



Budget Reductions Under Consideration for 2010-11 to meet Projected \$10- \$15 million Revenue Shortfall

Overview:

The Superintendent submitted a funding request to the School Board on January 20th that included \$5.3 million in reductions. Based on additional reductions at the state level, that result in substantially lower revenues to Albemarle County (see right), the Division must cut an additional up to \$10 million, nearly tripling the total amount of reductions to be made. These reductions are extreme, and will result in a significant loss of programs and personnel for our schools. The Budget Committee and School Board are reviewing three “tiers” of reductions under consideration. “Tier 1” includes the \$5.3 million in reductions the superintendent included in her funding request. “Tier 2” represents other identified reductions not initially included in her funding request, totaling \$3.6 million. “Tier 3” includes reductions that originally were planned for 2011-2012, totaling another \$4.8 million. At this time, it appears that Tier 1, Tier 2, and Tier 3 reductions must be considered for 2010-2011 to meet the projected revenues available to the School Division. **The combination of Tier 1, Tier 2 and Tier 3 reductions totals \$13.7 million, and may still not be enough to meet projected revenue shortfalls.** The School Board has asked staff to look into additional increases in class size in all grades to further reduce expenses.

What These Budget Reductions Mean in Terms of Number of Employees

About 83 percent of the School Division’s Operating Budget is personnel expenses (salaries and benefits). There is no way to meet the budget reductions necessary without reducing the number of employees who work for Albemarle County Public Schools. Position reductions will be taken across the board; this is the third year of position reductions at the central office and support services level. Classroom instructional personnel have been largely protected in recent budgets.

Total number of Full-Time Equivalent Positions Reduced in *Tier 1*: **~44**
 (30.2 identified plus ~14 bus drivers from combined routes)

Total number of FTE Positions Reduced in *Tier 2* and *Tier 3*: **~66**

Total number of FTE Positions Reduced to Meet Projected Revenue: ~110

Note: each time class size is increased by one student in grades K-12, it results in a savings to the division of ~\$1.6 million and a reduction of ~24 teachers

Note: each penny added to the local real estate tax rate equates to ~\$1 million in additional revenue to the school division.

Note: if Del. Rob Bell’s state budget amendment 132#4h passes the General Assembly, and Albemarle’s revenues are adjusted to account for the \$18 million+ revenue sharing payment to Charlottesville, the Division would receive \$2.6 million in state funding (cutting the SOQ funding reduction of \$5.2 million in half to a \$2.6 million reduction).

Anticipated revenue shortfalls

State funding reductions:

- **\$363,000** in basic aid funding;
- **\$5.2 million** in reduced SOQ funding through the Composite Index;
- **~\$1 million** reduced funding due to changes in sales tax distribution;
- **~ \$2.8 million** in K-12 education basic aid reductions (based on VEA analysis);
- **\$2.4 million** in ARRA funds slated for Albemarle that will be used to balance the state budget;
- **~\$750,000** in technology funds previously provided by the state.

Local revenue shortfall:

- **~\$4 million***

Total necessary reductions for 2010-11: ~\$14-15 million

**At current Real Estate Tax Rate of 74.2 cents and current real estate assessments.*