

School Board's Advertised Budget Fiscal Year 2013

Milton C. Johns
Chairman At-Large

Presented to Prince William
Board of County Supervisors
April 10, 2012



Prince William County

PUBLIC SCHOOLS

Providing A World-Class Education

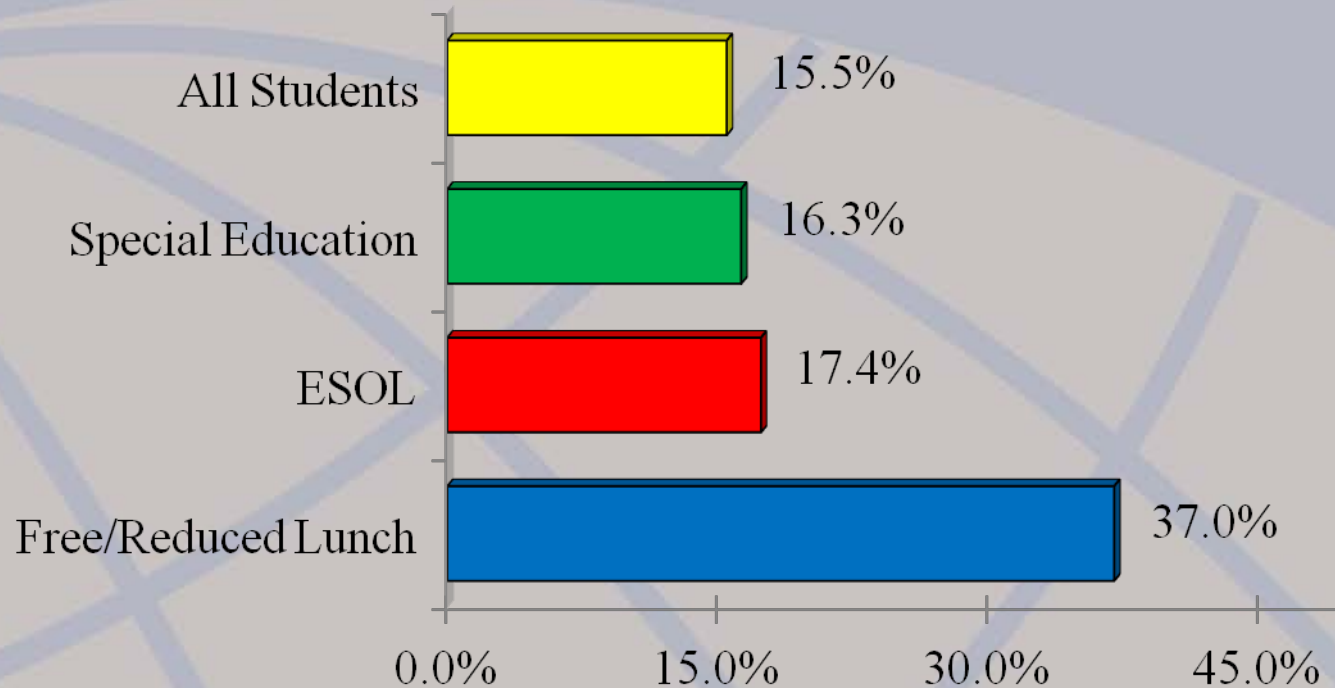
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Major Budget Factors

1. Costs associated with 2,767 additional students for a projected total of 83,837 (\$28 million)
2. Major cost increase for Virginia Retirement System (VRS) (\$31.2 million)
3. Need restoration of State Cost Of Competing Adjustment (COCA) (\$10.8 million)
4. Desire to remain competitive in Salary & Benefits
5. Seek to maintain instructional programs
6. Seek to maintain capital infrastructure – construction, maintenance, technology



Growth in Student Membership Past Five Years

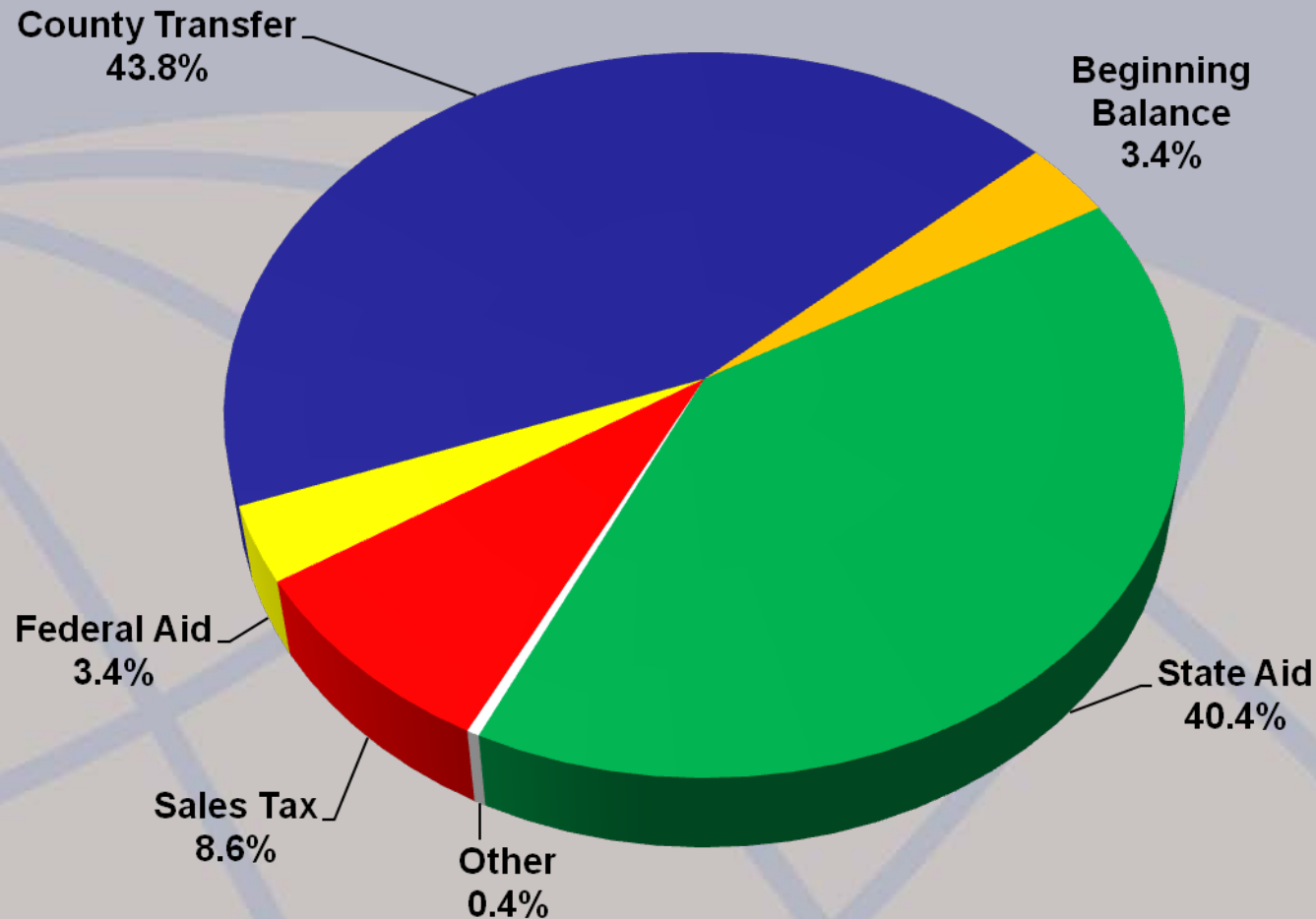


Impact of 1,000 Additional Students

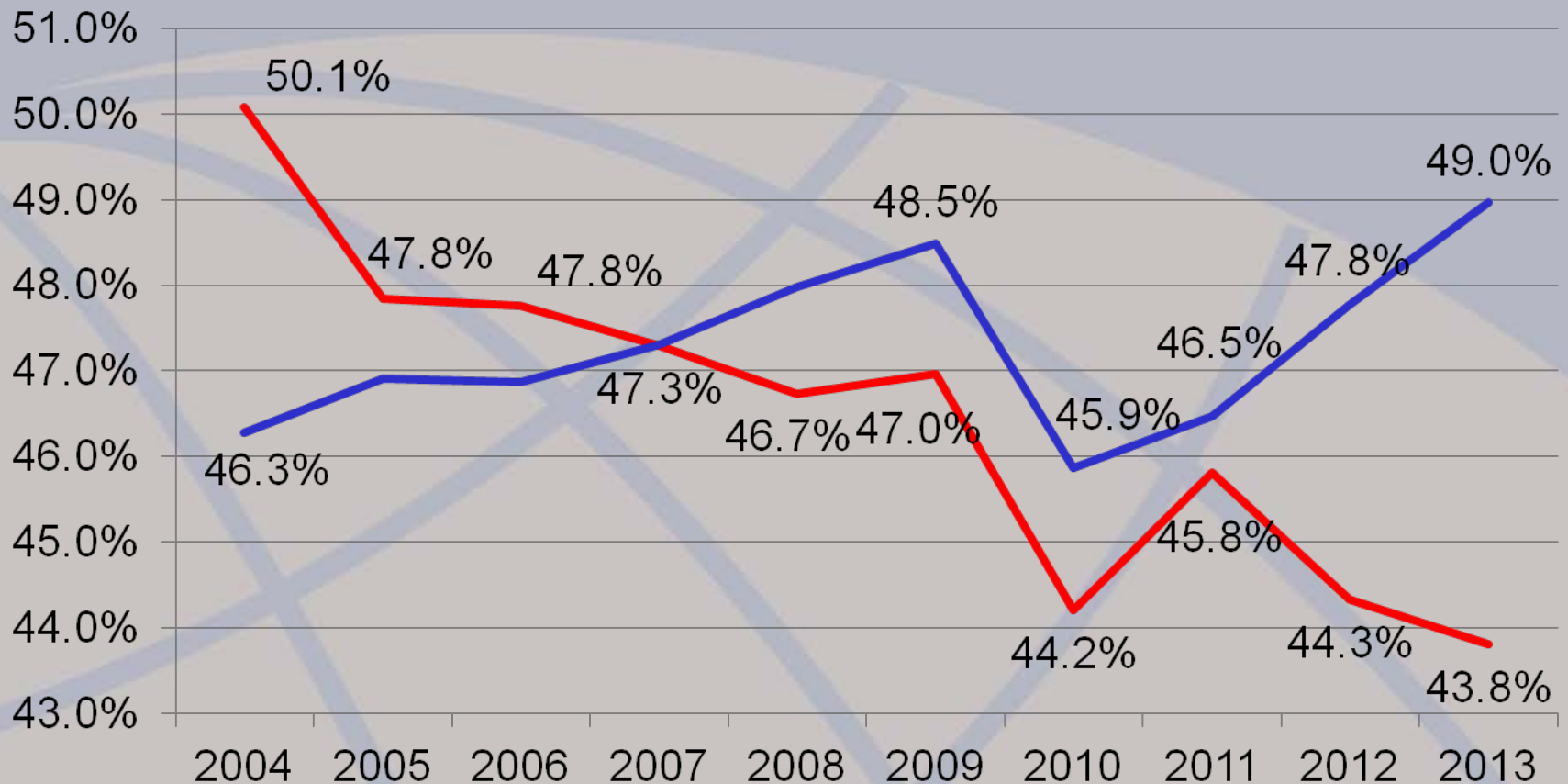
- Space
 - One Elementary School - \$24 million (Or need approximately 40 trailers)
- Staffing
 - 40 ES teachers or 50 HS teachers
 - School administrative – 1 Principal, 1.66 Assistant Principal
 - Support staff – custodial, clerical, security
 - Instructional supplies, materials, equipment, textbooks
 - Non-instructional supplies, equipment
- Transportation of 700 students
 - 10 buses - \$1 million
 - 10 drivers
 - 0.6 mechanics
 - Operating costs (fuel); bus maintenance
- Central Support
 - Student Learning , Professional Learning, Special Education, Student Services, Accountability, Human Resources, Financial Services, Facilities Services, Risk Management, Information Technology, School Food & Nutrition Services



Sources of Operating Fund Revenue



PWCS Operating Fund Budget Percentage Funded by County and State



Operating Fund & Debt Service Fund

Fiscal Year 2013

	<u>FY 2012</u>	<u>FY 2013</u>	<u>Change</u>	<u>Percent</u>
County	\$426,180,174	\$447,423,001	\$21,242,827	5.0%
State	\$387,642,909	\$423,641,780	\$35,998,871	9.3%
Federal	\$ 32,924,205	\$29,422,922	(\$3,501,283)	-10.6%
Other	\$4,286,676	\$4,448,568	\$161,892	3.8%
Beginning Balance	\$27,792,339	\$32,106,608	\$4,314,269	15.5%
Total	\$878,826,303	\$937,042,879	\$58,216,576	6.6%



Impact of County Revenue Change?

- General Assembly is proposing increased funding to PWCS by approximately \$14 million over Governor's Proposed Budget
 - Includes successful lobbying efforts by:
 - Prince William County Schools
 - Prince William County
 - Education Associations
- Future requests/lobbying to restore state cuts are at risk:
 - PWCS receives additional state funds to offset cuts, but then BOCS cuts local tax rate and reduces school funding.....?

Tax Rate Scenario Matrix

	FY 13 Revenue Change		Five Year Plan Revenue Change		Average Tax Bill Impact		
	County	Schools	County	Schools	Residential		Commercial
\$1.215 (Advertised Rate)	\$1,116,715	\$1,465,285	\$3,954,347	\$5,188,653	3.7%	\$118	4.5%
\$1.212 (Flat Bill Adjusted for 3.4% Inflation)	\$559,222	\$733,778	\$860,674	\$1,129,326	3.4%	\$110	4.3%
\$1.209 (Revenue Neutral in FY 13)	\$432	\$568	(\$2,234,296)	(\$2,931,704)	3.2%	\$102	4.0%
\$1.204 (Flat Tax Rate)	(\$929,875)	(\$1,220,125)	(\$7,392,290)	(\$9,699,710)	2.8%	\$88	3.6%
\$1.172 (Flat Tax Bill)	(\$6,884,535)	(\$9,033,465)	(\$41,247,526)	(\$54,122,474)	0.0%	\$1	0.8%



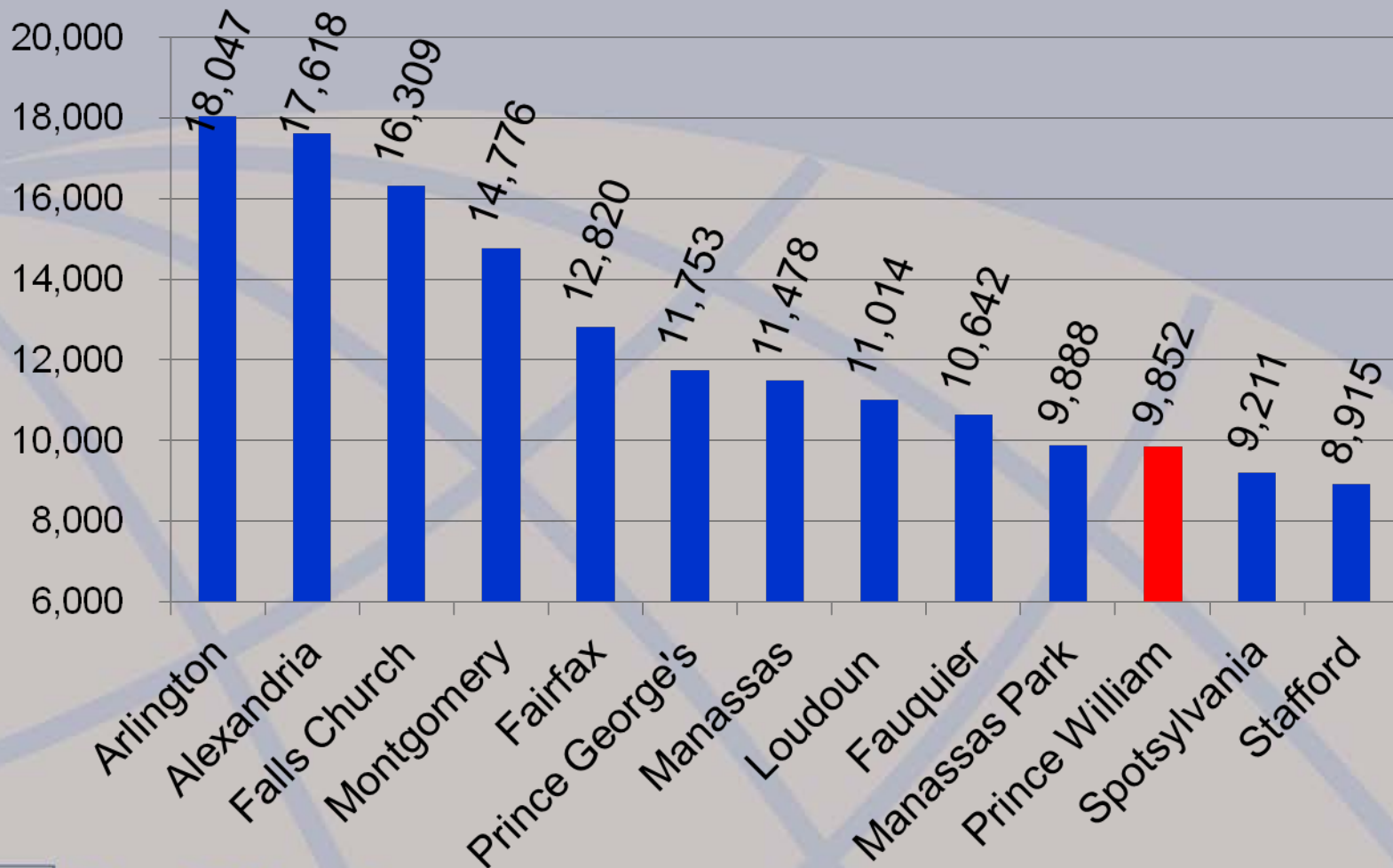
FY 2012 Local Funding Effort

School Transfers as % of City/County General Fund

<u>School Division</u>	<u>Operating %</u>	<u>Debt Svc %</u>	<u>Total%</u>
Prince George's	23.3%	2.1%	25.4%
Alexandria	30.8%	0.0% *	30.8%
Arlington	34.6%	3.8%	38.4%
Manassas Park	30.9%	13.8%	44.7%
Falls Church	42.2%	4.9%	47.0%
Prince William	39.7%	8.1%	47.8%
Manassas City	43.7%	5.5%	49.2%
Fairfax	47.7%	4.8%	52.5%
Montgomery	51.5%	3.2%	54.7%
Loudoun	47.2%	11.0%	58.2%
Stafford	52.9%	5.4%	58.3%
Spotsylvania	61.8%	0.2% *	62.0%
Fauquier	59.8%	5.3%	65.1%

* Debt Service funded directly by locality rather than as transfer

FY 2012 Cost per Pupil Comparison

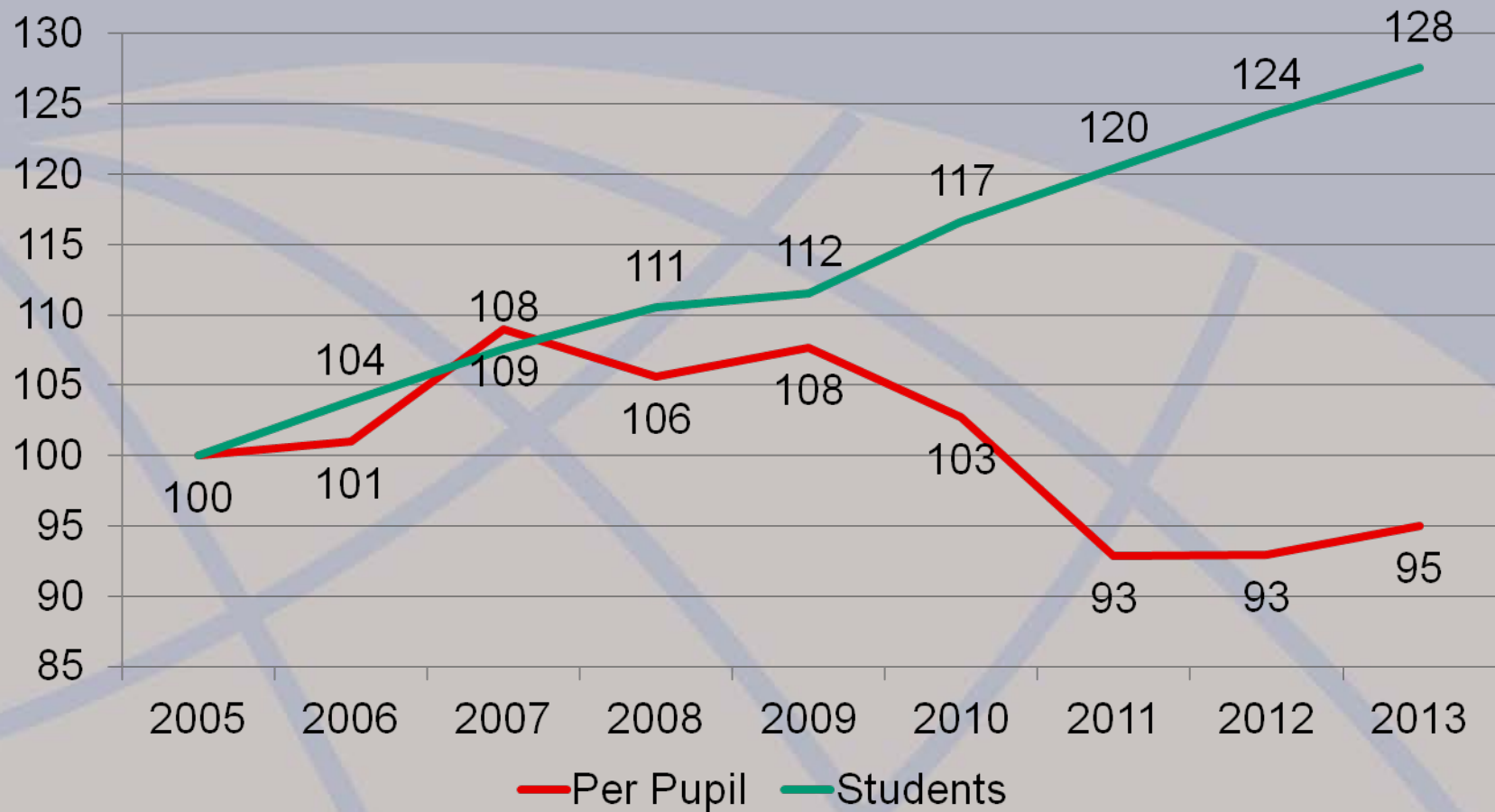


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Source: Washington Boards of Education
(WABE) reports

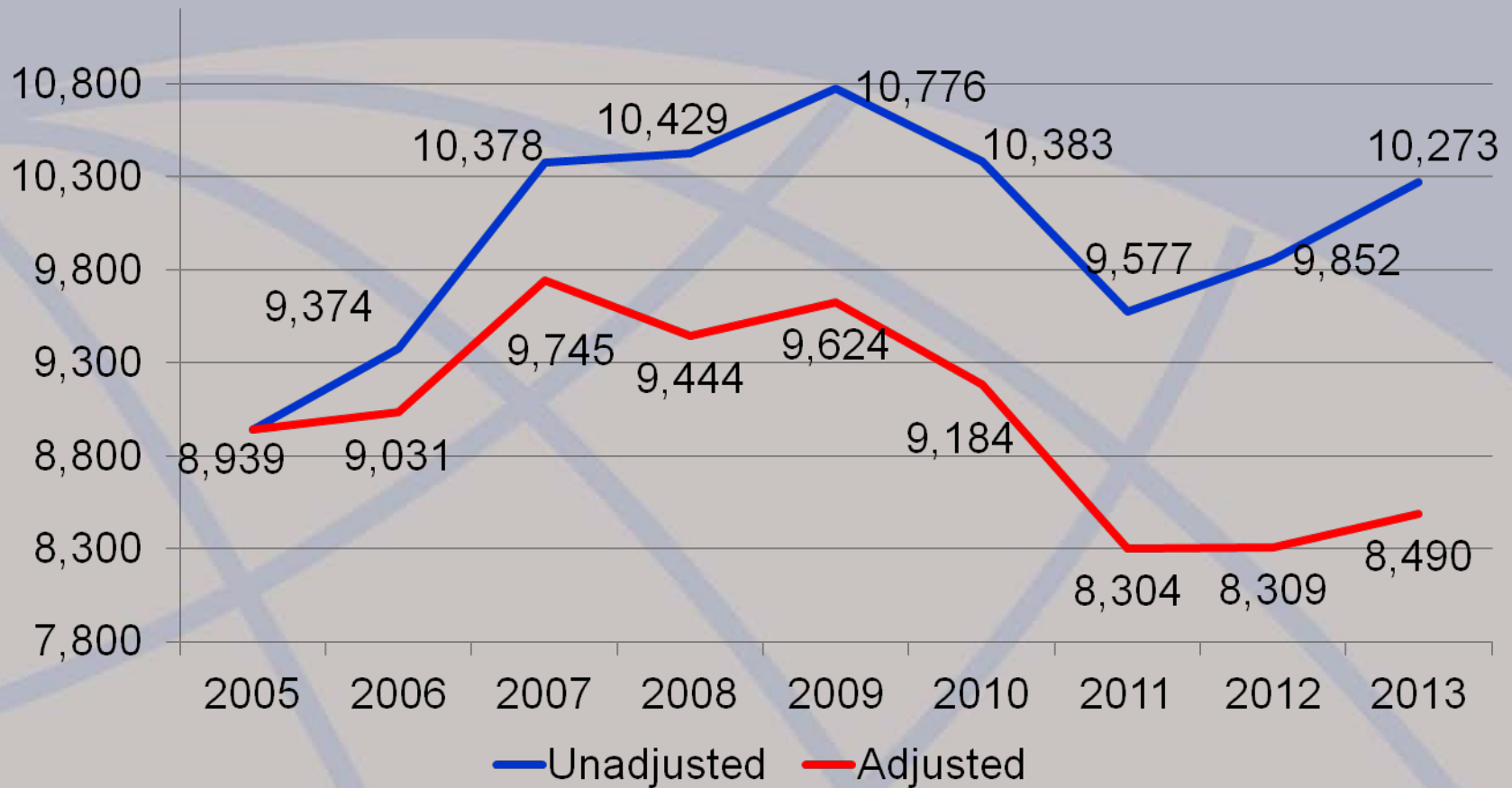
Cost per Pupil and Enrollment Change

Revenue is not keeping Pace With Enrollment Adjusted for Inflation

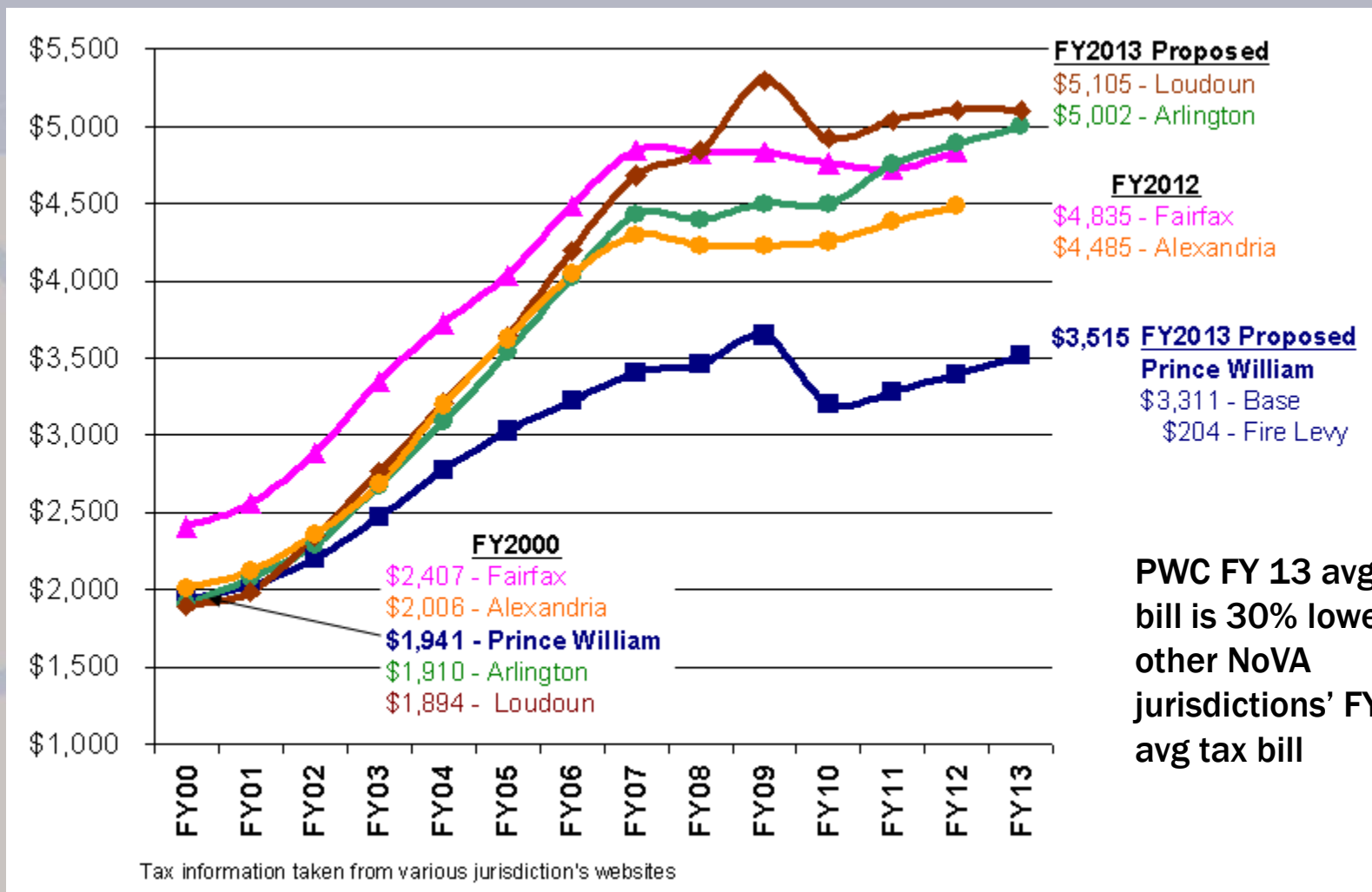


Cost per Pupil Change Over Time

Adjusted for Inflation

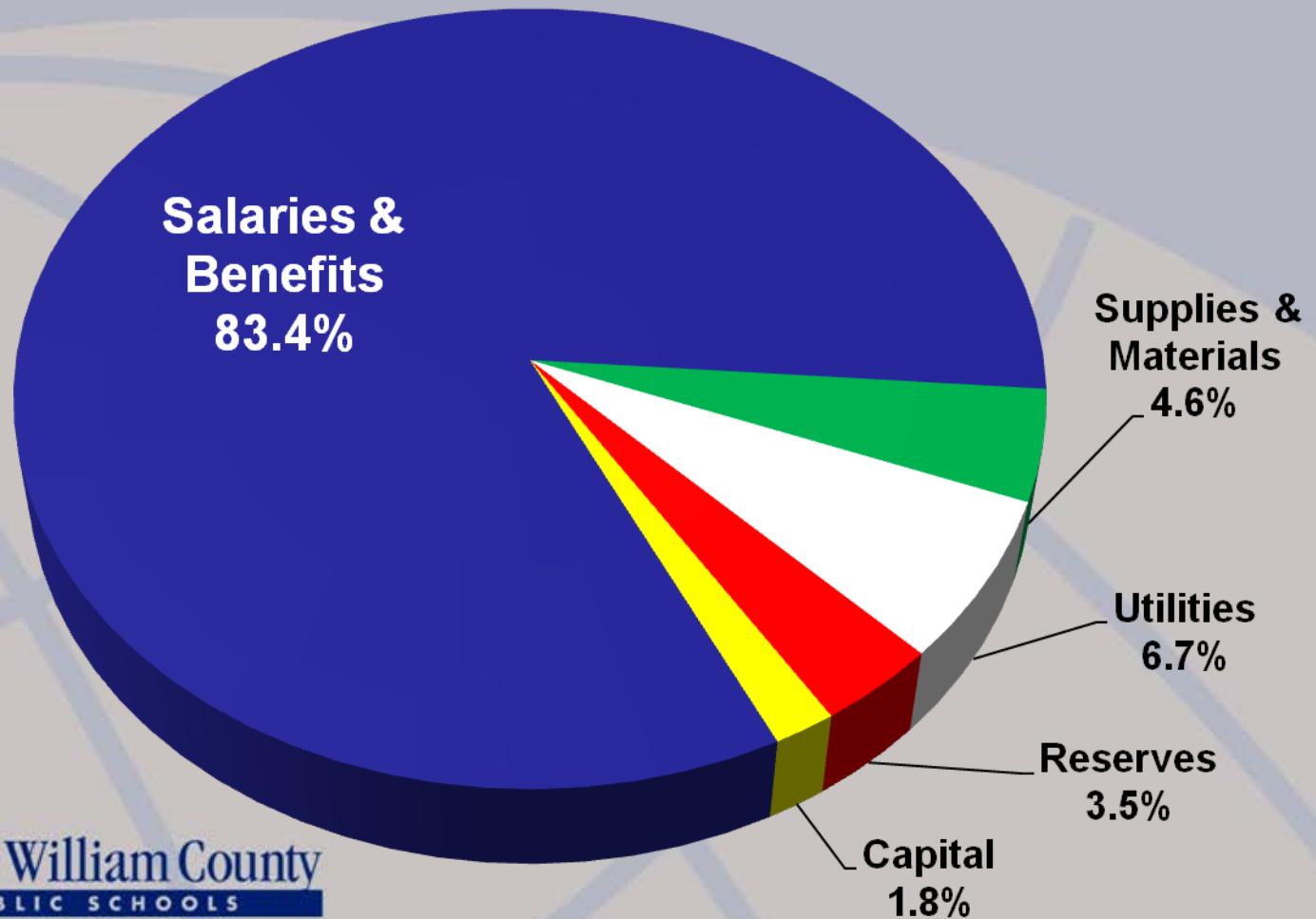


PWC Continues to Have the Lowest Tax Bill in Northern Virginia

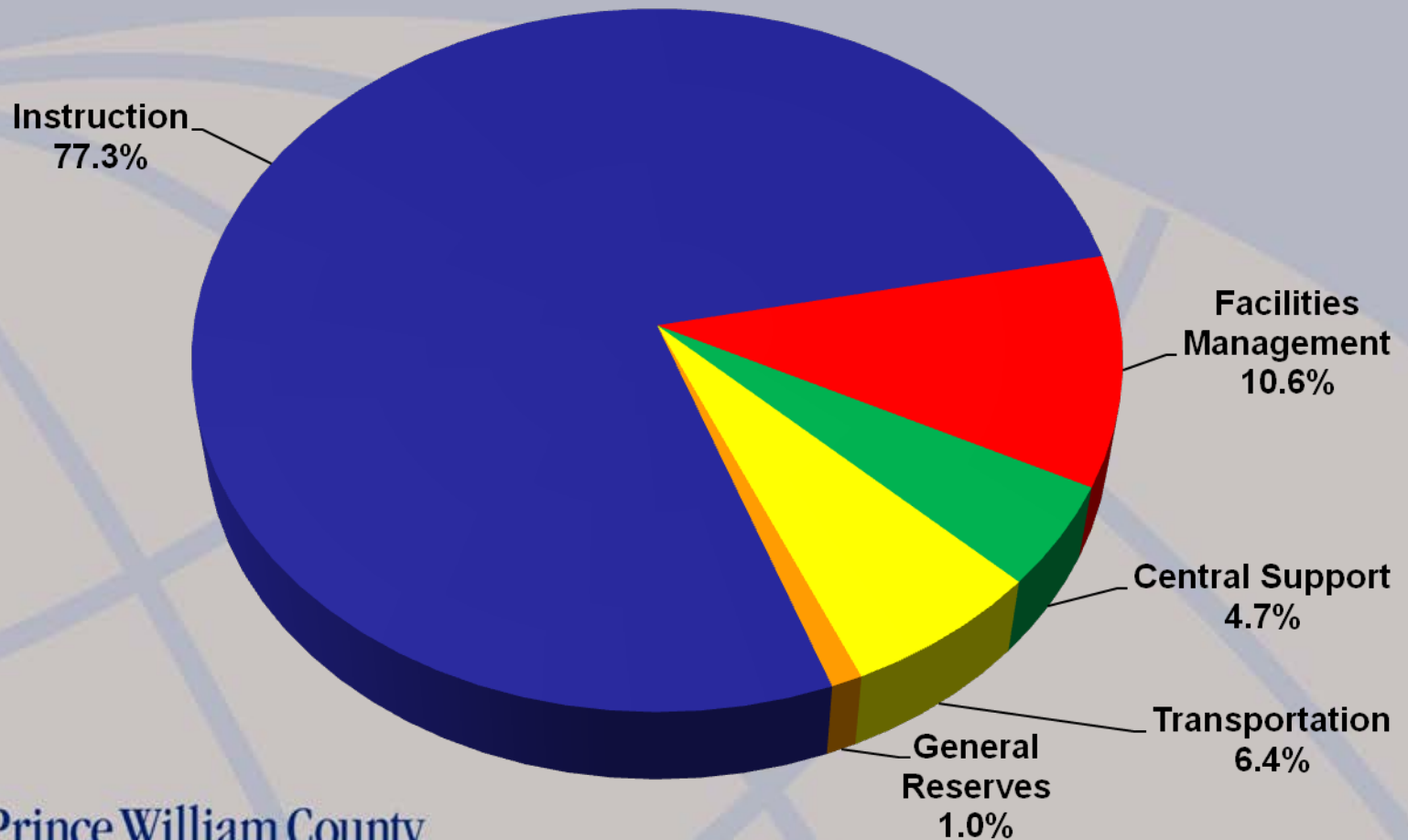


PWC FY 13 avg tax bill is 30% lower than other NoVA jurisdictions' FY 12 avg tax bill

Expenditures By Category



The Budget Focuses on Instruction



FY 2013 Advertised Budget

FY 2012 Approved Budget (Operating & Debt Service)

\$878,826,303

Expenditure Changes for FY 2013

Baseline Adjustments

-\$6,775,105

Baseline Adjustments	\$19,465
Inflation for Supplies, Materials, Services	\$0
Net Salary & Benefit Savings from FY 12	-\$3,845,209
Net Cost – Scheduled Replacement of Buses & Vehicles	-\$174,463
Tuition reimbursement- one time funds from FY 2012	-\$200,000
Funds for Concussion Policies shifted to Student Learning	\$1,948
Adjustments in Grants & Self-Supporting Programs	-\$2,576,846

Compensation

\$40,687,944

Step Increase	\$17,000,000
Conversion of 1% VRS to Employee (Net)	\$1,122,822
Slippage in Compensation	-\$8,700,000
Group Life Insurance (GLI) Rate	\$4,526,832
Virginia Retirement System (VRS) Rate	\$26,738,290
Health Insurance Rate Increase	\$0

FY 2013 Advertised Budget

Expenditure Changes for FY 2013

New Students & Schools

\$27,998,865

Funding for New Students (+2,767)	\$24,321,060
Fixed Allocations for New Schools (Reagan MS)	\$858,104
Startup Costs for New School	-\$665,000
Net Change in Debt Service Costs	\$3,484,701

School Repairs & Renewals

\$12,758,554

Repair and Renewal Projects	\$8,258,554
CIP Technology Projects	\$4,500,000

FY 2013 Advertised Budget

Expenditure Changes for FY 2013

New Resources

\$889,469

Additional Funding for Robotics Program	\$42,731
Student Information System Upgrade - Staffing Plan	\$110,629
International Baccalaureate – Antietam ES	\$65,944
International Baccalaureate – Fred Lynn MS	\$51,739
TIPA Grant Year 3 Local Match	\$283,278
Bus Fuel – additional utilization/cost	\$335,148

FY 2013 Advertised Budget

Expenditure Changes for FY 2013

Reductions

-\$17,343,151

Energy Savings Program	-\$1,570,000
Reduction in Use of Outside Legal Counsel	-\$120,000
CIP Technology Projects	-\$4,500,000
Divisionwide Reduction	-\$3,820,711
Increase HS Class Size (to State Maximum)	-\$1,326,985
Increase MS Class Size (to State Maximum)	-\$1,795,392
Reduce Substitute Reimbursement	-\$120,000
Central Office Budget Reductions	-\$916,898
School & Department Furniture/Equipment Funding	-\$250,495
Retirement Opportunity Program Payment Percentage	-\$400,000
Funding for Tuition Reimbursement	-\$175,953
School & Department Overtime	-\$346,717
Reduce General Reserve	-\$2,000,000

FY 2013 Projected Expenditures

\$937,042,879

FY 2013 Projected Revenues (Operating & Debt Service)

\$937,042,879

Estimated FY 2013 Surplus/(Deficit)

20 \$0

Budget Cuts FY 2008-13

Prince William County Public Schools (PWCS) has continued to make budget reductions. As we have discussed, the reductions have been necessary, not just because of the economy and limitations in revenue, but because of the budgetary pressures caused by the continued growth in enrollment and the attendant need to hire teachers and build classrooms. Since FY 2008 PWCS has achieved budget reductions and reduced costs by over \$220.9 million



Sample of Budget Cuts FY 2008-13

• Economically disadvantaged students	\$9.2 million
• Reduction of staffing ratios	
– Middle school	\$4.3 million
– High school	\$5.3 million
– General teachers	\$10.3 million
– ESOL	\$5.9 million
• Kindergarten Teacher Assistants	\$2.4 million
• Transportation	\$8.7 million
• Facilities (including 7/14 renewal program)	\$3.1 million
• Central Office	\$21.2 million
• Technology improvements	\$6.8 million
• Reserves	\$5.8 million
• Capital projects deferral	\$20.8 million
• Supplemental retirement (403b)	\$6.0 million

Major Budget Issues

- Cost-Of-Competing Adjustment (COCA)
 - Offset higher labor costs in northern Virginia
 - Mitigates state methodology for calculating average salaries (i.e., use of Linear Estimator)
 - Budget assumes restoration of the \$10.8 million cut
- Virginia Retirement System (VRS)
 - VRS: Rate goes from 11.93% to 17.77%
 - GLI: Rate goes from 0.28% to 1.19%
 - Total Rate change = 12.21% to 18.96% = 6.75%
 - Percentage increase = 55.28%
 - Increased Cost of \$31.2 M for FY 2013

Virginia Retirement System

- Assume VRS rates in Proposed Budget
- Projected General Assembly action:
 - Shift cost of 5% “employee share” of VRS cost from employer to employee
 - Must transition within 5 years
 - Requires at least 1% change per year
 - Requires a 1% pay raise for each 1% of VRS costs which are shifted to employee
 - Awaiting “Official Guidance”

Capital Improvements Program (CIP)

FY 2013 Highlights

- FY 2013 Advertised Budget includes funding to support the sale of bonds for the construction of additions to:
 - Potomac High School (HS); Benton and Potomac Middle Schools (MS)
 - Loch Lomond, Mullen, Penn, Sinclair, Sudley, and West Gate Elementary Schools (ES)
- K-8 School in Nokesville
- Defers Construction of Devlin Road ES to 2015
- Renewals
 - Continued renewal of Potomac HS and Pattie ES
 - HVAC repairs, Roof repairs/replacements

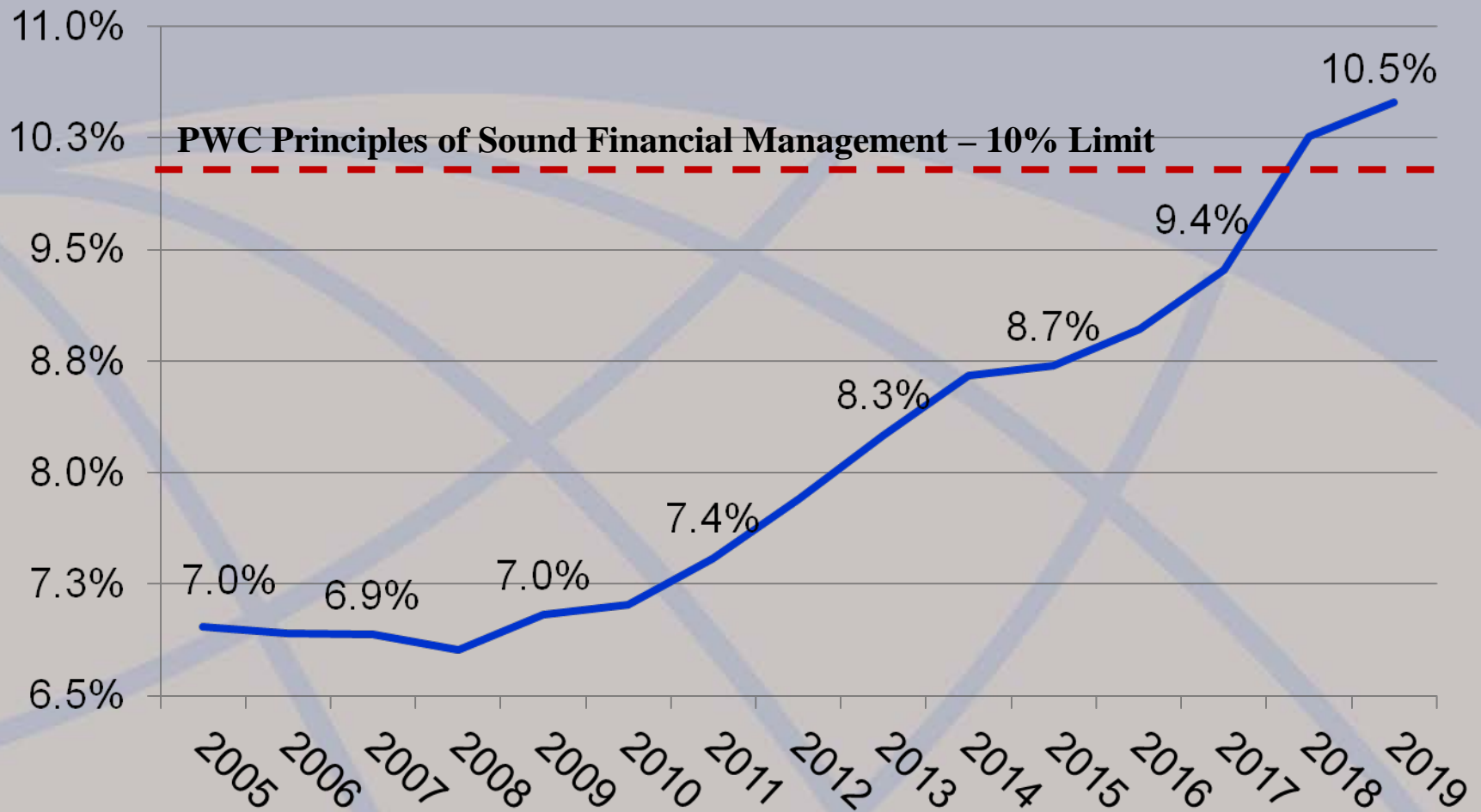


Five-Year CIP Summary

FY 2013 - 2017

New Students	11,391
New School Facilities	8
Elementary Schools	5
K-8 Schools	1
High Schools	1
Replacement Schools	1
Support Facilities (Facilities, Transportation)	2
Schools with Additions (159 classrooms)	17
Additional Capacity	10,702
Construction of New Facilities	\$417,606,000
Renewal & Repair Projects	\$161,788,000
Portable Classrooms	204

Debt as a Percentage of Operations

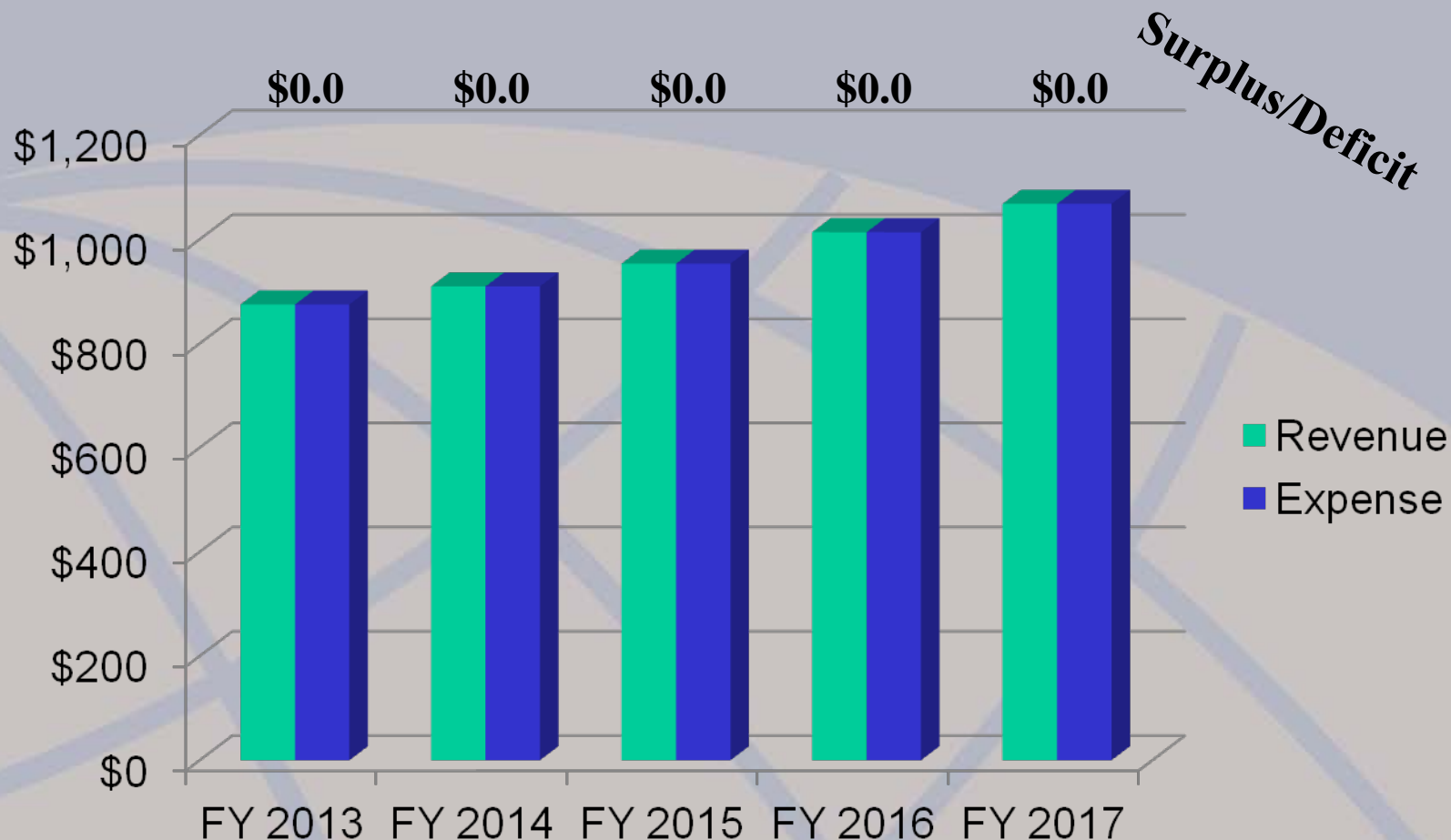


Portable Classrooms

Portables



Five Year Plan – Advertised Budget (\$ million)



Budget by Fund Totals

Operating	\$866,045,994
Debt Service	\$70,996,885
Construction	\$105,639,000
Food Services	\$38,278,750
Warehouse	\$5,250,000
Facilities Use	\$1,487,573
Self-Insurance	\$5,364,315
Health Insurance	\$75,793,949
Regional Special Education	\$34,583,749
Governor's School @ Innovation Park	\$707,500
School Age Child Care Program	\$496,950
 Total All Funds	 \$1,204,644,665

Celebrating Success

Named One of the Nation's 100 Best Communities for Young People Two Years in a Row



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Financial Achievement

- Government Finance Officers Association (GFOA):
 - Distinguished Budget Presentation Award for past 13 Years
 - Certificate of Achievement for Excellence in Financial Reporting for past 8 Years
- Association of School Business Officials International (ASBO):
 - Meritorious Budget Award for past 16 Years
 - Certificate of Excellence in Financial Reporting for past 8 Years



Budget Approach

- Economic conditions dictate caution and concern for long-term solutions versus short-term fix
 - FY 2013 continues FY 2012 with little change
 - PWCS may take three to ten years to recover
- Minimize program reductions/student impact
- Maintain our *World-Class* workforce
- Schools and departments will be able to carry over one percent of their Approved Budget to FY 2013



In Summary

- “Lean and efficient” is closer to “inadequate service”
 - Not meeting the needs of employees for raises in 5 Year Plan
 - Not meeting the need to reduce class sizes
 - Not meeting the need to provide additional permanent space for the projected student enrollment in the next five years
 - Impact on student performance will always be in hindsight
- Parents, Students, Taxpayers, Employees, Public
 - This budget does not restore previous reductions.
 - The School Board must develop a budget within the funding amounts provided by the County and State
 - The School Division remains committed to ***Providing A World-Class Education*** and doing what is best for the 83,837 children we expect to educate and serve.



And Still World-Class

- Recognized nationally in a report by the Center for American Progress, which provides an analysis of school divisions throughout the country, portraying the "return on investment," measured by the amount of expenditure per child by school division as a function of education attained. PWCS "Achievement Index" is the highest in Northern Virginia and among the best in the Commonwealth – sixth overall out of the 132 school divisions.
- Received Divisionwide accreditation as a quality school system by the Southern Association of Colleges and Schools and Council on Accreditation and School Improvement.
- All Prince William County High Schools continue to be ranked among the top 7 percent in the United States, per "Newsweek" magazine and "The Washington Post" Challenge Index.