

Securing Our Future: Identifying and Responding to the Current and Future Challenges

Joint Boards' Meeting
November 11, 2010

Informing the 5-Year Projection

Current Challenges:

- Enrollment Growth
- Use of One-time Funding for Recurring Expenses
- Capital Improvement Program
- Compensation

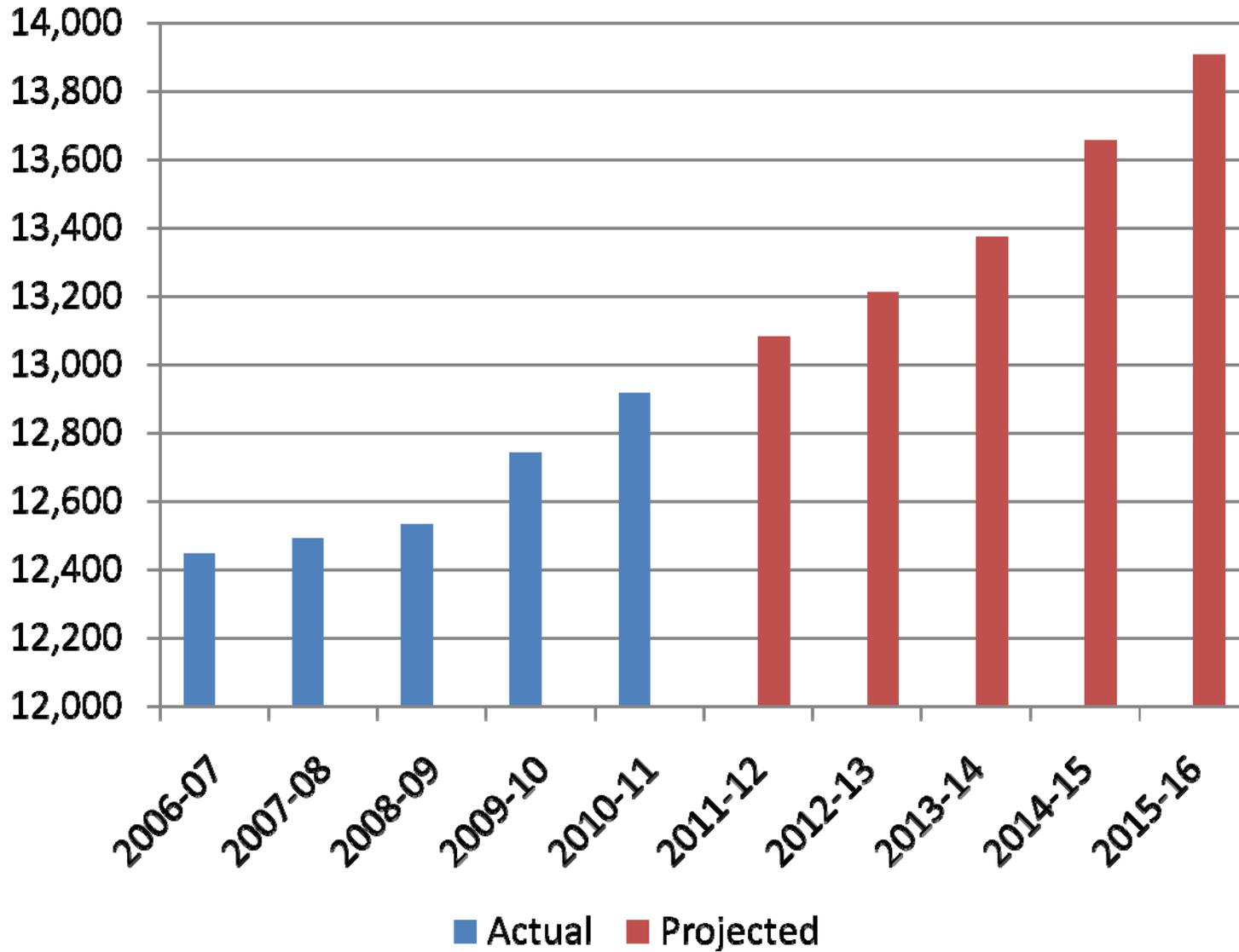
Watch List:

- VRS
- Composite Index

Future Challenges:

- Assessment beyond Virginia SOL - Workforce College Readiness Skills
- Human Capital Management and Professional Development
- Growth Assessment Model

Enrollment Projections



Current Use of One-time Funds	
<u>Revenues</u>	
Use of One-time Fund Balance	\$1,000,000
First Year of CI Hold Harmless	<u>\$2,600,000</u>
Total One-Time Funds	\$3,600,000
<u>Use of One-Time Funds – One-time Items</u>	
Increase Emergency Staffing by 4.00 FTE (One-time)	\$249,960
Learning Resources Reduction (Textbooks) – (One-time) Funding	\$317,339
Electronic Payroll for Transportation	\$60,000
Bus Parking Upgrades	\$200,000
Bus Replacement	\$1,010,000
Technology – (One-time) Funds	<u>\$1,000,000</u>
Total One-time	\$2,837,299

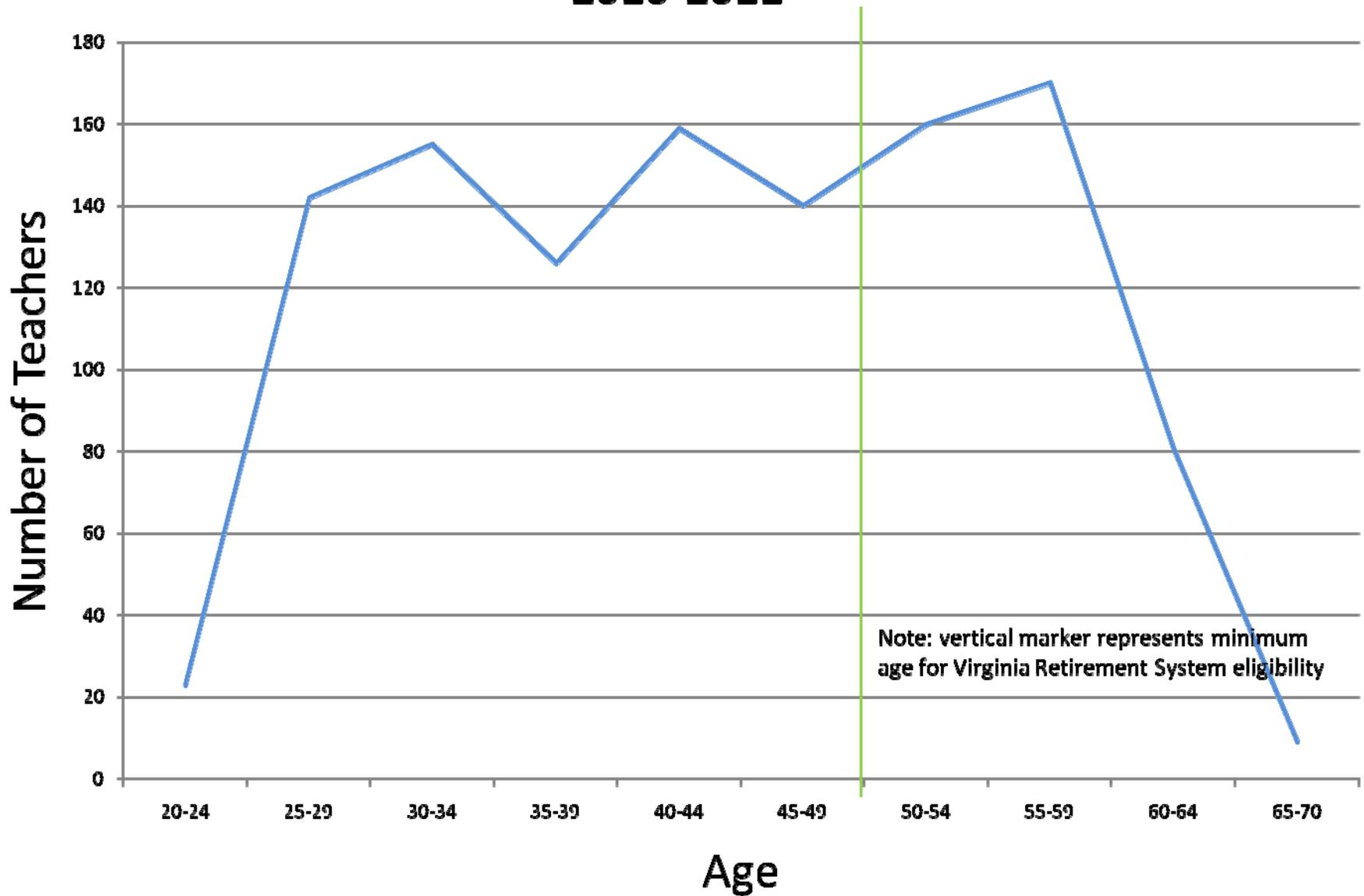
Recurring Items Funded with One-time	
Restore 2.00 FTE Principals	\$219,204
Family Support Workers	\$190,000
Additional Recurring Expenses	<u>\$353,497</u>
Total Recurring Expenses	\$762,701

2nd Year of CI Hold Harmless treated as recurring funds in FY 10/11 and FY 11/12

CIP Expenses

Fiscal Year	2005/06	2006/07	2007/08	2008/09	2009/10	20010/11	Increase
Total Approved*	\$9,383	\$13,375	\$14,128	\$32,867	\$7,822	\$5,112	-45.52%
Total SF	2,188,119	2,201,319	2,244,405	2,244,405	2,320,070	2,320,070	6.03%
Maintenance Projects	\$3,800	\$3,681	\$8,089	\$4,451	\$3,789	\$3,581	-5.76%
Technology Projects	\$1,220	\$1,220	\$1,725	\$1,425	\$1,425	\$1,387	13.69%
Additions/Renovations	\$4,363	\$8,474	\$4,314	\$26,991	\$2,608	\$144	-96.70%
Maint Per Sq Ft	\$1.74	\$1.67	\$3.60	\$1.98	\$1.63	\$1.54	-11.12%

Teacher Age Distribution 2010-2011



Compensation Considerations

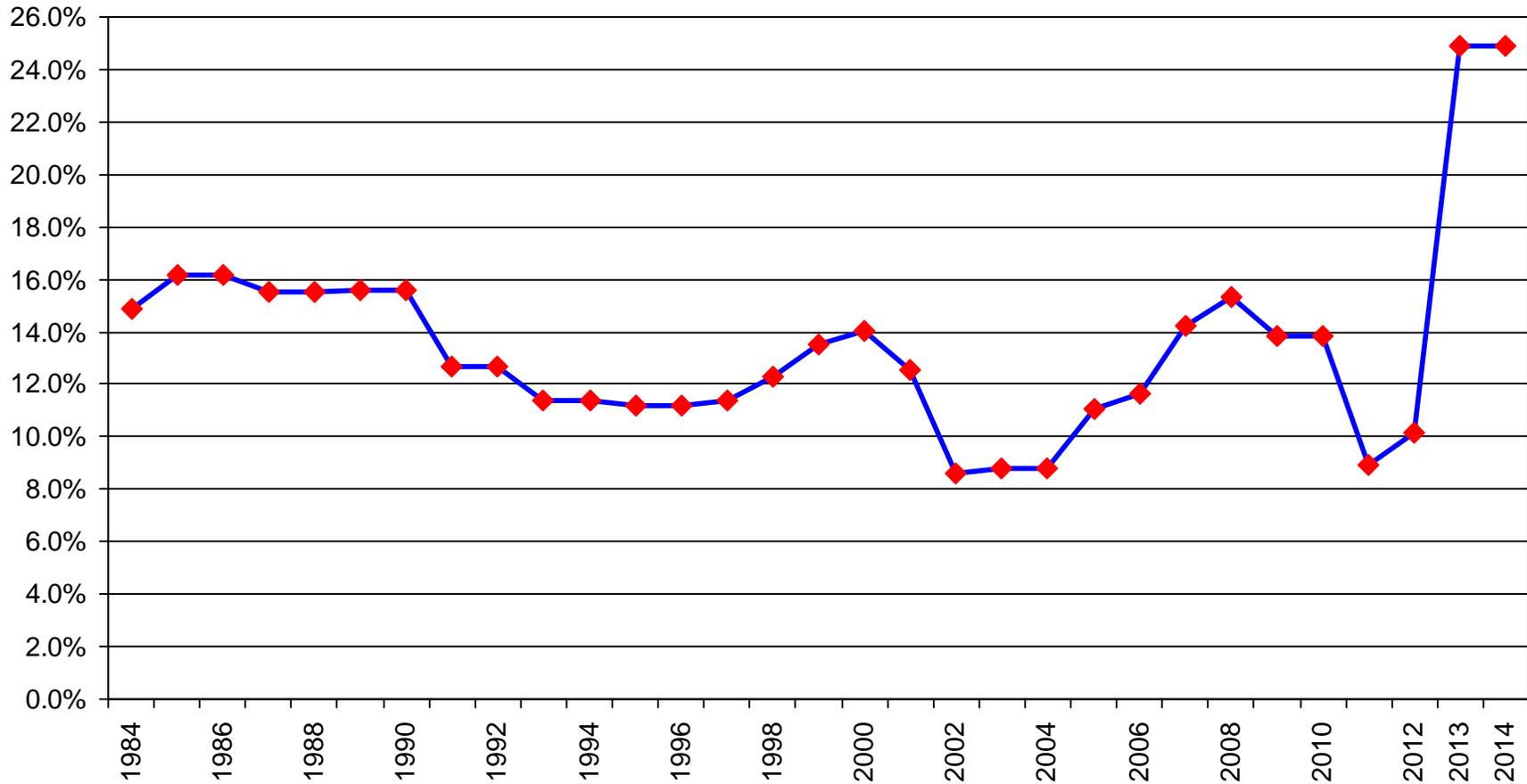
	Adopted Market Increase FY 10/11	Albemarle Salaries Relative to Market	WorldatWork Projected Increase	Total Projected Increase for FY11/12
Classified/Administrator Salaries	0	-0.35%*	1.95%	2.3%**
Teacher Salaries	0	target except at T20 and T25	1.95%	1.95%
Classified/Administrator Scale Adjustment (impacts new hires or employees below new minimum pay rate)	0	-0.76%	1.4%	1% adjustment considered relative to the merit increase to minimize compression issues

Anticipated Budgetary Changes**

Salary Savings	-\$648,359
Health Savings	-\$927,026
VRS Increases	\$848,861
Teacher Salary Increase (1.95%)	\$1,918,903
Classified Salary Increase (2.33%)	\$712,198
Recurring Expenses from FY 10/11	\$762,701
Bus Replacement (Recurring)	\$750,000
Anticipated Growth	<u>\$1,600,000</u>
Total Expense Changes	\$5,017,278
Anticipated Local Revenues Increase	<u>-\$2,100,000</u>
Additional Recurring Needs	\$2,917,278

**Preliminary Estimates

VRS: Teacher Contribution Rates FY '84-'14



Above rates include the 5% member contributions paid by employers.
Assumes 7.00% rate of return and 2.50% inflation rate.

Source: Robert Schultze, Director VRS as presented October 13, 2010 (VASS Conference)

Informing the 5-Year Projection

Current Challenges:

- Enrollment Growth
- Use of One-time Funding for Recurring Expenses
- Capital Improvement Program
- Compensation

Watch List:

- VRS
- Composite Index

Future Challenges:

- Assessment beyond Virginia SOL - Workforce College Readiness Skills
- Human Capital Management and Professional Development
- Growth Assessment Model

Recommendations

- Establish budget targets:
 - 2.3% salary increase for classified employees
 - 1% classified scale increase
 - 1.95% teacher step and scale increase
- Fund medical increase out of reserve for FY 11-12
- Plan for 7% increase in dental costs
- Fund one-time lump sum bonus out of cost savings from using medical reserve for FY10/11 increase
- Fund the five percent (5%) member contribution to VRS for all employees effective July 1, 2011.

Summary

Albemarle County Joint Board Meeting
October 6, 2010