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# FY 2020 Budget Development

December 19, 2018

# Agenda

1. Budget Binder Introduction
2. Comparative Information
3. State Funding Outlook
4. Enrollment & Development
5. Facilities

# Clear Goals – The Strategic Plan

*Academic Excellence for All*

*Safe & Supportive Schools*

*Organizational Supports*



**Every Learner. Every Day. Everyone.**



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# 1

## Budget Binder Introduction

Let's get started...

# Binder Content

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- Budget Calendar
- Strategic Plan
- Work Session Materials
- Budget Proposal
- Notes & Miscellaneous

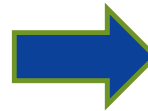
# Budget Calendar



## Charlottesville City Schools Fiscal Year 2019-2020 Budget Development Calendar

### Process Ahead:

- 3 PTO meetings
- PTO presidents lunch
- 2 more Board work sessions
- 1 joint work session with Council
- 2 regular Board meetings
- Presentation to Council (3/4)
- Council budget adoption (4/15)



Purpose	Dates	Time	Location
Presentation of proposed budget calendar and public comment	Thursday 10/4/2018	5 p.m.	CHS Media Center
Approval of budget calendar	Thursday 11/1/2018	5 p.m.	CHS Media Center
Principals meeting - budget process	Wednesday 11/07/2018	9 a.m.	DAO Conference Room
Distribution of budget materials to principals and budget holders	by 11/16/2018	n/a	n/a
Budget meetings completed with budget holders	by 11/30/2018	n/a	n/a
Budget Development Process and public comment	Thursday 12/6/2018	5 p.m.	CHS Media Center
Budget work session – introduction to budget and the budget documents	Wednesday 12/19/2018	4 p.m.	CATEC
PTO-budget update and input	Wednesday 1/9/2019	6 p.m.	Buford
Budget update and public comment	Thursday 1/10/2019	5 p.m.	CHS Media Center
TACC meeting-budget update	Monday 1/14/2019	4 p.m.	Division Admin Office
PTO-budget update and input	Tuesday 1/15/2019	6 p.m.	Jackson-Via
PTO-budget update and input	Thursday 1/17/2019	6 p.m.	CHS
Budget work session	Saturday 1/19/2019	8:30 a.m.	Walker Media Center
City Council - School Board Work Session	Wednesday 1/23/19	6 p.m.	CATEC
PTO presidents lunch	Wednesday 1/30/19	12:30 p.m.	DAO Conference Room
Review of Superintendent's proposed budget and public hearing	Thursday 2/7/2019	5 p.m.	CHS Media Center
Budget work session	Tuesday 2/12/2019	3 p.m.	Buford
School Board Meeting – Approval of Superintendent's Proposed Budget	Thursday 2/21/2019	5 p.m.	CHS Media Center
Presentation of approved 2018-2019 budget to City Council	Monday 3/4/2019	7 p.m.	City Hall
City Council adoption of 2018-2019 budget	Tuesday 4/15/2019	5:30 p.m.	City Hall

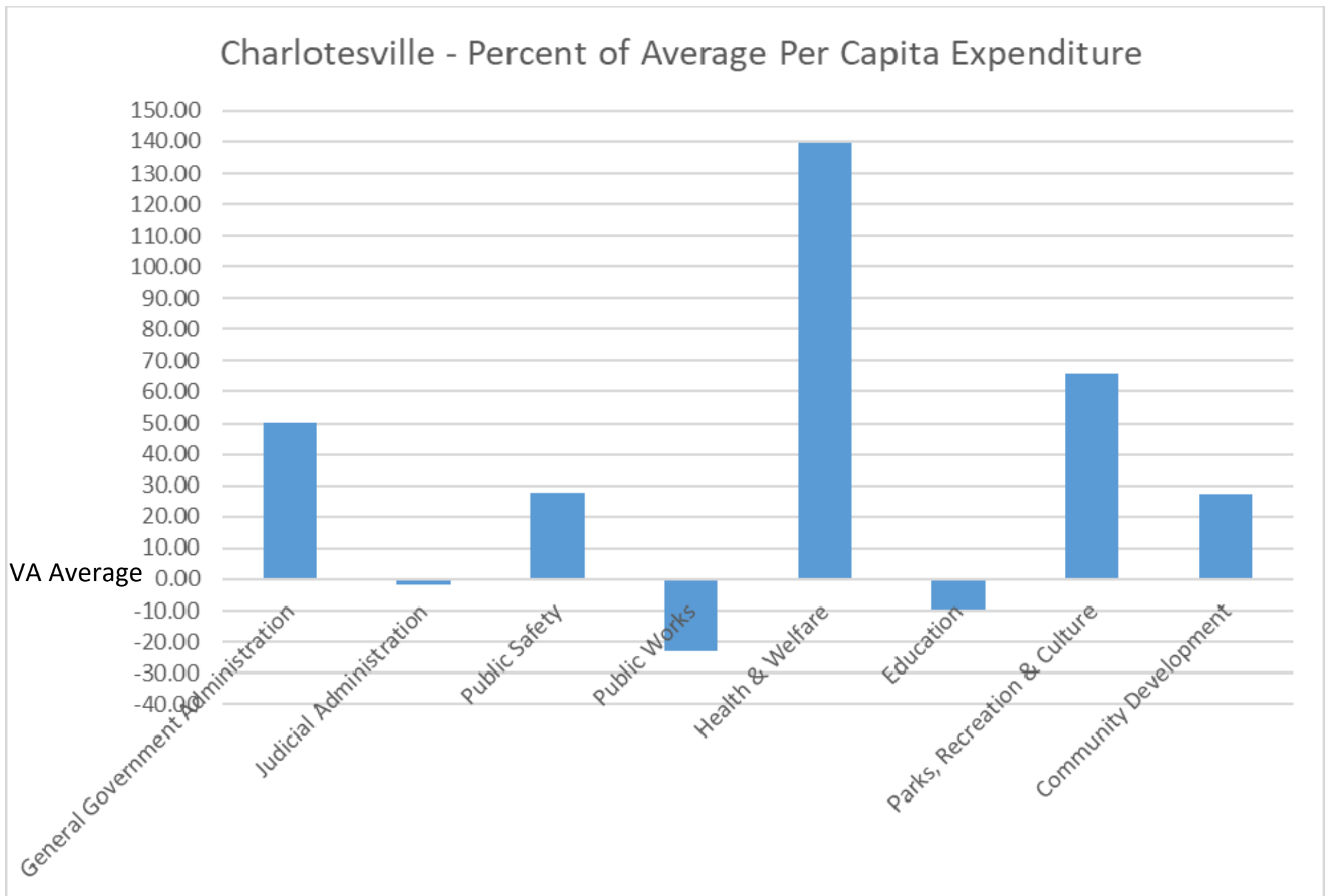


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# 2

## Comparative Information

Auditor of Public Accounts & Other Data



Auditor of Public Accounts – for year ended June 30, 2017 – Exhibit C  
Comparative Report Summary of Maintenance & Operations Expenditures



# Summary of Total Budget & Key Metrics

	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET
Total Budget - All Funds	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
City	40,209,612	40,080,523	41,150,161	44,604,198	44,067,826	45,632,399	47,342,848	49,330,604	51,330,604	53,998,202
Local/Other	2,896,629	2,932,745	3,730,656	3,391,631	3,001,455	3,159,569	3,288,474	3,416,911	3,457,707	3,912,021
State	17,889,421	17,626,587	17,595,998	16,672,752	17,616,141	18,780,326	19,554,071	19,778,315	20,821,352	21,256,264
Federal	6,955,226	7,695,668	7,063,192	5,490,357	4,949,215	4,906,774	4,892,158	5,116,686	4,915,579	4,896,199
TOTAL	67,950,888	68,335,523	69,540,007	70,158,938	69,634,637	72,479,068	75,077,551	77,642,516	80,525,242	84,062,686
City % change over prior year	1.08%	-0.32%	2.67%	8.39%	-1.20%	3.55%	3.75%	4.20%	12.49%	14.06%
State % change over prior year	-11.54%	-1.47%	-0.17%	-5.25%	5.66%	6.61%	4.12%	1.15%	10.87%	8.71%
Federal % change over prior year	14.68%	10.65%	-8.22%	-22.27%	-9.86%	-0.86%	-0.30%	4.59%	0.18%	0.08%
Total % change over prior year	-1.25%	0.57%	1.76%	0.89%	-0.75%	4.08%	3.59%	3.42%	11.10%	11.97%
Average % change in CPI per DOL	1.60%	3.20%	2.10%	1.50%	0.80%	0.70%	2.10%	2.10%		
City + Local % of budget	63.44%	62.94%	64.54%	68.41%	67.59%	67.32%	67.44%	67.94%	68.04%	68.89%
State % of budget	26.33%	25.79%	25.30%	23.76%	25.30%	25.91%	26.05%	25.47%	25.86%	25.29%
Federal % of budget	10.24%	11.26%	10.16%	7.83%	7.11%	6.77%	6.52%	6.59%	6.10%	5.82%
Enrollment	3,826	3,776	3,875	3,951	4,085	4,101	4,382	4,478	4,529	4,561
Local Composite Index	0.6091	0.6560	0.6560	0.6861	0.6861	0.6683	0.6683	0.6590	0.6590	0.6772
Per Pupil Spending**	16,414	16,246	15,807	15,446	14,911	15,574	16,086	16,444		

Enrollment = Total Responsible

Per Pupil Spending numbers through 2016-2017 per VDOE calculation (FY 18 numbers not yet available)



# 3

## State Funding Outlook

Fiscal Analytics & LCI Impact

# Program Competition for State Funds

<b>Medicaid Preventing Other Priority Spending Growth in GF Appropriations Since FY 2001 (\$ Mil.)</b>				
	<u><b>2001</b></u>	<u><b>2019</b></u>	<u><b>Growth</b></u>	<u><b>Annualized Compound Growth</b></u>
Medicaid (DMAS)	\$1,384.2	\$4,693.0	239.0%	7.0%
GF Debt Service	\$243.1	\$759.1	212.3%	6.5%
Behavioral Health	\$430.2	\$822.8	91.3%	3.7%
Other H&HS	\$648.9	\$1,131.9	74.4%	3.1%
<b>Direct Aid to K-12 Education</b>	<b>\$3,942.4</b>	<b>\$6,273.1</b>	<b>59.1%</b>	<b>2.6%</b>
Public Safety/Comp Board	\$1,949.1	\$2,705.5	38.8%	1.8%
Higher Education	\$1,634.2	\$2,108.6	29.0%	1.4%
Natural Resources/Forest M	\$152.1	\$175.8	15.6%	0.8%
All Other	<u>\$1,899.4</u>	<u>\$2,320.5</u>	<u>22.2%</u>	<u>1.1%</u>
<b>Total GF Operating</b>	<b>\$12,283.6</b>	<b>\$20,990.3</b>	<b>70.9%</b>	<b>3.0%</b>

*Note: Since 2001, the Consumer Price Index has averaged 2.0%.*

Source: "Virginia's Budget Choices" by Fiscal Analytics , Ltd. (Jim Regimbal) – December 2018

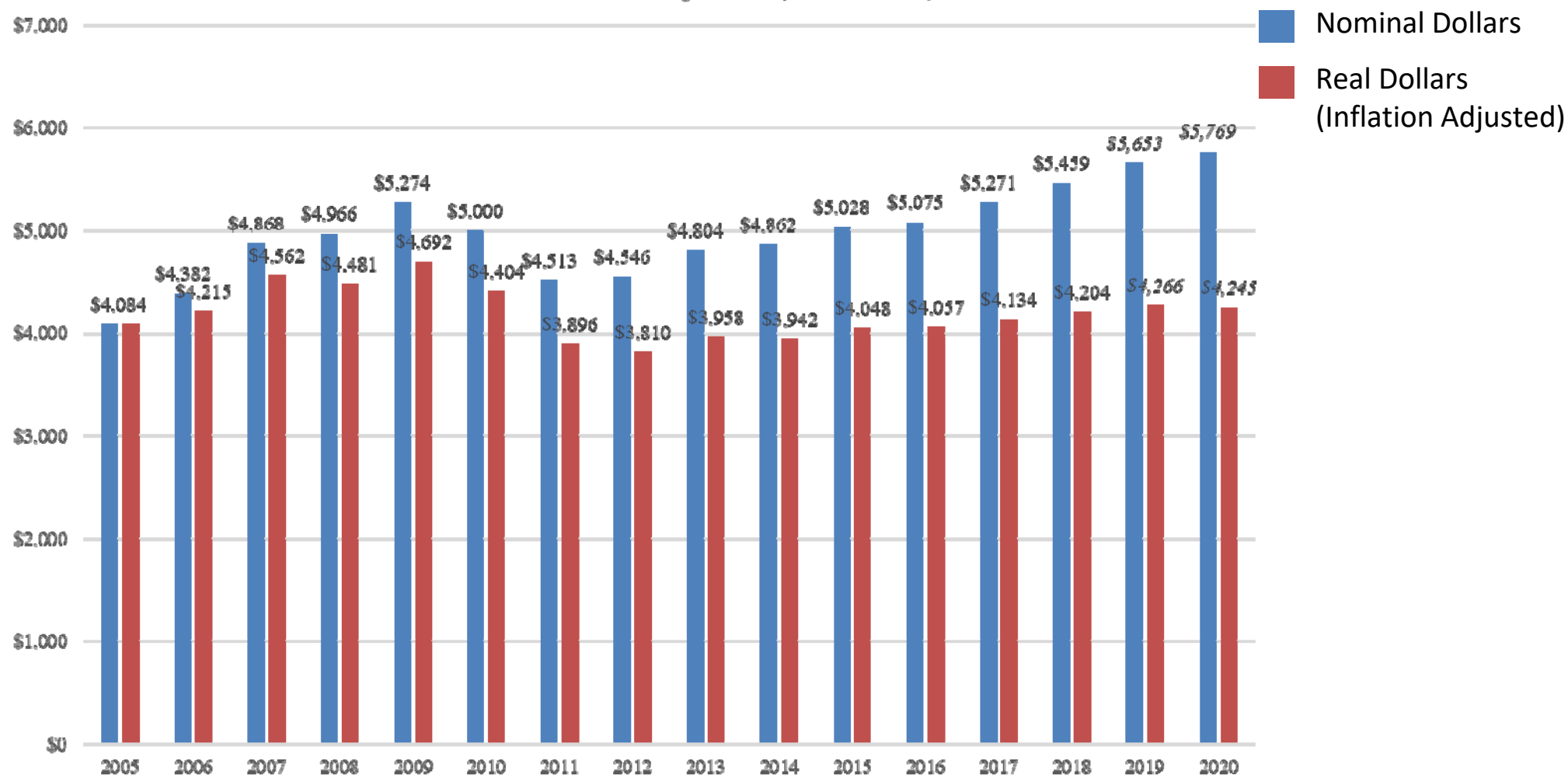
# Review of Budget Pressures/Options for 2019 Session

- Fund mandatory spending items.
  - Medicaid under-forecast
  - Increases in offender medical costs and funding for geriatric hospitals
  - Hurricane Florence
  - Other settlements & incentives
- Increase reserves and liquidity?
- Budget one-time spending (such as capital/VRS teacher pool) to maintain future flexibility?
- Modify Virginia's tax code and return revenue in response to federal changes?
- Respond to budget pressures by keeping additional revenue—particularly for K12 and mental health?

Source: "Virginia's Budget Choices" by Fiscal Analytics , Ltd. (Jim Regimbal) – December 2018

# Real \$ State Funding – Over \$400 per Pupil Less than FY 09

2018 Session State Per Pupil K-12 Direct Aid - All Funds  
Nominal and Inflation-Adjusted (CPI \$2005)



Source: Virginia DOE - [http://www.doe.virginia.gov/school\\_finance/budget/calc\\_tools/index.shtml](http://www.doe.virginia.gov/school_finance/budget/calc_tools/index.shtml)

Source: "Virginia's Budget Choices" by Fiscal Analytics, Ltd. (Jim Regimbal) – December 2018

# State Standards of Quality Do Not Reflect True Costs for Local K-12 Divisions

- Only 136,000 out of 200,000 K-12 positions (68 percent) employed by local school divisions are recognized by the SOQ; **support positions capped and costs de-funded in 2010**; the “linear weighted average” methodology underfunds teacher’s salaries; real-time costs not reflected in re-benchmarking.
- State Board of Ed recommended \$600 mil./yr. in SOQ changes. Raising teacher salaries from 29<sup>th</sup> (*JLARC 2018*) to the national average and funding prevailing support costs would require an additional \$750 million/year.
- Localities on average spent more than double, or \$4.0 bil. beyond state requirements to meet SOL and SOA requirement in FY 17. All 134 local school divisions exceeded Required Local Effort (RLE) in FY 17.

Divisions up to 25% Above RLE	16
Divisions Exceeding 25% to 75%	45
Divisions Exceeding 76% to 100%	30
Divisions Exceeding 100% RLE	43



Source: <https://rga.lis.virginia.gov/Published/2018/RD43/PDF>

Source: “Virginia’s Budget Choices” by Fiscal Analytics , Ltd. (Jim Regimbal) – December 2018

# Comparison of State Teacher Salaries vs. Housing Costs

NEA Average Teacher Salaries by State vs Zillow Median Home Value Index					
Rank		NEA AVG Teacher Salary - 2016	Rank		Zillow Home Value Index
	<b>United States</b>	<b>\$60,205</b>		<b>United States</b>	<b>\$216,700</b>
1	New York	\$79,767	1	Hawaii	\$615,000
2	Washington D.C.	\$77,623	2	Washington D.C.	\$567,400
3	California	\$77,179	3	California	\$539,400
4	Massachusetts	\$76,981	4	Massachusetts	\$395,300
5	Rhode Island	\$73,631	5	Washington	\$370,700
6	New Jersey	\$73,044	6	Colorado	\$364,600
7	Connecticut	\$72,013	7	Oregon	\$334,100
8	Maryland	\$70,279	8	New Jersey	\$316,500
9	Alaska	\$67,590	9	Utah	\$310,800
10	Pennsylvania	\$67,012	10	Alaska	\$307,600
11	Minnesota	\$66,157	11	Maryland	\$282,500
12	Delaware	\$64,193	12	New York	\$280,000
13	Oregon	\$63,551	13	Nevada	\$275,200
14	Michigan	\$62,028	14	Rhode Island	\$273,500
15	Illinois	\$61,342	15	New Hampshire	\$264,400
16	Nevada	\$60,883	16	<b>Virginia</b>	<b>\$250,700</b>
17	Wyoming	\$60,328	17	Arizona	\$240,300
18	Hawaii	\$59,855	18	Connecticut	\$238,600
19	Vermont	\$58,901	19	Idaho	\$232,400
20	Louisiana	\$58,729	20	Delaware	\$231,200
21	Wisconsin	\$58,485	21	Minnesota	\$225,100
22	Iowa	\$56,995	22	Montana	\$225,100
23	Georgia	\$56,814	23	Florida	\$224,600

16<sup>th</sup> in  
Housing  
Costs



# 32<sup>nd</sup> in Teacher Salaries



24	New Hampshire	\$56,616	24	Maine	\$222,000
25	Washington	\$56,089	25	Wyoming	\$219,800
26	Ohio	\$55,749	26	North Dakota	\$202,100
27	Utah	\$55,316	27	Vermont	\$195,400
28	Texas	\$55,126	28	New Mexico	\$186,600
29	Kentucky	\$54,663	29	Texas	\$185,800
30	Montana	\$54,385	30	South Dakota	\$181,800
31	North Dakota	\$53,678	31	Wisconsin	\$177,700
<b>32</b>	<b>Virginia</b>	<b>\$52,995</b>	32	Georgia	\$175,500
33	Maine	\$52,394	33	Illinois	\$174,300
34	Arkansas	\$51,515	34	North Carolina	\$173,500
35	Nebraska	\$51,514	35	Pennsylvania	\$168,500
36	South Carolina	\$51,508	36	South Carolina	\$158,800
37	Indiana	\$50,715	37	Tennessee	\$158,400
38	Florida	\$50,690	38	Nebraska	\$157,800
39	Alabama	\$50,513	39	Missouri	\$153,000
40	Tennessee	\$50,462	40	Louisiana	\$145,300
41	Missouri	\$50,232	41	Michigan	\$143,100
42	New Mexico	\$49,030	42	Kentucky	\$138,800
43	Idaho	\$48,882	43	Iowa	\$138,500
44	Kansas	\$48,837	44	Kansas	\$134,200
45	West Virginia	\$48,173	45	Indiana	\$133,700
46	North Carolina	\$47,941	46	Ohio	\$132,900
47	Oklahoma	\$47,326	47	Alabama	\$126,600
48	Arizona	\$47,218	48	Mississippi	\$122,500
49	Colorado	\$46,155	49	Arkansas	\$121,800
50	Mississippi	\$44,196	50	Oklahoma	\$119,300
51	South Dakota	\$43,765	51	West Virginia	\$95,300

Source: “Virginia’s Budget Choices” by Fiscal Analytics , Ltd. (Jim Regimbal) – December 2018



# Summary

- Additional GF revenues are likely for the 2018-20 biennium
- Additional unbudgeted expenditures will eat up most if not all of this new revenue.
- Federal income tax reform and the U.S. Supreme Court decision in favor of states collecting online sales tax (*Wayfair v. South Dakota*) will force a debate by policymakers on how much additional revenue should be retained and how much returned to taxpayers.
- Federal tax changes provide an opportunity for VA to restore recession era budget cuts to localities. The 2009-10 recession took a big bite out of state funding for localities, particularly K-12 funding that has yet to be restored. Other funding needs include CSB, mental health, Medicaid expansion administration, transportation, and stormwater management.

## Additional Notes Regarding State Funding for CCS:

- Charlottesville's LCI increased for the FY 2019 – FY 2020 Biennium:
  - LCI ranges from .2000 to .8000
  - The average LCI change was +.0032
  - Biggest decrease was -.0577 for Nelson
  - Biggest increase was .0729 for Brunswick
  - Charlottesville increased .0182 (Albemarle increased .0386)
  - Full impact of higher LCI for CCS will be netting against impact of any favorable state budget actions
- State funding for salary increases:
  - Applies only to positions recognized in the SOQ
    - CCS is one of the 43 school divisions that exceeds the SOQ by more than 100%
  - Uses the linear weighted average method which under funds salaries and real-time costs are not reflected in the re-benchmarking of the SOQ

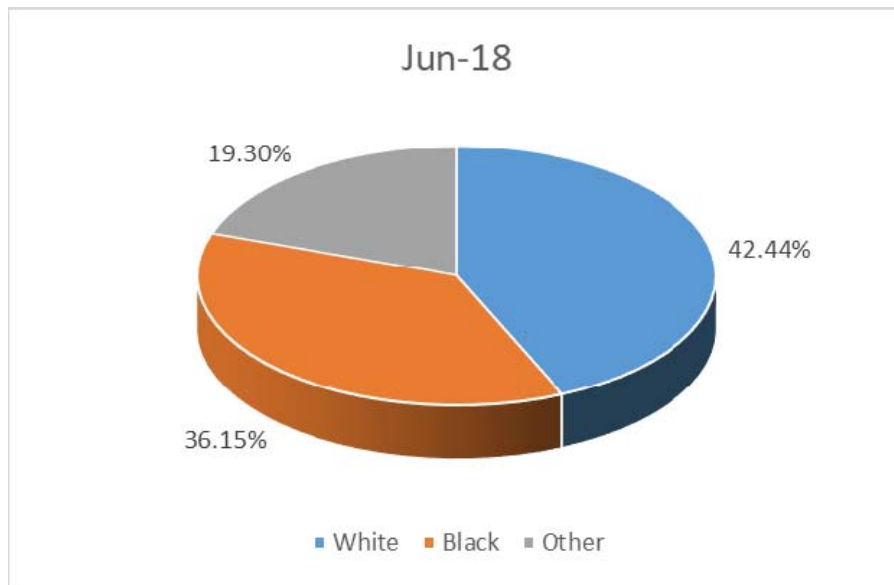
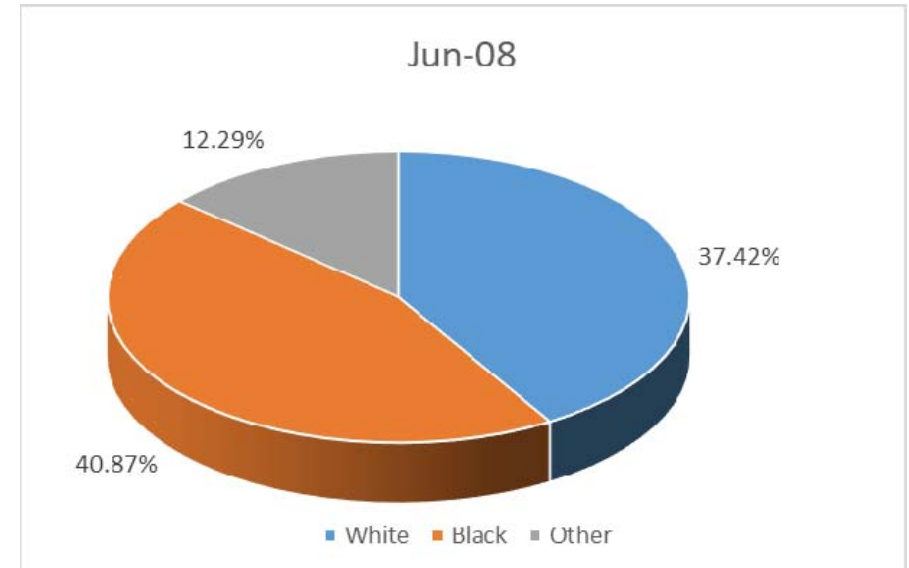
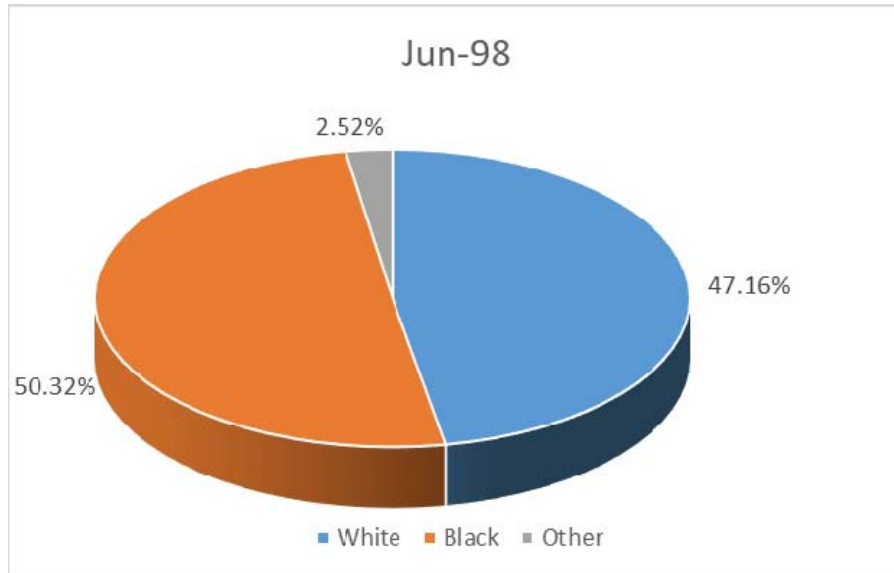
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# 4

## Enrollment & Development

Looking Back & Looking Ahead

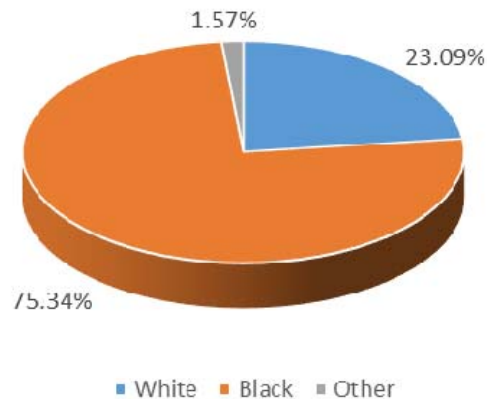
# Diversity



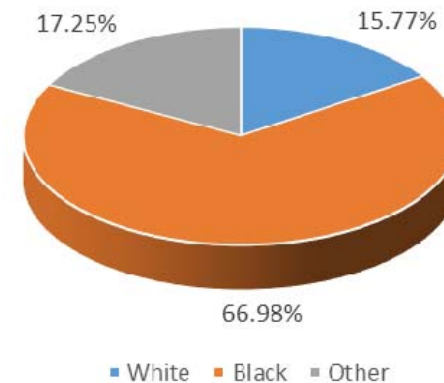
**State ethnic reporting categories changed in 2010**  
Cannot distinguish between shift in self-identification practices/trends vs. actual shift in actual ethnicities

# Economically Disadvantaged

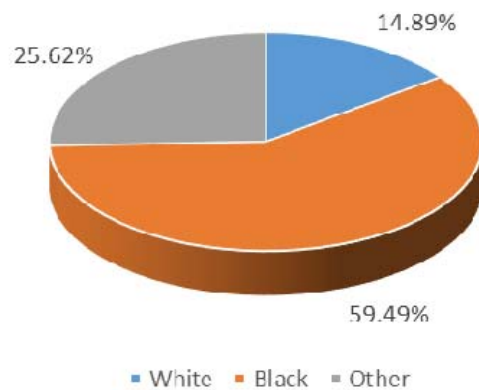
Jun-98  
Percent of Total Economically Disadvantaged  
Students



Jun-08  
Percent of Total Economically Disadvantaged  
Students



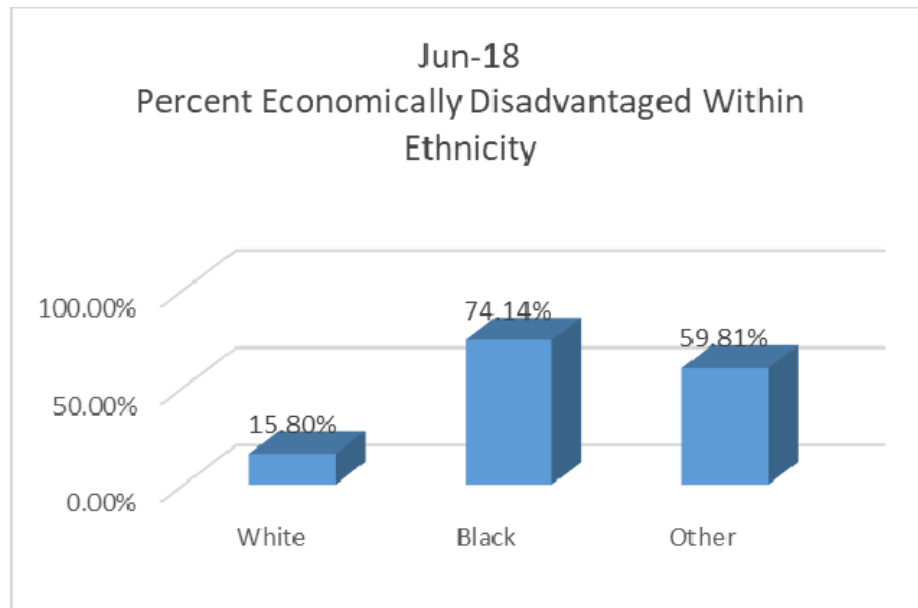
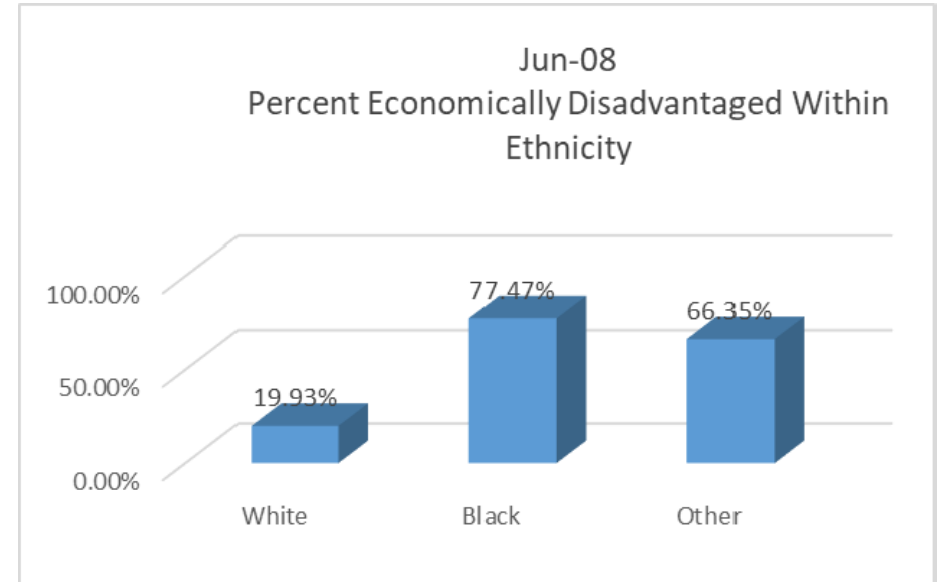
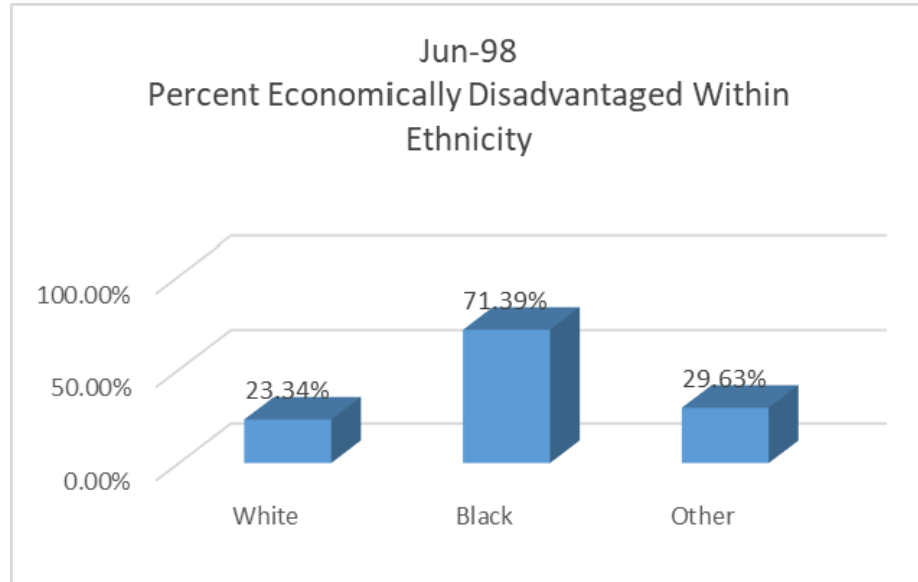
Jun-18  
Percent of Total Economically Disadvantaged  
Students



## **Economically Disadvantaged:**

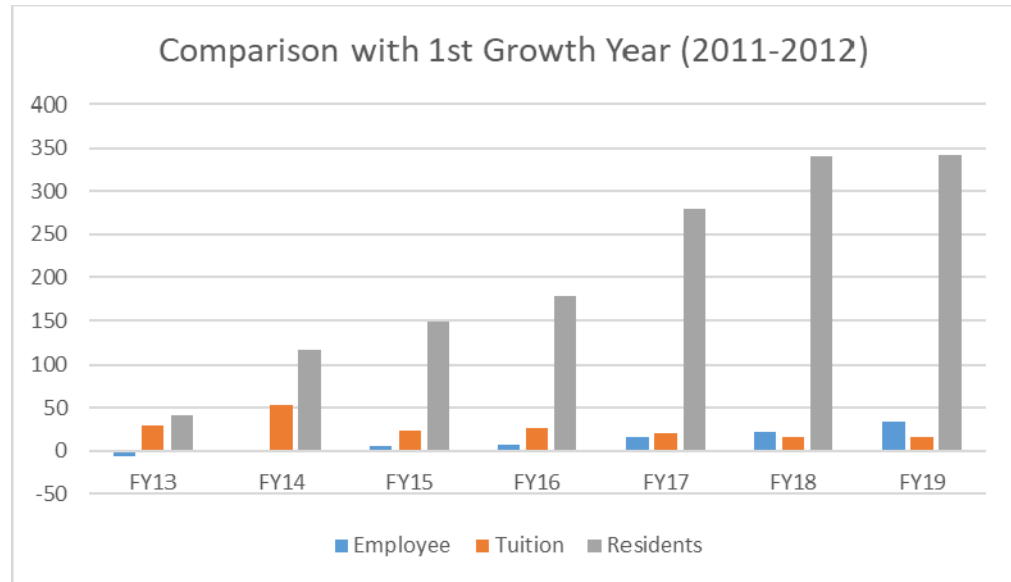
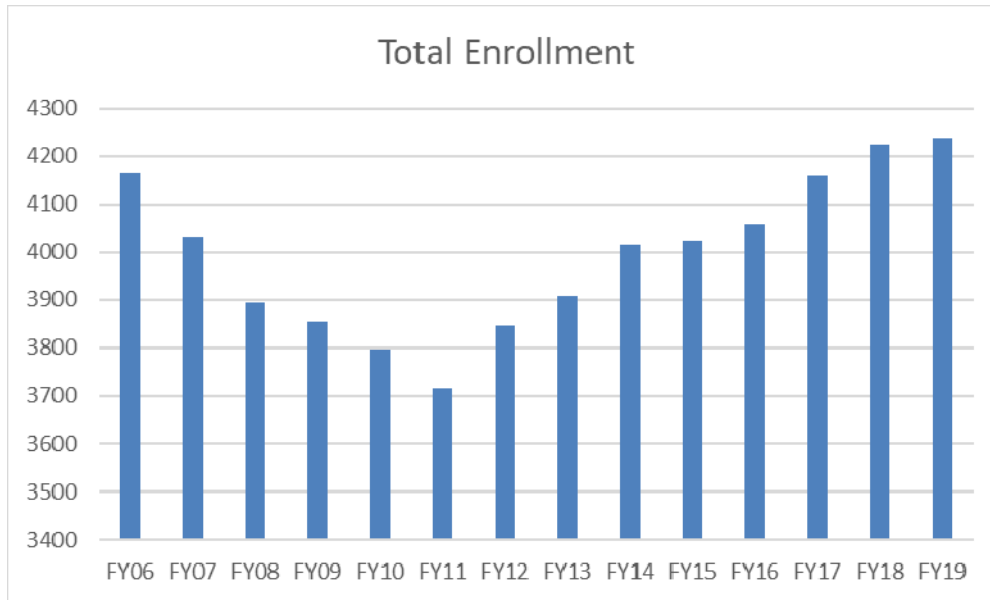
- Direct Certified via Social Services
- **Free & Reduced Lunch (not considered at CEP schools)**
- Foster Care
- Homeless, Migrant or Runaway
- Head Start
- Medicaid Eligible

# Economically Disadvantaged



INCOME CHART			
For Free or Reduced Price Meals			
Effective July 1, 2018 to June 30, 2019			
Household Size	Yearly	Monthly	Weekly
1	22,459	1,872	432
2	30,451	2,538	586
3	38,443	3,204	740
4	46,435	3,870	893
5	54,427	4,536	1,047
6	62,419	5,202	1,201
7	70,411	5,868	1,355
8	78,403	6,534	1,508
For Each Additional Family Member Add	\$7,992	\$666	\$154

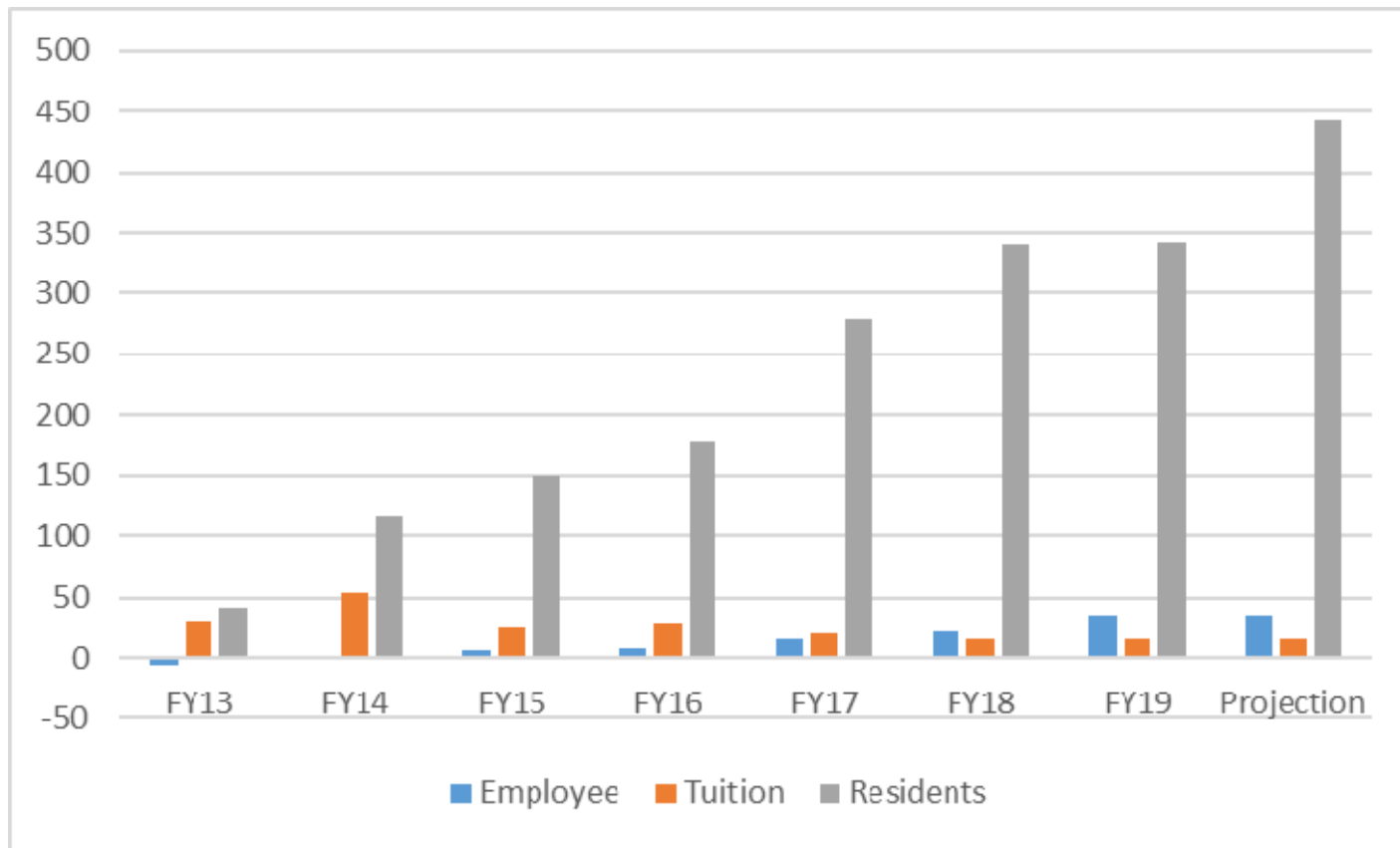
# Enrollment



- FY 19 Growth = .20%
- Significant residential development in progress
  - Projects in Planning – over 600 units
  - Projects Approved Not Under Construction – Over 200 units
  - Projects Under Construction – Over 500 units
- Charlottesville Student Yield Rates: 19 to 26 students per 100 units
  - Conservative estimate ~200 to 300 additional students from projects currently in review, approved and/or under construction

# Enrollment Outlook

Considering only the ~500 units under construction, using a conservative yield rate of 20 students per 100 units





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# 5

Facilities

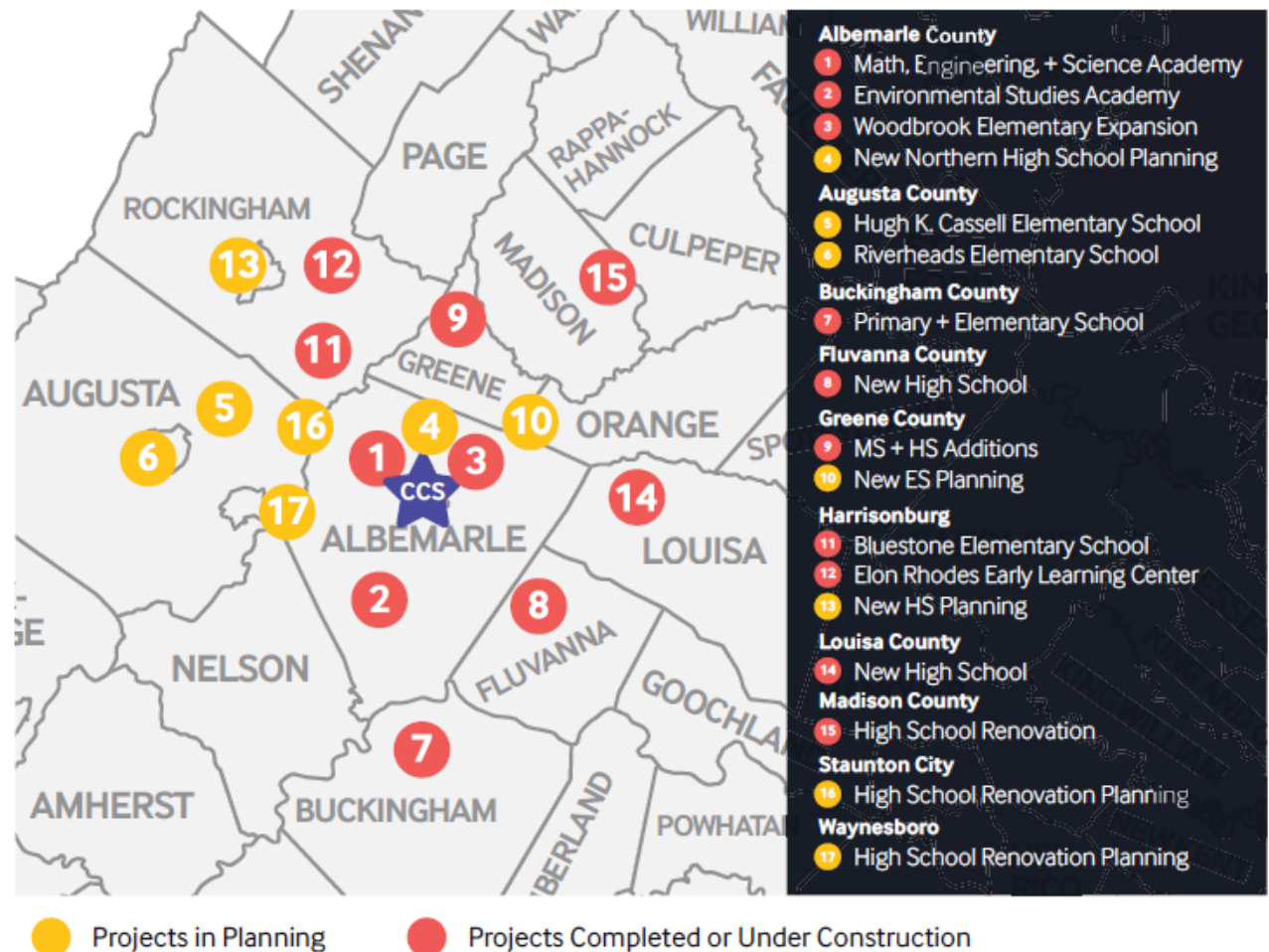
Our Future

<b>Virginia Public School Construction and Renovation Costs From FY 2013-17</b>					
	<b><u>Number</u></b>	<b><u>Cost</u></b>	<b><u>Avg. Cost/School</u></b>	<b><u>Sq. Feet</u></b>	<b><u>Cost/Sq Ft.</u></b>
New Elementary Schools	22	\$450,158,034	\$20,461,729	2,094,665	\$215
New Middle Schools	8	\$273,672,113	\$34,209,014	1,192,914	\$229
New High Schools	8	\$473,784,482	\$59,223,060	1,515,484	\$313
New Combined or Other	6	\$235,566,159	\$39,261,027	992,977	\$237
Additions/Renovations	<u>219</u>	<u>\$1,197,693,347</u>	<u>\$5,468,919</u>	<u>8,494,960</u>	<u>\$141</u>
<b>Total</b>	<b>263</b>	<b>\$2,630,874,135</b>	<b>\$10,003,324</b>	<b>14,291,000</b>	<b>\$184</b>

Source: [http://www.doe.virginia.gov/support/facility\\_construction/school\\_construction/costs/](http://www.doe.virginia.gov/support/facility_construction/school_construction/costs/)

Source: “Virginia’s Budget Choices” by Fiscal Analytics , Ltd. (Jim Regimbal) – December 2018

Examples of recent and planned public school construction projects in neighboring districts representing **over \$500 M** of investment in public school facilities since 2009.



Samples of Recent Capital Investment in Nearby Public School Districts

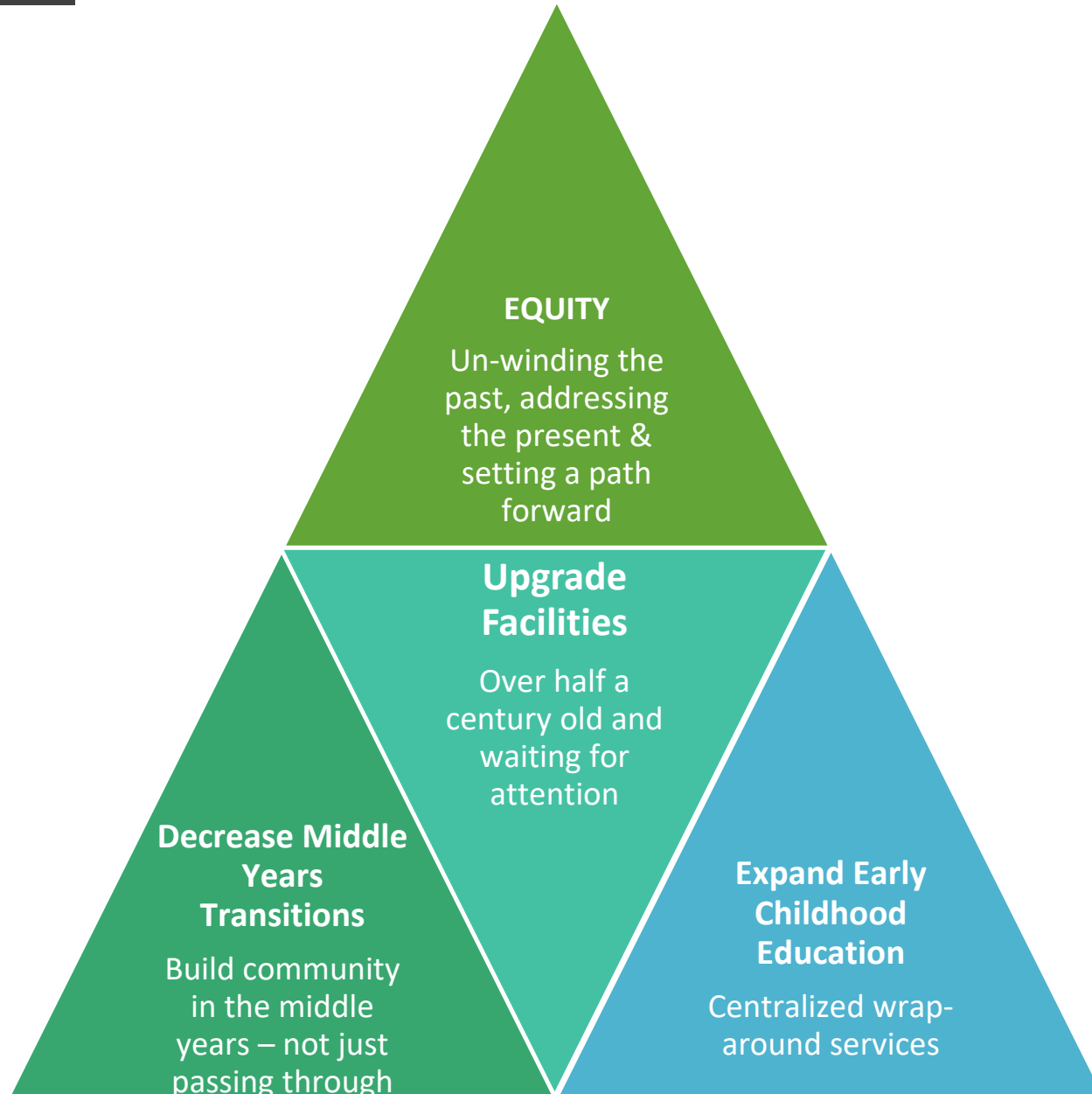


CCS Public Forums on Capacity & Growth

11.30.2017 | Slide 9 VMD O

Plus More Projects Now Under Construction Since 2017...

# Priorities



# Progress is Possible Using Existing Public Property

## Renovate Buford & Create 6-8 MS

Reconfigure the 1960's configuration  
and reduce middle year transitions

## Centralize Pre-K at Walker Campus

Create wrap-around, best-in-class  
learning center

## Posture for Growth

Keeps all options open for K-5

# Estimate ~\$55M for Construction

Does not fully address growth potential/projections

Estimate \$3M Pre-Construction (design, surveying, geo-testing, etc.)

## Central PreK

**ESTIMATED COST: \$ 15M - \$ 20M | 45,600 SF**  
**FUNCTIONAL CAPACITY: 258 | MAXIMUM CAPACITY: 304**

### Considerations:

- Single project helps capacity at all elementary schools, adding 340 seats of functional capacity to grades K-4: 111 additional Functional Capacity (due to K-4 class sizes being larger than PreK class sizes) + 230 PK students relocated.
- New PreK facility and grounds would be designed specifically for early childhood needs and development
- Opportunity to provide wraparound services and aftercare

## 6-8 Campus

**ESTIMATED COST: \$45M - \$60M | 187,000 Total Building SF\***  
**FUNCTIONAL CAPACITY: 1,054 | MAXIMUM CAPACITY: 1,240**

### Considerations:

- Eliminates a school transition for students, with 5th grade moved to the elementary schools
- Typical middle school grade configuration
- If at Buford, then provides options for re-purposing Walker (possible Central PreK, and/or consolidated CCS Admin)

\* Project size and cost range shown are for example project at Buford, and include renovation of existing school



# 5<sup>th</sup> Grade Move to Elementary Schools

<b>Fall 2018 :</b>	<b><u>4th Grade Rooms</u></b>	<b><u>PreK Rooms</u></b>	<b><u>Difference</u></b>
<b>Burnley Moran</b>	3	2	-1
Clark	3	4	1
<b>Greenbrier</b>	4	2	-2
Jackson-Via	3	3	0
Johnson	3	3	0
<b>Venable</b>	3	3	0

- Modular site plan in progress to allow up to 4 units at Burnley-Moran
- Greenbrier campus can accommodate additional modular units
  - next likely location in front near entrance
- CLASS program in Venable Annex could be relocated to new Pre-K Center
- Johnson site plan approved by NDS for 4 units
- Venable & Jackson-Via schematic concepts for site plans pending

# Different Budgets

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