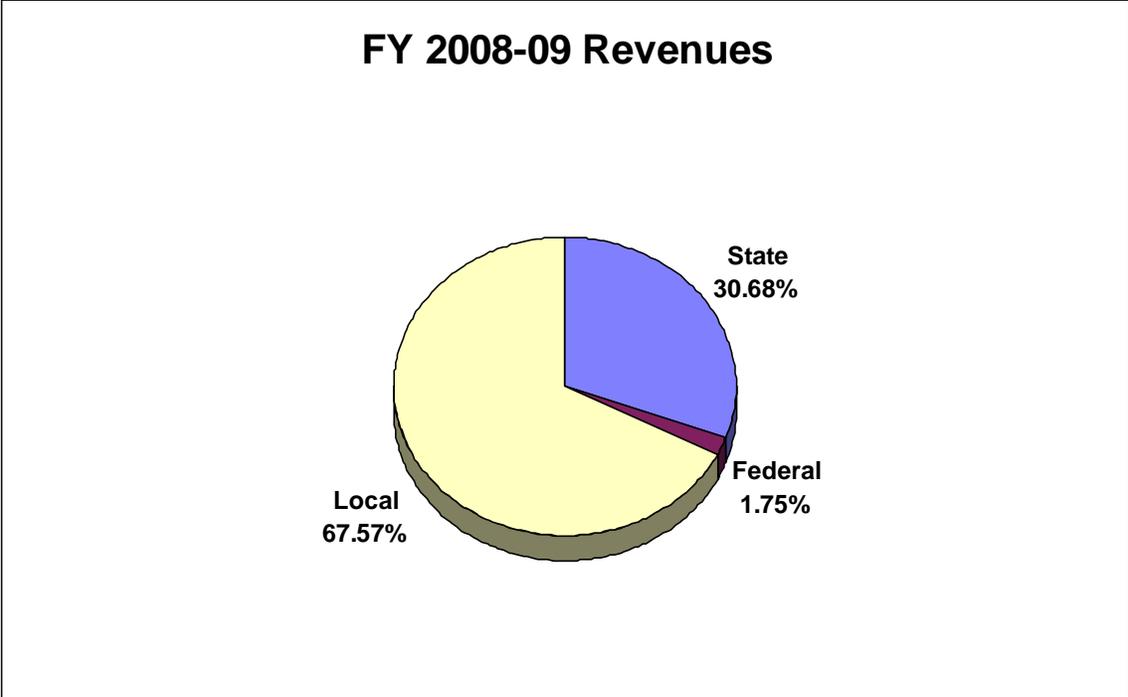


**Frequently Asked Questions
Topic: Budget**

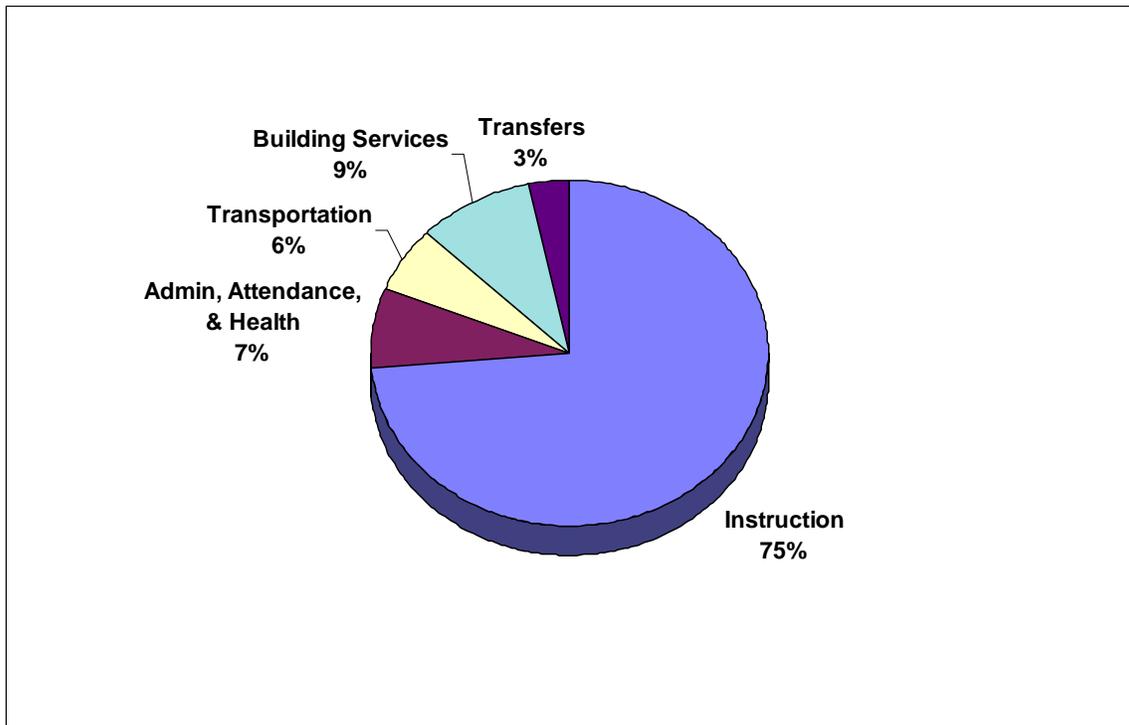
Q: Where are the sources of School Division revenue?

A: The School Division receives the majority of its funding from local sources like the real estate tax. For the 2007-08 school year, the School Division received approximately 68 percent of its revenue from local sources, 30 percent from the state, and 2 percent from the federal government. As part of its annual budget development process, the Albemarle County Board of Supervisors allocates a portion of its new local revenue, typically 60 percent, to the School Division.



Q: How does the School Division spend its budget?

A: Education is a “people business”. More than 82 percent of the School Division’s budget is spent on salary and benefits for its 2,200 employees. The School Division spends 75 percent of its revenue on instruction, well above the national target of 65 percent. Nine percent is allocated to building services, 6 percent to transportation, 7 percent to administration, attendance and health, and 3 percent to transfers.



Q: What does the administration, attendance and health category* represent?

A: *The administration, attendance and health category represents expenses for positions in schools and central office that provide support services to students. Some examples of expenditures in this category include:*

- *non-instructional central office positions, such as school technology and building services administrative and support staff*
- *non-instructional school-based positions support such as nurses at each school,*
- *the costs of psychological, speech and auditory services for special education students.*
- *Many expenses in this category are required under the Virginia Standards of Quality (see later questions on SOQ).*

Q: What does the transfers category represent?

A: *The transfers category represents inter-fund and intra-fund transfers. When the School Division transfers funds to Local Government to pay for the School Division's portion of shared programs, it is an inter-fund transfer. Some examples include transfers to the Department of Social Services for Bright Stars pre-school program, the Family Support Workers program, and costs related to the Comprehensive Services Act (CSA). Funds transferred from one School Division account to another internal account are intra-fund transfers. Examples include purchase of replacements for school buses and computers.*

Q: What is the Comprehensive Services Act (CSA) pay for?

A: *Funds from the CSA account cover the costs of services needed by special education students but which are not available through School Division programs. Examples of services provided by the CSA include residential placement of students with serious emotional or behavioral problems, and enrollment of students in the Virginia School of Autism.*

Q: How does the local real estate tax rate affect School Division funding?

A: *Nearly sixty-eight percent of School Division funding comes from local sources, primarily the real estate tax. When the real estate tax rate is reduced, the level of funding for the School Division reduces. Albemarle County collects real estate taxes two times each fiscal year, in December and June.*

Q: How does the Virginia Lottery benefit Albemarle County Public Schools?

A: *In 1999, the Virginia General Assembly passed a budget amendment requiring all Virginia Lottery profits be used for K-12 public education. School divisions receive lottery funds to support the state's share of the per pupil amount. Up to 50 percent of lottery funds can be used for recurring costs. At least 50 percent must be spent on nonrecurring expenditures. The Virginia Lottery funds may be used by the School Division to help pay for school construction projects, infrastructure, new building site purchases, and technology. Funds can also be used to modernize classroom equipment and make debt service payments on school projects completed during the last 10 years.*

Albemarle County receives approximately \$1 million, or less than 1 percent of its revenue, from the Virginia Lottery each year.

Q: Has the School Division's student enrollment changed over the past 10 years?

A: *The current student enrollment is 12,491, up over a thousand students since 1996-97. However, the most significant way that student enrollment has changed in the past 10 years is in the number of students from other countries who enroll in our English as a Second or Other Language (ESOL) program.*

- *ESOL students are enrolled in all 25 schools and CATEC.*
- *Since the 1996-97 school year, ESOL enrollment has grown to 1,102 students.*

Q: Why do teachers and other positions in the school system receive annual raises that are higher than the standard cost-of-living adjustment?

A: *Albemarle County has a very high cost of living which challenges Human Resources staff to recruit and retain highly-qualified staff for both schools and local government. Some positions are difficult to fill even within the local market. Each year, Human Resources staff collects information about future salary increases from WorldatWork data. They also examine changes in our competitors' salary scales. Using this information, they compute how salaries need to change to maintain market competitiveness.*

Q: How does student enrollment impact the budget?

A: *Student enrollment impacts the budget in two ways: Average Daily Membership and employee staffing. We receive some state funding based on the Average Daily Membership that students are in school. Student enrollment also determines the number of employees to be hired. The School Division uses a school staffing formula that increases or decreases positions for teachers, school administrators, fine arts, Physical Education, counselors and other educator positions in schools based upon the actual enrollment numbers of students at the beginning of the year. The numbers of Special education teachers and ESOL teachers hired are based upon growth and service level needs as well as by the Standards of Quality for established by the Virginia General Assembly.*

Q: Why isn't budget growth proportionate to enrollment growth?

A: *The critical factor causing budget increases from year to year is the compensation for existing employees to help us stay competitive within the market and address changes in the cost of living. Growth in the overall student population has some impact on budget increases, but it is not the key factor. In fact, a formula based upon overall enrollment growth would not address other factors that result in budget increases such as:*

- *necessary staffing for certain populations such as special education or ESOL;*
- *increased costs associated with technology and other instructional resources; and*
- *inflationary costs associated with fuel increases.*

Q: What is an “unfunded mandate?”

A: *An unfunded mandate is something the state or federal government requires the School Division to do without providing all of the related funding. The total combined funding from the federal and state governments for schools continues to shrink although the number of unfunded mandates has increased. To create a comprehensive list of all mandates with costs would be a major undertaking, involving a large number of staff over a lengthy period of time. This list of mandates may generate more than \$60 million in funding required to support mandates.*

Q: What are some examples of federal unfunded mandates?

A: *An example of a federal mandate is the No Child Left Behind (NCLB) Act of 2001. In 2004, the Commonwealth of Virginia completed a study* of the cost of unfunded mandates required by the NCLB Act for Virginia schools. Albemarle County Public Schools participated in a Virginia study of this single, federal mandate. Despite a highly restrictive methodology causing NCLB costs to be underestimated, the unfunded mandates in 2004 resulted in our Division paying a per pupil cost of \$138, or just less than \$2 million. The cost of unfunded mandates for Albemarle County in 2007-08 will well exceed \$2 million. In the Albemarle County Standards of Learning (SOL) testing program alone, approximately 30,000 exams will be given to students this spring. In the 2000-01 school year, approximately 22,000 SOL exams were given. There has been a 36 percent increase in the number of SOL tests given since the 2000-01 school year as a result of NCLB.*

Another example is the federally funded Individuals with Disabilities Education Act (IDEA). The original IDEA for special education was to provide 40 percent of program funding to serve students; in actuality, we receive less than 15 percent.

Q: What are some examples of state unfunded mandates?

A: *The Virginia Standards of Quality (SOQ) provides an example of a state mandate that is only partially funded. The prescribed Standards of Quality for Public Schools in Virginia are part of the Code of Virginia and can be revised only by the General Assembly. The SOQ were last revised in 2005.*

The SOQ specifies required staffing for K-12 public schools but the state only partially funds its share of the costs for these staff. Examples of SOQ-required staffing include:

- *17 full-time equivalent (FTE) instructional positions for each 1,000 student identified as having limited English proficiency (ESOL);*
- *1 full-time reading specialist in each elementary school;*
- *5 FTEs per 1,000 students in grades K-5 to serve as resource teachers in art, music and physical education; and*
- *Two FTE per 1,000 students in grades K-12 with one FTE to provide technology support and one to serve as an instructional technology resource teacher.*

Q: Why are the Standards of Quality (SOQ) important?

A: *State payments for public education are largely driven by the Virginia Standards of Quality (SOQ). The SOQ framework for state and local support of the public schools is specified in the Constitution of Virginia. The SOQ provide minimum requirements that all school divisions must meet. The SOQ therefore represents the state's foundation program for all school divisions. Standards are set by the Virginia Board of Education, subject to revision only by the Virginia General Assembly.*

Under the Virginia Constitution, the General Assembly is given the responsibility to determine how funds are provided to school divisions for the cost of maintaining an education program that meets the SOQ. The General Assembly establishes the SOQ cost in the Appropriation Act. The General Assembly also is required to determine the local responsibility for funding SOQ costs. Since the 1993 fiscal year, the state has implemented a policy of paying 55 percent of the shared SOQ cost, as those costs have been established in Appropriation Acts. The composite index is calculated so that the state's aggregate share of SOQ costs after deduction of the state sales tax is about 55 percent.

Local governments may fund education operating costs at levels above the minimum requirements of the SOQ and the state may also do so as a matter of policy choice. Funding provided by the localities and by the state for operating cost purposes which exceed the SOQ has been called "non-SOQ" operating costs.

Q: How do the minimum standards described in the Standards of Quality (SOQ) and associated state payments affect Albemarle County's taxpayers?

A: *The state standard for English as a Second or Other Language (ESOL) education provides partial funding for no more than 17 staff per 1,000 students. The state provides SOQ funding of approximately \$300,000 in support of the ESOL program. Typically, Virginia should provide approximately 40 percent of the total funding for programs that are mandated.*

ESOL services by Albemarle County does not significantly exceed the mandated state requirements. However, in reality, state funding does not approach the actual cost of serving our ESOL students. The difference between the state funding of under \$300,000 and the total cost of services of approximately \$1.6 million is borne completely by the local taxpayer through real estate taxes.

Q: What is the “composite index” and how does it impact revenue?

A: *The Composite Index is calculated by the Commonwealth of Virginia to determine our local ability to pay for school services. It is calculated every two years. It determines how much money the state will contribute to the School Division to help fund Virginia Standards of Quality (SOQ) requirements. For Albemarle County, application of the Composite Index would result in 62.37 percent of SOQ-related costs being paid for by the School Division and approximately 37 percent being paid for by the Commonwealth. However, the Commonwealth does not fully fund its 37 percent portion so Albemarle taxpayers pick up the difference. It also is important to understand that the SOQ represents minimal possible standards for public schools. Albemarle County, in most cases, has chosen to exceed standards beyond the state’s baseline expectations as defined in the SOQ.*

Q: What is the School Board’s responsibility in the budget development process?

A: *The School Board is required by Virginia Statute to request funding that meets the educational needs of the students served by our schools. The Albemarle County School Board Policy also tasks the School Board with adopting an annual budget to provide the financial basis for the buildings, furnishings, staff, materials, equipment, and transportation needed to educate the students of Albemarle County. The School Board also is required to ensure that all funds are accurately accounted for and disbursed according to the adopted budget.*

Q: What role does the School Division’s vision, mission and strategic goals play in the budget development process?

A: *Staff and the superintendent align the proposed funding request with the vision, mission and strategic goals of the School Division. Budget initiatives must be proven to support the strategic goals of the School Division in order to move forward in the budget development process. The Superintendent, the Office of Fiscal Services, the Superintendent’s Budget Advisory Committee, and the School Board each conduct a review of budget initiatives to ensure alignment with strategic goals.*

Q: How is the School Division budget created?

A: *The School Division follows a lengthy budget development cycle that begins in August and ends in April:*

- *The process includes gathering input from the variety of stakeholders in the school system and community.*
- *A Division Budget Advisory Committee reviews all budget requests, aligns budget requests to the Division strategic plan, and prioritizes requests as part of its recommendations to the Superintendent.*
- *The Superintendent then forms a Funding Request which is presented to the School Board.*
- *The School Board reviews the Superintendent's Funding Request during a series of work sessions and a public hearing, and makes its own adjustments to the spending plan.*
- *A School Board Funding Request is next presented to the Albemarle County Board of Supervisors, which makes the final decision regarding the amount of revenue to be allocated to the school system.*

Q: How does education impact our economic vitality?*

A: *The quality of public schools has become a critical key site location factor for new businesses and companies that relocate. Economic vitality within a community depends upon public schools because they:*

- *shape the basic skills, soft skills, and attitudes of the work force;*
- *play a role in both quality of life and the ability to relocate professional talent within a community; and*
- *provide sufficient numbers of prospective employees with required work force skill sets.*

Albemarle County Public Schools was one of ONLY seven divisions in Virginia to receive the top GOLD rating from Expansion Management magazine as a great place for businesses to relocate based on how well our students learn and how many graduate, our community's financial commitment to education, and our community's adult education and income levels.

**The Cost of Fulfilling the Requirements of the No Child Left Behind Act for School Divisions in Virginia, issued by Augenblick, Palaich and Associates, Inc. The study is available on the Virginia Department of Education website at www.doe.virginia.gov.*

*** Information collected from Expansion Management magazine at <http://www.expansionmanagement.com>*