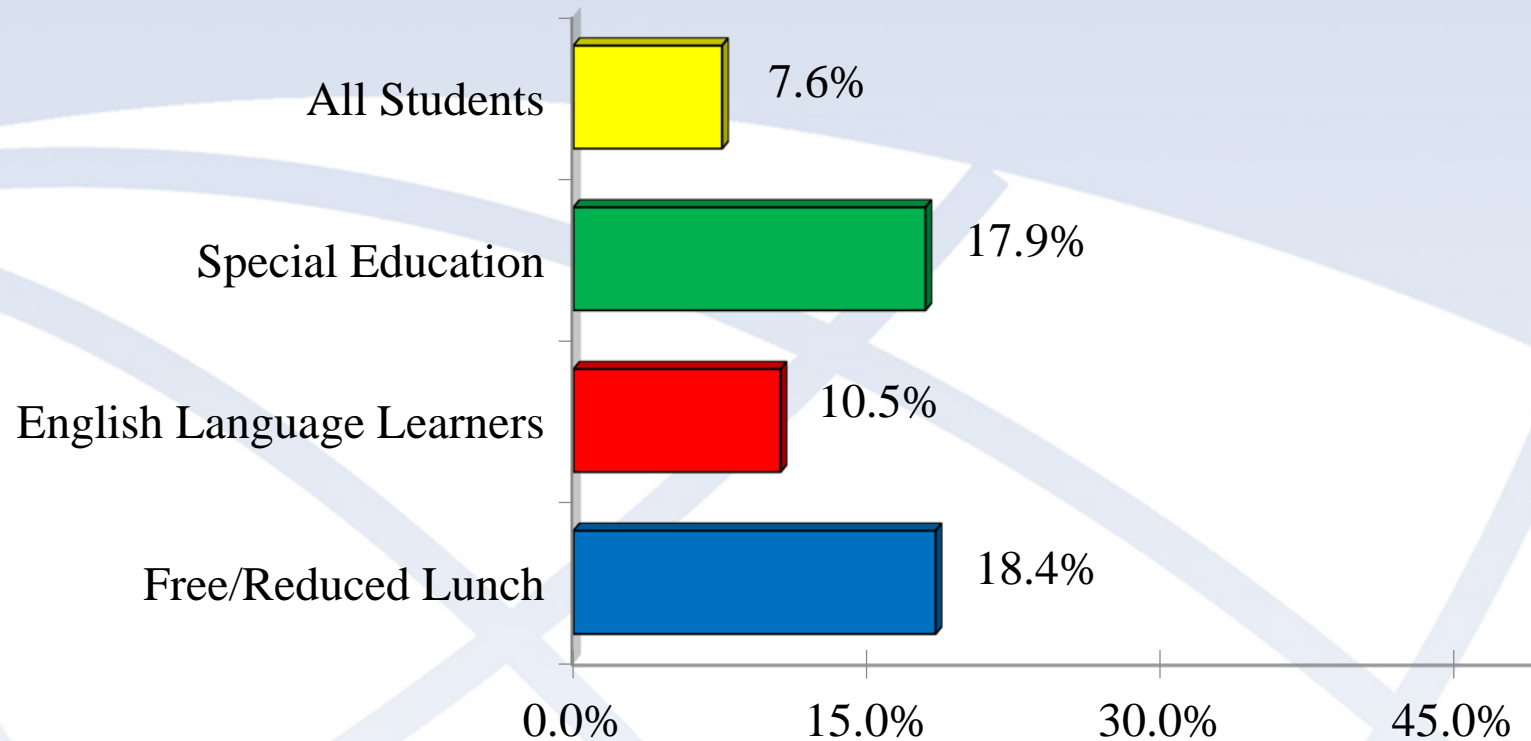
Cost per Pupil Change Over Time (Adjusted and Unadjusted for Inflation)



Enrollment Trends



Growth in Student Membership Past Five Years



FY 2019 Proposed Budget

FY 2018 Approved Budget (Operating & Debt Service)

\$1,143,825,089

Expenditure Changes for FY 2019

Baseline Adjustments

\$563,798

Baseline Adjustments, Elimination of One-Time Costs	\$3,460,572
Restore Holdback Allocation Reserve	\$2,673,986
Reclassification of Nurses	\$840,000
Inflation (2.0%) on Supplies, Materials, Equipment	\$1,146,658
Required Actuary Adjustment for GASB 45 (OPEB)	\$800,000
State Reduction for Regional Special Education Program	-\$3,000,000
Adjustments in Grants & Self-Supporting Programs	-\$5,357,418



FY 2019 Proposed Budget

Expenditure Changes for FY 2019

Compensation

\$10,851,598

Step Increase (2.7% cost increase)	\$20,087,768
Slippage in Compensation (Turnover; Salary Vacancy)	-\$12,043,884
Priority Reclassifications from FY 2018 Salary Study	\$151,644
Increase Supplemental Pay Rates 2%	\$105,954
Increase Substitutes/Temporary Pay Rates	\$561,012
Virginia Retirement System (VRS) Required Rate Decrease	-\$4,160,929
VRS Hybrid Plan – Short/Long Term Disability Requirements	\$1,512,824
Health Insurance Rate Increase 6.6%	\$4,637,209



FY 2019 Proposed Budget

Expenditure Changes for FY 2019

New Students & Schools

Funding for New Students (1,193) 1.3% increase	\$8,190,787
Startup Costs for New School - "PW Parkway" ES	\$443,000
Net Increase – Independence Nontraditional School (\$11,127,296)	\$2,317,216
Restore 2 ITC positions from Independence Conversion	\$185,436
Net Increase – Independence Transportation (\$1,764,033)	\$485,020
Debt Service Net Adjustment	\$6,684,139

\$18,305,598

School Repairs & Renewals

Technology Improvement Projects (TIP) Increase	\$500,000
--	-----------

\$500,000



FY 2019 Proposed Budget

Expenditure Changes for FY 2019

New Resources

Maintain PWCS Regional Special Education Programs	\$3,000,000
At-Risk; Economically Disadvantaged Funding K-12	\$1,522,911
Preschool Teachers – 5 FTE; Utilize Washington Reid	\$475,122
K-3 Class Size Grant – Class Size Reduction (16 classes)	\$1,445,576
Infrastructure Task Force ES Security Recommendations (One-Time)	\$742,000
Gifted Program Enhancements	\$414,348
Additional Testing Cost (AP, IB,..) due Increased Participation	\$350,000
Dance Program – Choreography, Master Classes (One-Time)	\$90,000
Robotics VEX Equipment (One-Time)	\$30,000

\$16,571,357



FY 2019 Proposed Budget

Expenditure Changes for FY 2019

New Resources

Mental Health Specialist 1 FTE	\$106,040
Special Education School Psychologist 1 FTE	\$92,209
School Social Workers 2 FTE	\$184,418
Student Learning – Academic Improvement Support	\$25,475
Instructional Coach	\$101,430
HS Athletic Trainers 6 FTE; + One-Time Support	\$672,215
MS Athletic Trainers Contract	\$180,143
Language Arts Admin Coordinator 1 FTE	\$146,236
HR – Talent Management System Acquisition/Implementation (One-Time)	\$449,402
HR – Talent Management System 1 FTE + Support Costs	\$365,499



FY 2019 Proposed Budget

Expenditure Changes for FY 2019

New Resources

School Board Parliamentarian	\$35,483
Legal Services Cost Increase	\$250,000
Summer Law Intern	\$10,008
School Board Member Discretionary Funds (Approx \$1K per member)	\$8,189
Increased Information Technology Contracts (Includes 10G Upgrade)	\$2,189,913
Mandated Web Accessibility 1 FTE + Support	\$169,329
Division Network Support 1 FTE	\$138,457
Mandated Storm Sewer Systems Requirements 1 FTE	\$94,103
Increase/Restoration 7 & 14 Year School Maintenance; Includes 0.5 FTE	\$1,160,191
Supervisor Elementary Personnel 1 FTE + Support Costs	\$184,849



FY 2019 Proposed Budget

Expenditure Changes for FY 2019

New Resources

Title IX Compliance Officer 1 FTE	\$138,134
Transportation Lead Dispatcher 1 FTE	\$77,433
Division Bookkeeper Support 1 FTE	\$90,366
Fields/Grounds Support for School Opening (One-Time)	\$100,000
Accountability – Support for Ongoing Strategic Planning	\$25,475
HS - Educator Rising Supplements	\$6,403
Additional HS Artificial Turf Field – Stonewall HS	\$1,500,000



FY 2019 Proposed Budget

Expenditure Changes for FY 2019

<u>Reductions</u>			-\$2,206,289
Conclusion of Energy Management Contract		-\$2,206,289	
FY 2019 Projected Expenditures			\$1,188,411,151
FY 2018 Projected Revenues (Operating & Debt Service)			\$1,188,411,151
Estimated FY 2019 Surplus/Deficit			\$0
Fund Breakdown:			
Debt Service Fund			\$107,730,113
Operating Fund			\$1,080,681,038



Capital Improvements Program (CIP)

FY 2019 Major Changes

- Middle School at Potomac Shores delayed one year to 2021
- Elementary School (Cherry Hill Area) delayed two years to 2023
- Elementary School (Yorkshire Area) delayed two years to 2024
- Elementary School (Stonewall Area) moved forward two years to 2022
- 14th High School (Mid-County) delayed one year to 2024
- 15th High School (TBD) delayed two years to 2027
- Occoquan Elementary School Replacement added to 2028



Capital Improvements Program (CIP)

FY 2019 Highlights

- Construction of “Prince William Parkway” Elementary School
- Construction of School Additions at:
 - Antietam ES; Lake Ridge ES; Springwoods ES;
Leesylvania ES; Minnieville ES; Stonewall MS
- Begin Renovation/Renewals for:
 - Leesylvania ES; Marshall ES; Montclair ES
- Construction of Western Transportation Facility



Proposed Capital Improvements Program

Five-Year Summary - Fiscal Years 2019-2023

•	Projected Growth in Students			6,205
•	New School Facilities		6	
	– New Elementary Schools	4		
	– New Middle Schools	1		
	– New High Schools	1		
•	School Additions (Classrooms)		70	
	– Elementary School Additions (5 Schools)	53		
	– Middle School Additions (1 School)	17		
•	Support Facilities		2	
	– Western Transportation Center			
	– New Dominion – Special Needs Transportation			
•	New School Facilities			\$351,896,000
•	Classroom Additions			\$ 71,225,000
•	Site Acquisition			\$ 15,000,000
•	Renewals			\$270,857,000
•	Current Student Capacity			88,567
•	Proposed Capacity to be Constructed			8,472
•	Existing Portable Classrooms			207

Five Year Plan FY 2019 – 2023

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<u>Expenditures</u>					
Current Programs	1,142.7	1,150.8	1,171.0	1,187.3	1,210.5
New Students	12.0	18.6	27.9	46.1	59.5
Repairs & Renewals	26.5	37.5	38.8	39.6	31.5
New Schools	7.2	5.2	9.3	5.0	17.3
Total Expenditures	1,188.4	1,212.1	1,247.0	1,278.0	1,318.8
<u>Revenues</u>					
State/Federal/Other	604.7	607.7	619.5	627.2	645.0
County Transfer	583.7	604.4	627.5	650.8	673.8
Total Revenue	1,188.4	1,212.1	1,247.0	1,278.0	1,318.8
Surplus/(Deficit)	0.0	0.0	0.0	0.0	0.0



The balanced Five-Year Plan is an indication of the School Board commitment to fiscal responsibility only. The annual budgets continue to have significant additional needs.

FY 2019-23 Five-Year Plan Assumptions

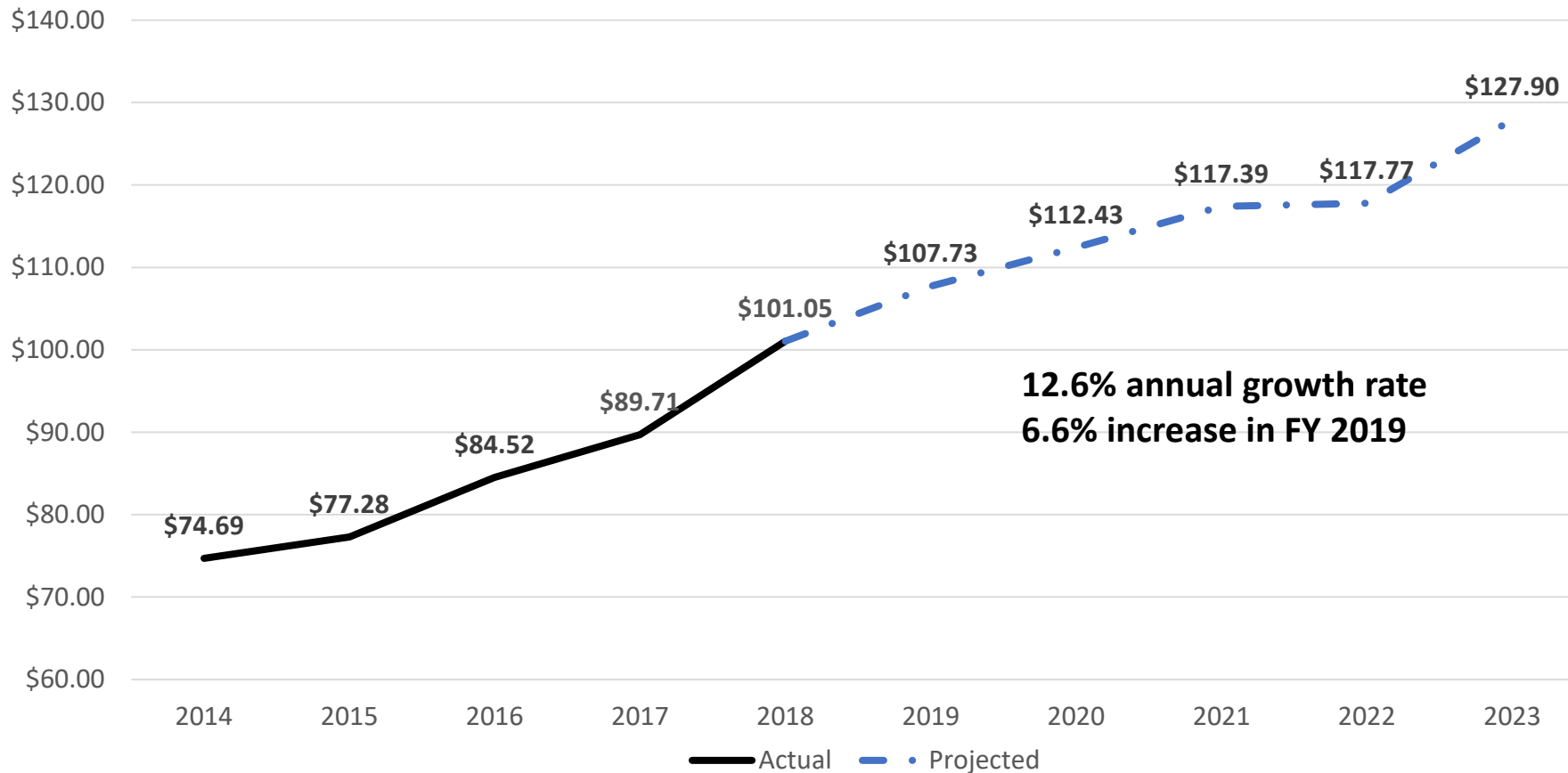
Assumptions/Guidance

- Based upon BOCS Five-Year Revenue Plan
 - Average increase of 3.5% in FY 2019-23
 - Assumes continuation of \$6 million per year in Proffers or County funds
- Northern Virginia Regional School revenue declines by \$3M more each year
- Salary - Pay Plan Adjustments – 2.0%: FY 2020, FY 2022
- Salary - Step increase averaging 2.8%: FY 2019, FY 2021, FY 2023
- Health Insurance – Increase of 5% per year
- Virginia Retirement System (VRS) have been returned to fully-funded rates
- Capital Improvements Program Maintained
 - Requires bond funding for a portion of traditionally cash-funded projects



Annual Debt Service*

Debt Payment on School Bonds – “The Mortgage”



**Debt service may not exceed 10% of annual revenues, per PWC Principles of Sound Financial Management*

In Summary

- The School Board develops the budget within the funding amounts provided by the County and State
 - This budget attempts to meet needs for programs and services essential to a quality education
 - We are seeking to address the need to reduce class sizes, alleviate overcrowding, provide enough additional permanent building space, provide competitive salaries/benefits, and restore previous cuts
 - We are seeking to improve instruction, reduce achievement gaps, and deliver academic success for all our students by *Providing A World-Class Education*

“We are giving our students a great start. What we invest in their journey may help determine how far many can go.”



*Steven L. Walts
Superintendent of Schools*

FY 2019 Budget Timeline

- 02/07/2018 Presentation of Proposed Budget/CIP
- 02/12/2018 Public Meeting on Budget/CIP at Kelly Leadership Center
- 02/28/2018 Budget Work Session
- 03/08/2018 Budget Work Session
- 03/14/2018 Budget Work Session – Mark-Up
- 03/21/2018 Public Hearing, School Board approves Budget/CIP
- 04/03/2018 School Board Budget Presentation to Prince William Board of County Supervisors (BOCS)
- 04/30/2018 Final Date for BOCS Budget Approval



FY 2018 EOY Recommendations

Technology Improvements Program (TIP) - FY 2018 Underfunded	\$2,000,000
Web Accessibility Mandate (One-Time Portion)	\$28,500
HR – Employee Evaluation System (Start-Up)	\$80,000
Musical Instruments (Additional for Schools)	\$250,000
Municipal Storm Water Sewer Permit (One-Time Portion)	\$60,000
Conversion of Filing Systems to Electronic Storage (HR & Finance)	\$373,600
KRONOS Timekeeping – Include Standardization of Subs/Temps	\$225,000
Replacement of KLC Conference Room Technology Systems	\$250,000
Pilot Program – Armored Car Service for All Schools	\$225,000
800 MHZ Radio System – Sinking Fund Reserve	<u>\$333,333</u>
Total Recommendations (One-Time Expenses)	\$3,825,433



Proposed Budget Fiscal Year 2019

Prince William County School Board Meeting

February 7, 2018

David S. Cline

Associate Superintendent for Finance & Support Services



Prince William County

PUBLIC SCHOOLS

Providing A World-Class Education

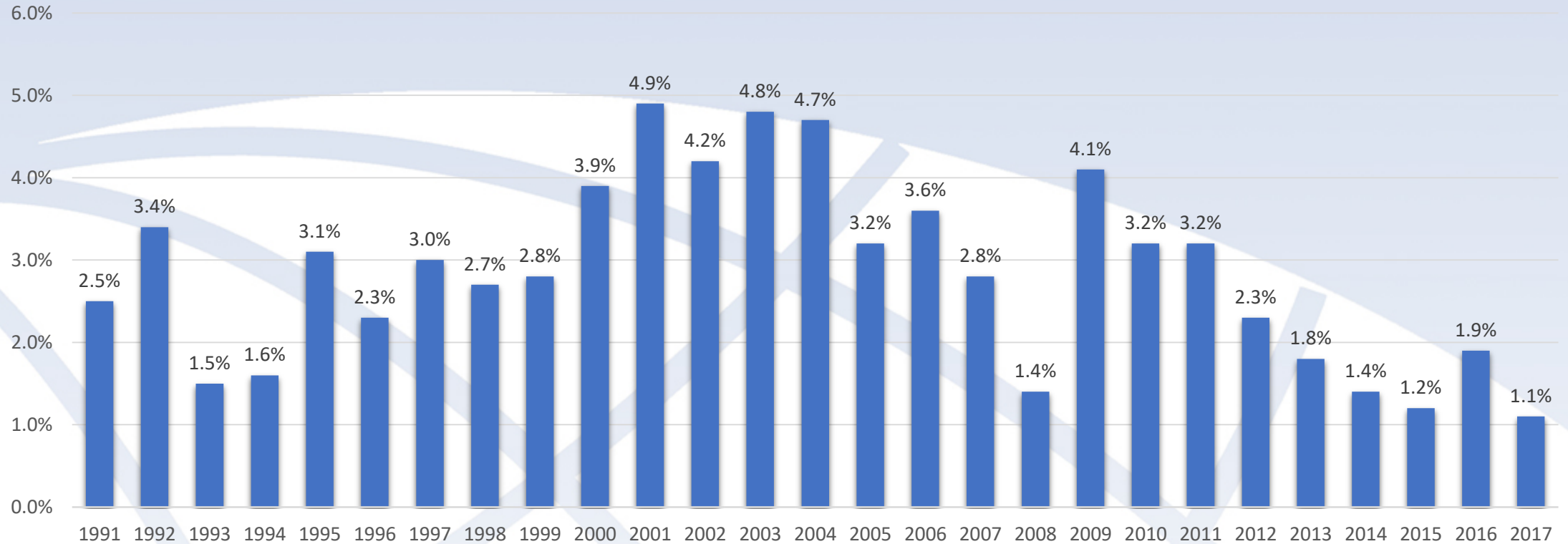
®

State Funding

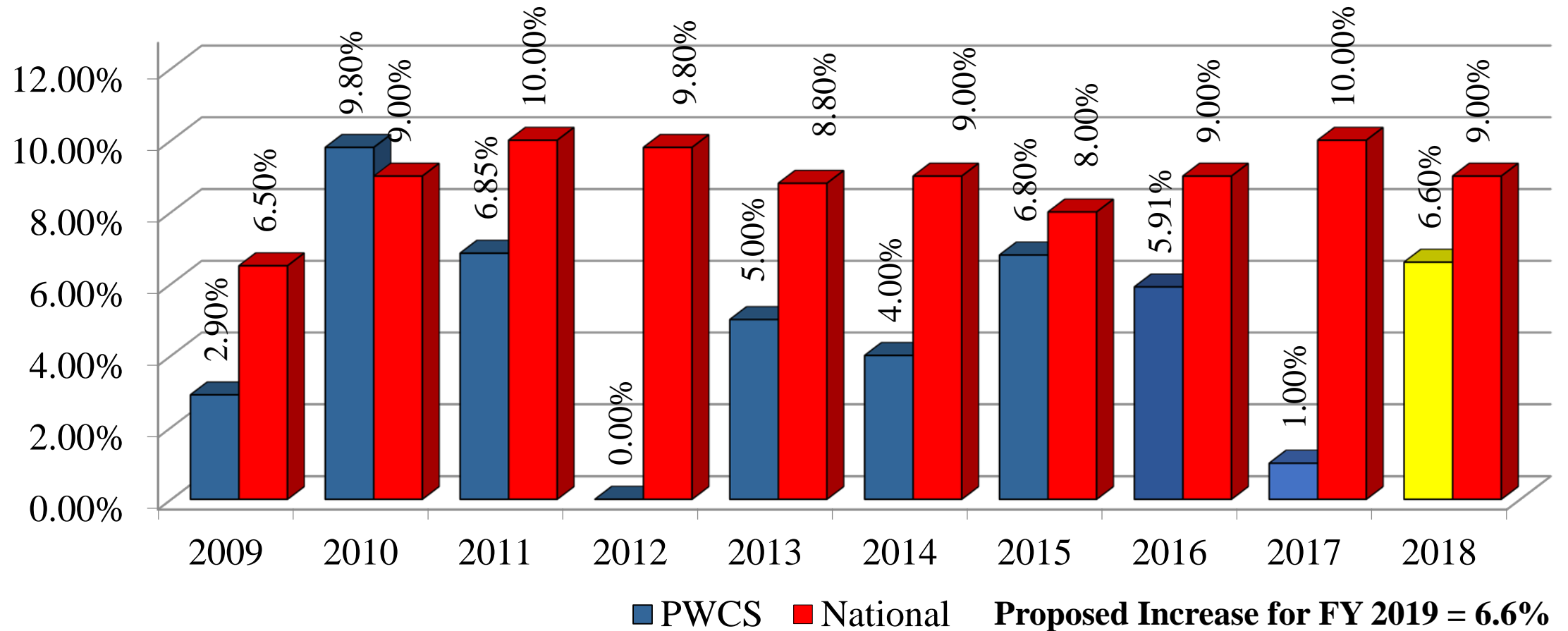
- The Commonwealth of Virginia funds approximately 44.9% of the combined Operating and Debt Service Funds
- Since 2009 the General Assembly has made major reductions in biennial funding to Virginia school divisions including:

Cap on Funding for Support Positions	-\$754M
Adjust Health Care Participation Rates	-\$269M
Remove Expenditures for Certain Equipment, Travel	-\$244M
Eliminate Support for School Construction	-\$122M
Eliminate Non-personal Inflation	-\$109M
K-3 Class-Size Changes; Enrollment Loss Assistance	-\$79M
Include \$0 Values in Linear Weighted Avg. Calculation	-\$79M
Eliminate COCA for Northern VA Support Positions	-\$50M
Extend School Bus Replacement Cycle	-\$19M
Total:	-\$1,725M

PWCS Annual Percentage Change in Enrollment



Health Insurance Annual Rate Review



Impact of 1,000 Additional Students

- Space – annual CIP costs of \$46 million
 - 49% of an Elementary School - \$16.0 million (approximately 20 trailers)
 - 23% of a Middle School - \$14.7 million (approximately 14 trailers)
 - 12% of a High School - \$15.3 million (approximately 20 trailers)
- Staffing
 - 43 ES teachers or 60 HS teachers (if all at one school)
 - School administrative - Principals, Assistant Principals
 - Support staff – custodial, clerical, security
 - Instructional supplies, materials, equipment, textbooks
 - Non-instructional supplies, equipment
- Transportation of 700 students
 - 10 buses - \$1.1 million
 - 10 drivers
 - 0.6 mechanics/support staff
 - Operating costs: fuel, bus maintenance
- Central Support
 - Student Learning, Professional Learning, Special Education, Student Services, Accountability, Human Resources, Financial Services, Facilities Services, Risk Management & Security, Information Technology, ...



School Board Funds

Other than the Operating and Debt Service Funds, the budget includes funds for the management of special activities and functions. These additional funds include:

• Construction Fund -	\$89,416,639	7.0 Positions
• Food Services Fund -	\$52,277,451	652.86 Positions
• Health Insurance Fund -	\$109,530,239	6.0 Positions
• Kelly Center Cafeteria Fund -	\$525,177	5.0 Positions
• Aquatics Center Fund -	\$1,281,154	5.5 Positions
• Facilities Use Fund -	\$1,174,215	1.0 Position
• Regional School Fund -	\$51,308,693	4.5 Positions
• Governor's School @ Innovation Park Fund -	\$1,036,750	8 Positions
• School Age Child Care (SACC) Program Fund -	\$630,000	2.0 Positions
• Self-Insurance Fund -	\$4,925,189	5.0 Positions
• Distribution Center Fund -	\$5,000,000	0.0 Positions
• Imaging Center Fund -	\$609,286	4.0 Positions