5-Year Revenue/Expense Projections

November 23, 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
Systemic Assumptions*

- Class size and schedule changes will have minimal budgetary impacts
- Staggered school openings will continue
- Schools will not be consolidated
- Free/Reduced Lunch student numbers will remain stable
- Salaries – Next fiscal year is based upon recommendations as presented to the Joint Boards, not upon the 1% classified as directed by the BOS. The succeeding years are based upon local government percentages contained within their presentation.

*School Board Direction will be made on December 9th
Summary – Operational Revenue Assumptions

Overall – In FY12, $80,000 decrease in revenue over FY11 Budgeted, a further decline in FY12, and slowly increasing in out years

<table>
<thead>
<tr>
<th>Revenues</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Schools</td>
<td>0.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
<td>1.00%</td>
</tr>
<tr>
<td>State</td>
<td>-3.24%</td>
<td>-5.06%</td>
<td>2.15%</td>
<td>3.11%</td>
<td>2.84%</td>
</tr>
<tr>
<td>Federal</td>
<td>0.00%</td>
<td>1.50%</td>
<td>1.50%</td>
<td>1.50%</td>
<td>1.50%</td>
</tr>
<tr>
<td>Transfers</td>
<td>1.26%</td>
<td>1.41%</td>
<td>3.27%</td>
<td>4.22%</td>
<td>4.70%</td>
</tr>
<tr>
<td>Total</td>
<td>-0.06%</td>
<td>-0.38%</td>
<td>2.92%</td>
<td>3.86%</td>
<td>4.13%</td>
</tr>
</tbody>
</table>
Revenue Assumptions

- **Local Revenues** – Will remain flat in FY12 and increase by 1% thereafter

- **State Revenues** – Will decline in FY12 and FY13 due to Composite Index Hold Harmless declines, FY 14 to FY 16 based upon enrollment growth and local government percentages

- **Federal Revenues** – Will remain flat in FY12 and thereafter increase by 1.5%

- **Transfers** – Reflects local transfer as indicated by 5 year plan and continued annual use of $1.8M in fund balance
Expenditure Assumptions - Salaries

Salaries
- FY12 - 2.30% Teacher Scale and Classified
- FY13-FY14 – 2.70% Teacher Scale and Classified*
- FY15-FY16 – 3.70% Teacher Scale and Classified*

Growth (Budget to Budget)
FY12 – Additional 359 Students = 35.58 FTE
FY13 – Additional 128 Students = 7.89 FTE
FY14 – Additional 165 Students = 14.25 FTE
FY15 – Additional 282 Students = 24.01 FTE
FY16 – Additional 251 Students = 22.43 FTE

*Same percentages as used by local government
Expenditure Assumptions - Benefits

• VRS – Rate will increase to 10.76% for FY12 (included in biennial budget) and then assumed increase of 1% annually for the next 4 years

• Health Insurance – employer share
  • Base rate is reduced to $7,000* per employee
  • FY13 – 4%*
  • FY14-FY16 – 8%*

*Same percentages as used by local government
Expenditure Assumptions - Operations

• Prior year reductions continued throughout the model
• Inflationary increase of 1% in FY12 and 2% in each of the out years*
• Growth related operational costs included with one-time expenses removed in the following fiscal year

*Same percentages as used by local government
Revenues vs. Expenditures

Expenditures exceed revenues based upon assumptions

FY 12 – -$2,640,181
FY 13 – -$6,949,569
FY 14 – -$8,506,205
FY 15 – -$10,702,812
FY 16 – -$12,561,064
## Reductions Made by the School Board for FY 2010/2011

<table>
<thead>
<tr>
<th>Reduction Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Academic Leadership Stipend Reductions</strong></td>
<td>- 35%</td>
</tr>
<tr>
<td><strong>Reduce Elementary and Middle Summer School</strong></td>
<td>Fiscal Services Reductions</td>
</tr>
<tr>
<td><strong>Eliminate Middle School Assistant Principal</strong></td>
<td>Transportation Efficiencies - Reduce Deadhead Mileage</td>
</tr>
<tr>
<td><strong>Reduce Professional Development Reimbursement Pgm</strong></td>
<td>Transportation Efficiencies - Redesign Bus Routes</td>
</tr>
<tr>
<td><strong>Energy Policy Changes/Enforcement</strong></td>
<td>Transportation Efficiencies - Special Education</td>
</tr>
<tr>
<td><strong>Learning Resources Reduction (Textbooks)</strong></td>
<td>Transportation Pay Reform</td>
</tr>
<tr>
<td><strong>Restructure Leadership for Murray HS/Enter. Ctr./Charter School</strong></td>
<td>Class Size Increase (+1 @ 4-12)</td>
</tr>
<tr>
<td><strong>10% Operational Reduction (Schools and Departments)</strong></td>
<td>Athletics - Student Activity Fees and JV Coach Reductions</td>
</tr>
<tr>
<td><strong>Reduce Instructional Coaching Positions</strong></td>
<td>Restructuring of the Albemarle Resource Center</td>
</tr>
<tr>
<td><strong>Instructional Support Reductions</strong></td>
<td>Reduce Recurring Emergency Staffing by 1.00 FTE</td>
</tr>
<tr>
<td><strong>Student Services Reductions</strong></td>
<td>CATEC Reductions - 5% on Transfer</td>
</tr>
<tr>
<td><strong>8 Period Day for MS &amp; HS (-3.44 FTE for MS, -9.24 FTE for HS)</strong></td>
<td>Federal Programs Reductions</td>
</tr>
<tr>
<td><strong>Increase Building Rental Fees</strong></td>
<td>Vocational Education Reductions</td>
</tr>
<tr>
<td><strong>Educational Support Reductions</strong></td>
<td>Community Engagement Reductions</td>
</tr>
<tr>
<td><strong>Executive Services Reductions</strong></td>
<td></td>
</tr>
</tbody>
</table>
Superintendent’s Concerns Regarding Impact of Reductions Made for FY 10/11

• High School Class Sizes/Total Student Load for Teachers
• Academic Leadership Compensation Model
• Professional Development
• Competitiveness of Bus Driver/Transportation compensation