STAUNTON CITY SCHOOLS
FY23 Budget Development Update

City Council & School Board Work Session

January 27, 2022

Budget SWOT

STRENGTHS

- "Healthy economic growth in FY22."
- State income & sales tax revenues were & are much stronger than expected.
- More that $4 billion of GF revenues are available for new spending & tax cuts.

WEAKNESSES

- Composite Index increased from 0.3877 to 0.3967 (+0.009).
- "SOQ Support cap" continues to burden the local budget.
- ESSER funded programs roll-over to local budget.

OPPORTUNITIES

- School funding is a legislative priority in Richmond.
  - SOQ raises
  - School construction
  - Preschool

THREATS

- Tax Revenue Share agreement with City is not a guarantee.
- Persistence of pandemic prevents return to normalcy.
- Precarious labor market threatens staff retention & recruitment.
- Elimination of grocery tax "might" cut $1m from local revenue.

Major Projects:
Operations Complex & Shelburne MS

- The total cost estimated at **$10,000,000**, pending architectural review.
- 50/50 cost sharing with City would be $5m each.

SOURCE	CITY	SCS	TBD
Transfer from City's GF Reserves	$ 2,500,000		
CIP Reserves		300,000	
ARP ESSER III		2,750,000	
VDOE School Construction		1,830,000	
TBD per CIP			1,200,000
TBD to fill gap			1,420,000
Total	**$ 2,500,000**	**$ 4,880,000**	**$ 2,620,000**
Identified sources & TBD	**$ 7,380,000**		**$2,620,000**
Grand Total	**$ 10,000,000**		

NOTE: All amounts are pro forma estimates and subject to change/deletion.

SCS Reserves – Safety Net

- *Unrestricted Fund Balance* = $4,200,000
  - Potential FY23 budget gap.
  - Unexpected funding requirements caused by enrollment growth, pandemic, "rainy days," etc.
  - ESSER expenditures rolling over to local.
  - Major projects, if City doesn't commit to 50/50.

- *Undesignated CIP reserves* = $460,000

Tax Revenue Share: Competing Obligations

TAX REVENUE SHARE FORMULA	FY22 Budget	FY23 Budget (est.)	Variance	50% to SCS
Local Tax Revenue	43,699,863	46,551,418	2,851,555	1,425,778
Less: Economic Development Agreements	(538,155)	(813,155)	(275,000)	(137,500)
HISTORICAL FORMULA	**43,161,708**	**45,738,263**	**2,576,555**	**1,288,278**
Outside Agency Obligations:				
Middle River Regional Jail	(2,782,021)	(3,182,021)	(400,000)	
Juvenile Jail	(131,484)	(281,484)	(150,000)	
Animal Shelter	(95,000)	(95,000)	-	
Dept of Health	(308,388)	(308,388)	-	
Shen Valley Office of Youth	(165,000)	(165,000)	-	
Blue Ridge Community College	(41,050)	(41,050)	-	
Subtotal	**(3,522,943)**	**(4,072,943)**	**(550,000)**	**(275,000)**
PROPOSED FORMULA			**2,026,555**	**1,013,278**

These numbers are preliminary estimates & will change.

- City intends additional deductions to the historical Tax Revenue Share Formula.
- The deductions reduce funding to schools so that the City can address its obligations to outside agencies, such as the MRRJ & Juvenile Jail, among others.

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ESSER

- Mostly used for one-time costs:
  - Sanitation, PPE, HVAC & air quality
  - Technology hardware & software, transportation assets
  - Learning loss, social & emotional health
  - Operations complex & Shelburne renovations/expansion
- Some for recurring expenditures:
  - Data services
  - Substitutes
  - Salaries for 7 positions
- Recurring expenditures roll-over to the local budget.
  - Timing & cost of T-Mobile hotspot rollover TBD, nevertheless…
  - FY23 roll-over = $90,000
  - FY24 roll-over = $360,000 (75% payroll)
  - FY25 roll-over = $1,160,000 (50% payroll & 40% floater subs)

The Great Resignation

- Retention & recruitment are serious problems for public education.
- Burn-out is driving attrition: early retirements & mid-year resignations.
- Market for on-call substitutes has disappeared.
- Job Fairs are a bust.
- COVID is driving absenteeism.

Current Vacancies	No.
Teachers	2
Instructional Assistants	3
Counselor	1
Attendance Officer	1
Maintenance & Operations	3
TOTAL	**10**

FY23 Budget: Compensation

Proposed Compensation Changes	Estimated Cost	Comments
1. Contract adjustments	$ 35,000	Adjust contract days for 12 employees.
2. Pay Raise – 5%	984,000	5% raise in Northam's SOQ budget.
3. Raise IA minimum wage	77,000	$15.50 per hour impacts ~2/3 of IA staff.
4. Benefits increase	271,000	
Estimated Total	**$ 1,367,000**	

In addition:

- Diesel Mechanic position is being brought in-house for the cost of benefits, estimated at $28,000.
- Vacant Attendance Officer will convert from part-time to full-time at an estimated cost of $25,000.

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FY23 Budget: New Positions

New Position Requests	No.
Special Education	5
Instructional Assistants	5
Maintenance & Transportation	5
Student Services	4
Teachers (K-12)	3
Preschool Coordinator	1
Preschool Teacher & Instructional Asst.	2
Federal & State Grant Management	1
Information Technology	1
TOTAL	**27**
COST (est.)	**$ 1,772k**

Priority Positions	No.
SPED Teachers	2
Counselor – Elementary	1
Teachers – Ware & SHS	2
Preschool Teacher & Instructional Asst.	2
TOTAL	**7**
COST (est.)	**$ 511k**

- Priority positions do not include potential of 3 or more SOQ mandated school support staff.

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FY23 Budget: Key Programs

PROGRAM	OBJECTIVE	AMOUNT	SOURCE
Increase Supplemental Salaries	*Teacher shortage*	*$ 38,000*	*Local*
Increase Contract Subs	*Teacher shortage*	*30,000*	*Local*
Full-time Floater Subs	*Teacher shortage*	*453,000*	*ESSER III*
Child Care for PK-5 students of employees	Staff retention	70,000	ESSER III
New PK Classroom + Instructors	Expand access to PK	140,000	Local
School Improvement Leaders	SOL Testing 3x per year	258,000	ESSER III
Expanded Summer School	Learning loss	339,000	ESSER III
Instruments for elementary music	Commitment to fine arts	6,000	Local
School Board Salaries	Per policy	8,400	Local

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Residential Construction

- New residential construction in Staunton will eventually drive enrollment growth.
- City Planning has provide a list of pending housing development projects.
  - 440 multifamily units have been approved
  - 1,073 single-family dwellings have been approved
- A formal study is recommended to evaluate the impact of these developments on school population & facilities.