FY22 Budget
Staunton City Schools

Joint Work Session: City Council & School Board

April 8, 2021

HEADWINDS & MOMENTUM

Headwinds:
Address Effects of Pandemic

- Learning loss
  - Expanded summer school
  - Full-time substitute floaters
- Mental health & emotional well-being
  - Increase counselors' budgets
  - School psychologist
  - UVa-VDOE Mental Health Partnership
- Intense focus on most-vulnerable learners
  - Pre-K expansion
  - Read at grade-level by 2nd grade
  - Add SPED teachers
  - Add IEP facilitators
  - Increase ESL capacity

Momentum: Strategic Initiatives

- Competitive, living wages
  - Compensation not pacing with inflation
- Read-by-2nd-Grade
  - Add 3 Instructional Assistants
- Expand Pre-School program
  - Add teacher & assistant, increased VPI funding from State
- Restore elementary Fine Arts program
  - Add a music teacher & an art teacher, cuts made 10 years ago
- Establish Career Pathways at middle school
  - Add CTE Instructor at Shelburne
- Consolidation of Maintenance & Transportation
  - Removes bottleneck to Shelburne upgrades
- On-line credit/debit card payment system
  - Pay school fees & make spirit store purchases with credit/debit card

People-Intensive Solutions

- More than 50 full-time positions were eliminated during the Great Recession.
- Teachers/educators are schools’ most effective/productive asset.
- As we improve & grow, our priority is to hire high quality teachers/educators.
- The FY22 budget includes 19 new positions:
  - Seven (7) address mental health & vulnerable learners.
  - Six (6) target strategic initiatives.
  - Six (6) address increases in student demographics & high school.

FY22 EXPENDITURES

New Positions

Position	Location	Comment	Cost
1. Special Ed teacher - Elementary	Elementary	Demand driven	
2. Special Ed teacher - Secondary	Secondary	Demand driven	
3. IEP Facilitator - Elementary	Student Svcs	Demand driven	
4. School Psychologist	Student Svcs	Demand driven	FILLED
5. Secondary Bilingual Assistant	Secondary	Demand driven	
6. Pre-K teacher	Pre-K	Cut from FY21 budget	
7. Pre-K Instructional Asst.	Pre-K	Cut from FY21 budget	
			$ 516,862
8-10. IA's for "Read by 2nd Grade"	Elementary	Strategic initiative	
11. MUSIC teacher	Elementary	Fill 10-yr staffing gap	FILLED
12. ART teacher	Elementary	Fill 10-yr staffing gap	FILLED
13. CTE Teacher	Middle	Strategic initiative	
			$ 323,491
14. Female PE teacher	High	Cut from FY21 budget	FILLED
15. 8th Grade science teacher	Middle	Large 8th grade cohort	FILLED
16. Teacher placeholder	Division	For unforeseen demand	
17. Preventative Maint. tradesman	Operations	New high school	
18. Custodian	Operations	New high school	
19. SBO Secretary	Central Office	Cut from FY21 budget	
			$ 411,139
TOTAL			$ 1,251,492

Pay Raises

- Five percent (5%) general pay raise for SCS staff.
- Additional 2% increase for operations staff, including bus drivers, maintenance & cafeteria.
- Increase minimum wage to $11/hour.
- Add ¼ hour to elementary & middle school IAs to facilitate bus loading & unloading.
- Equalize salaries for IAs with approx. 20 years of service.
- Individual salary/contract changes.

Health Insurance

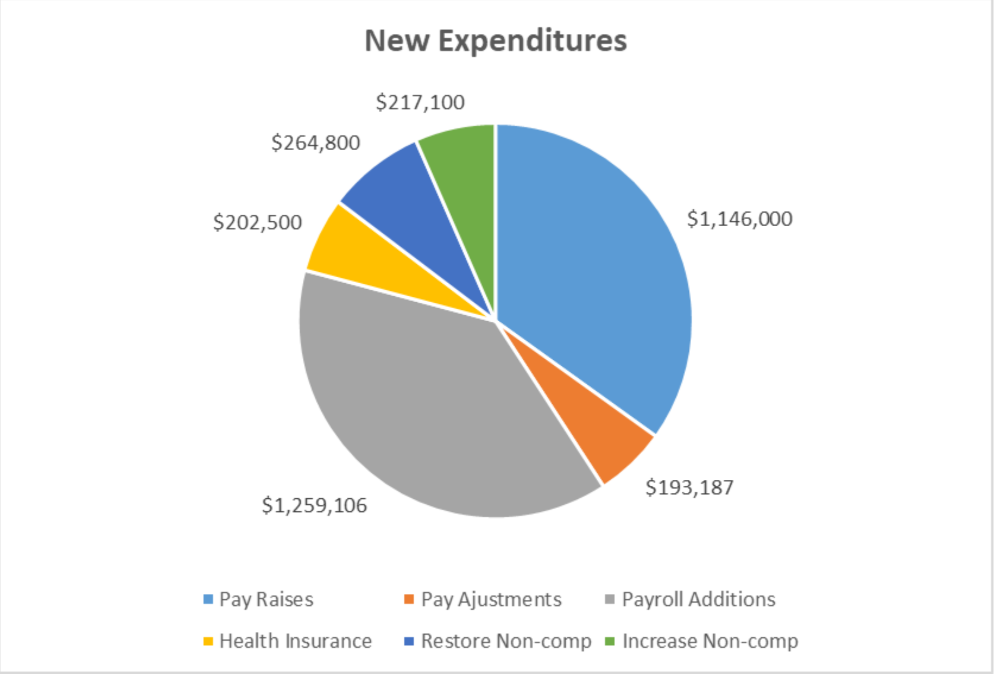
- Nine percent (9%) increase in expectation of surge in health care demand (i.e. “COVID Adjustment”)
- Total cost to SCS is $285,000 per year.
- Employees will see an increase in premiums.
  - $300 per year for *POS Employee + Family* plan.
  - $50 per year for *POS Employee Only* plan.

Non-Comp Expenses

Non-Comp Budget Items	Restore	Increase	Cuts	Net
Electricity	-	60,000	-	60,000
Natural Gas	-	50,000	-	50,000
Fuel	-	16,000	-	16,000
School maintenance	120,800	3,350	-	124,150
Operations Total				**250,150**
Contracted subs	230,060	-	(230,060)	-
Technology - various line items	86,750	234,000	(239,000)	81,750
Instructional software	8,000	8,000	-	16,000
Supplies for Pre-K classroom	-	23,000	-	23,000
Band Instruments & Greenhouse	11,650	-		11,650
BRCC vendor price increase	-	1,000		1,000
English as a Second Language	-	2,250	-	2,250
Instruction Total				**135,650**
Supt / HR / Fiscal budgets	42,600	-	-	42,600
Office of Strategic P-ships & Planning	-	15,500	-	15,500
HR vendor price increase	-	10,000	-	10,000
Central Office Total				**68,100**
Counselors' budget	-	20,000	-	20,000
Mandated feminine hygiene products	-	8,000	-	8,000
Student Services Total				**28,000**
TOTAL	**$ 499,860**	**$ 451,100**	**$ (469,060)**	**$ 481,900**

EXPENDITURES SUMMARY

FY22 New Expenditures		
Pay Raises:		
General pay raise - 5%	$ 1,100,000	
Operations staff - addt'l 2%	38,000	
Minimum to $11/hour	8,000	
		1,146,000
Pay Adjustments:		
Add 1/4 hr to IA's	83,000	
Equalize tenured IA's	32,000	
Individual adjustments	78,187	
		193,187
Payroll additions:		
New positions	1,251,492	
New stipends	7,614	
		1,259,106
Health insurance		202,500
Non-Comp:		
Restore non-comp	264,800	
Increase non-comp	217,100	
		481,900
TOTAL		**$ 3,282,693**



Education Fund Expenditures

				FY2020 / FY2022		FY2021 / FY2022	
EXPENDITURE CATEGORY	FY2020 Budget	FY2021 Budget	FY2022 Budget	$ Change	% Change	$ Change	% Change
Instruction	$ 25,189,568	$ 24,378,963	$ 26,833,163	$1,643,595	6.5%	$2,454,200	10.1%
Admin, Attend, Health	2,141,101	2,090,947	2,240,409	99,308	4.6%	149,462	7.1%
Pupil Transportation	1,381,088	1,355,781	1,399,470	18,382	1.3%	43,689	3.2%
Operations & Maintenance	3,149,663	3,145,002	3,321,797	172,134	5.5%	176,795	5.6%
Technology	1,575,430	1,393,281	1,251,369	(324,061)	-20.6%	(141,912)	-10.2%
Transfer to Other Funds	200,800	107,499	207,290	6,490	3.2%	99,791	92.8%
TOTALS	**$ 33,637,650**	**$ 32,471,473**	**$ 35,253,498**	**$1,615,848**	**4.8%**	**$2,782,025**	**8.6%**

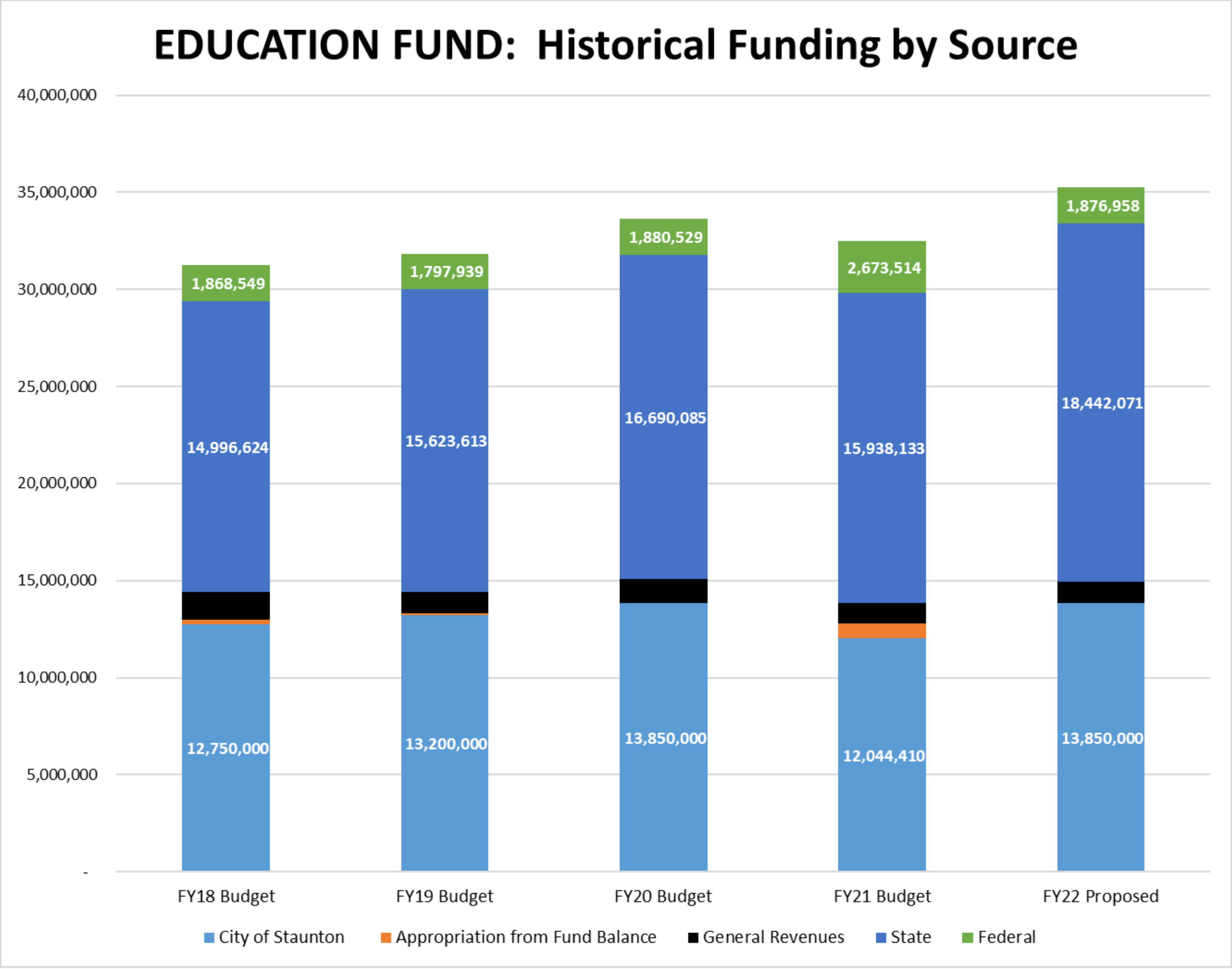
- Every expenditure category was cut in FY21.
- Expenditures resume growth in FY22.
- Technology spending actually grew in both FY21 & FY22, but this is an area where we took full advantage of CARES Act funding.

FY22 Budget – All Funds

FUND	FY 2020 Budget	FY 2021 Budget	FY2022 Proposed	*Variance FY20 / FY22*	*% Change*	*Variance FY21 / FY22*	*% Change*
EDUCATION FUND	$ 33,637,650	$ 32,471,473	$ 35,253,498	*$ 1,615,848*	*4.8%*	*$ 2,782,025*	*8.6%*
STATE OPERATED PROGRAMS FUND	2,829,900	2,981,645	3,189,319	*$ 359,419*	*12.7%*	*207,674*	*7.0%*
CAFETERIA FUND	1,440,000	1,471,709	1,696,314	*$ 256,314*	*17.8%*	*224,605*	*15.3%*
SCHOOL CAPITAL IMPROVEMENTS FUND 966	100,000	-	100,000	*$ -*	*0.0%*	*100,000*	*-*
SCHOOL TEXTBOOK FUND	300,000	277,273	276,735	*$ (23,265)*	*-7.8%*	*(538)*	*-0.2%*
TOTAL	**$ 38,307,550**	**$ 37,202,100**	**$ 40,515,866**	***$ 2,208,316***	***5.8%***	***$ 3,313,766***	***8.9%***

- School Board adopted Total Budget of $40.5m on March 1st, an increase of 5.8% over FY20.
- The Education Fund increases 4.8% over FY20.
- The SOP Fund is financed by the State, and the Cafeteria Fund is mostly funded through food service revenues and grants.
- *Whereas the Education Fund and Total School Budget both increase over FY20, the amount of funding requested from the City remains level at $13,850,000.*

FY22 REVENUE


EDUCATION FUND: Historical Funding by Source
40,000,000
35,000,000
30,000,000
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
-
1,868,549
14,996,624
12,750,000
1,797,939
15,623,613
13,200,000
1,880,529
16,690,085
13,850,000
2,673,514
15,938,133
12,044,410
1,876,958
18,442,071
13,850,000
FY18 Budget
FY19 Budget
FY20 Budget
FY21 Budget
FY22 Proposed
City of Staunton
Appropriation from Fund Balance
General Revenues
State
Federal

FY21: Crisis Funding

Pandemic forced significant reduction in City's FY21 revenue projections, and as a result…

- Appropriation for SCS was cut $1.8 million—from $13.85m in FY20 to $12.04m in FY21.
- SCS had to tap emergency revenue sources to fill budget gap:
  - Fund balance reserves: $750,000.
  - CARES Act: $674,000.
- CARES Act funding:
  - Used one-time money to pay salaries for 13 teachers.
  - Retained I.A.s to provide day-care to teachers' children.

What about CARES Act?

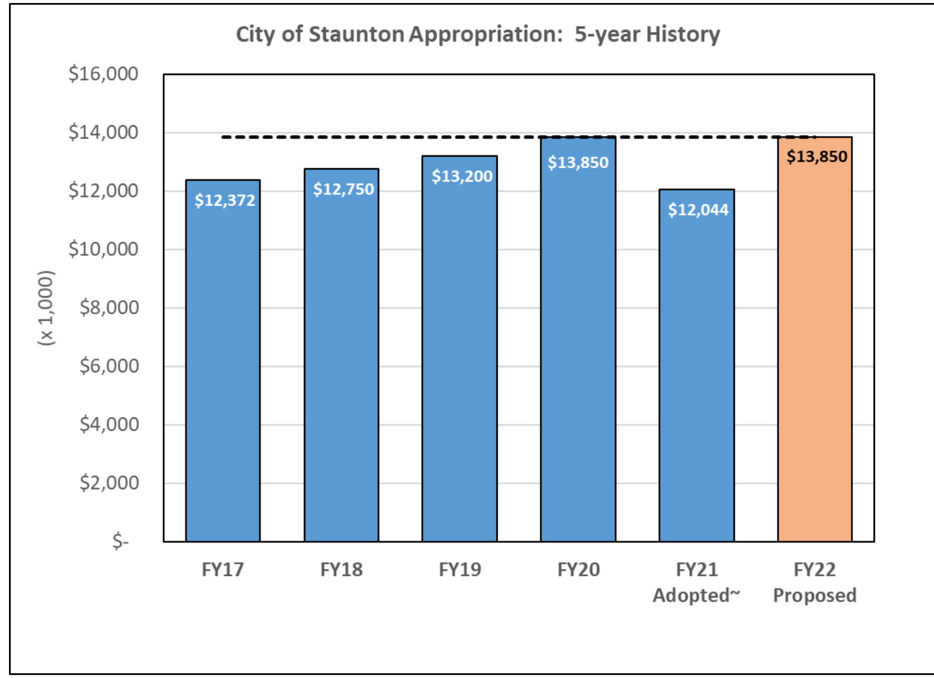
- Federal aid is restricted and designed primarily for:
  - Learning loss & mental health supports
  - Repairs & improvements to improve air quality & reduce risk of viral transmission
  - Implement systems to deal with future pandemics.
- CARES Act money is ideal for capital assets & consumables.
- But, it’s a *risky gambit* to use for salaries—the positions disappear with the funding.
  - Lesson learned from *American Recovery & Reinvestment Act of 2009 (AARA)*.

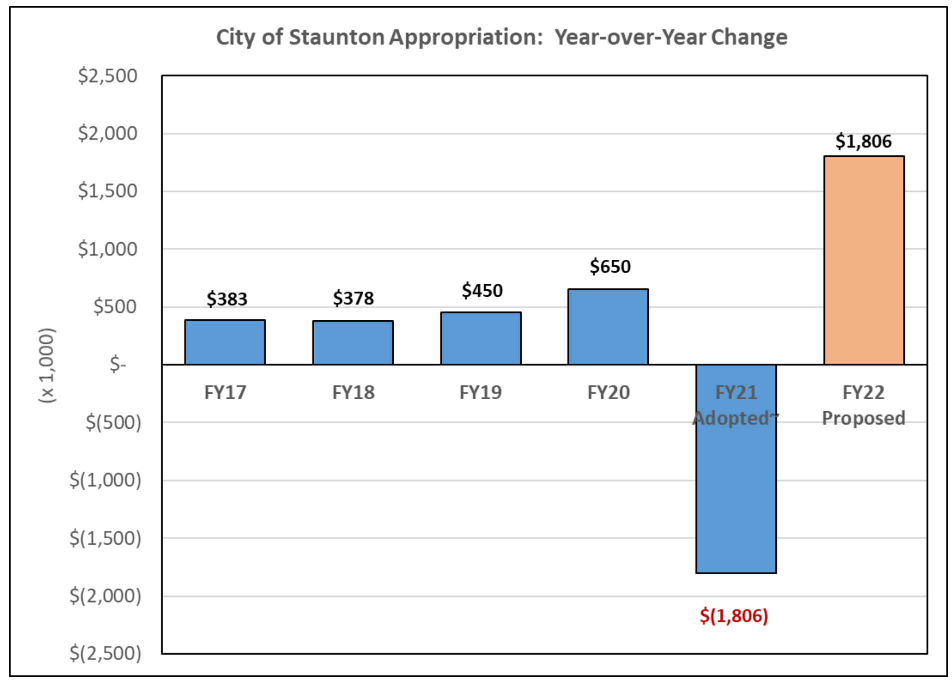
How CARES Act Saves Local Dollars

SCS saves money when Federal aid replaces local dollars; that is, when Federal grant dollars pays expenditures that would have otherwise been paid for with local dollars.

Use of CARES Act Funds	Local savings/benefits
Purchased buses & vehicles	Reduced transfer to CIP fund
Hired long-term 3rd-party contract substitutes	Replaced 60% of subs budget & gained full-time in-school support
Paid salaries/benefit of 13 teachers	Saved local funds for other needs
Paid I.A.s for child care provided to teachers' children	Prevented layoffs & allowed teachers to teach
Paying part-time school psych	Free-up local dollars for FTE school psych
Re-engineer elementary school basement	Save annual insurance premium
Purchased data capacity/bandwidth	Saved local funds for other needs
Upgraded fully-depreciated network infrastructure.	Saved local funds for other needs.

Proposed FY22 General Fund Appropriation for Staunton City Schools





- $13,850,000
- Same as FY20
- $1,806,000 more than FY21
- $443,750 more than City offered

FY22: Sustainable Funding

- Federal CARES Act aid is one-time money—not suitable for sustainable programs, payroll.
- Local funding required in FY22 to replace emergency sources used in FY21.
- Addressing the impact of the pandemic and maintaining strategic initiatives are multi-year efforts—*sustaining them requires assured local funding*.
- A sustainable property tax rate ($0.95) delivers assured local funding.

Revenue Sources

EDUCATION FUND REVENUE	FY20 Budget	FY21 Budget	FY22 Proposed	*FY20 / FY22 Variance*		*FY21 / FY22 Variance*	
City of Staunton	13,850,000	12,044,410	13,850,000	*-*	*0.0%*	*1,805,590*	*15.0%*
Appropriation from Fund Balance	-	750,000	-	*-*	*---*	*(750,000)*	*-100.0%*
General Revenues	1,217,036	1,065,416	1,084,469	*(132,567)*	*-10.9%*	*19,053*	*1.8%*
Local Total	15,067,036	13,859,826	14,934,469	*(132,567)*	*-0.9%*	*1,074,643*	*7.8%*
State	16,690,085	15,938,133	18,442,071	*1,751,986*	*10.5%*	*2,503,938*	*15.7%*
Federal	1,880,529	2,673,514	1,876,958	*(3,571)*	*-0.2%*	*(796,556)*	*-29.8%*
TOTAL	**33,637,650**	**32,471,473**	**35,253,498**	***1,615,848***	*4.8%*	***2,782,025***	*8.6%*

1. Local:
   - City appropriation—$13,850,000.
   - No appropriation from fund balance.
2. State:
   - Based on General Assembly's Adopted Amendments as of March 9, 2021.
   - Only revenue source providing more than in FY20—*10.5%*.
3. Federal:
   - Mostly level funding.
   - *Less:* CARES Act funds used to pay new teachers in FY21—*$674,000*.

Budget Facts

- City FY22 budget proposal cuts SCS' GF appropriation: **($443,750)**
- The 2-cent tax rate cut proposed by the City is almost exactly the same as SCS' budget deficit: **($430,800)**

GF Revenue & Appropriation	FY22 Amount	Change vs. FY20
City: GF revenue projection	$61,969,366	4.5%
SCS: GF appropriation for Schools	$13,850,000	0.0%
City: GF appropriation for Schools	$13,406,250	(3.2%)

- General Fund revenues are increasing.
- SCS seeks level funding
- City offers 3.2% cut.

Tax-Sharing Agreement

- 20-year agreement between City & Schools provides 50/50 split of the year-over-year change in projected revenues from a defined set of tax categories.
- Based on City's projections, SCS should receive an estimated $2,250,590, which is added to the FY21 GF appropriation to arrive at the FY22 GF appropriation:

Application of Tax-Sharing Agreement	**Formula 100%**	**SCS 80%**	**City 61%**
FY21 GF Appropriation	12,044,410	12,044,410	12,044,410
Add: SCS' 50% Share of Tax Revenue	2,250,590	1,805,590	1,361,840
FY22 GF Appropriation	**$ 14,295,000**	**$ 13,850,000**	**$ 13,406,250**
Shortfall	**0**	**(445,000)**	**(888,750)**

- City's FY22 budget proposal underfunds SCS by $889k, according to the Tax-Sharing formula.

Bridging the Gap

OPTIONS
1) Maintain current, sustainable $0.95 tax rate [1]
2) Uphold 20-year tax share b/n City and Schools
3) Reconsider City revenue projections and expenditure budget
4) Tap SCS fund balance reserves for second year in-a-row (25% max)[2]
5) Some combination of 1 – 4

[1] One-cent change in tax rate equals $215,392 of tax revenue.

[2] Due to the low level of local funding in FY21, SCS does not anticipate any carry-over. As a result, reserves used to supplement appropriations in FY22 likely will not be replenished.

Summary

1. SCS seeks a $13,850,000 appropriation from the City to adequately fund schools, address the impact of the pandemic and continue its important strategic initiatives.

2. The Schools advocate for maintaining a sustainable property tax rate of $0.95 in order to provide reliable funding for schools into the future.

3. The Schools in conjunction with the City will document the long-standing tax-sharing agreement to prevent the exact issue that arose during this year’s budget development process.

4. We are not at the end of the budget process, and we are willing to work collaboratively to achieve a win-win solution.