

Date: September 29, 2016

For ACTION _____

For INFORMATION X

Board Agenda: Yes X
No _____

FROM: Mike Herbstman, Director of Budget and Financial Systems

THROUGH: Alvin L. Crawley, Ed.D., Superintendent of Schools
Stacey B. Johnson, Chief Financial Officer

TO: The Honorable Karen A. Graf, Chair, and Members of the Alexandria City School Board

TOPIC: **2015 – 2016 BAC Report Staff Response**

BACKGROUND: The Alexandria City Public Schools (ACPS) Budget Advisory Committee (BAC) has reviewed the Superintendent’s proposed FY 2017 Combined Funds Budget and FY 2017 – FY 2026 Capital Improvement Plan (CIP). In accordance with the committee’s purpose, the BAC has prepared a set of budget recommendations for the School Board to consider.

DISCUSSION: ACPS staff has met with the BAC throughout the recommendation development process. Staff is thankful to the members of the Committee for their recommendations and looks forward to working with BAC through the implementation of several of them. The BAC’s report includes three sections of recommendations: (A) Revenue and Operating Expense, (B) Capital Improvement Program and (C) Communication and Outreach. The ACPS staff response to each section is below.

Section A – Revenue and Operating Expense:

The BAC report recommends the development of enrollment projections by student categories (specifically general education, special education, ELL and TAG). Additionally, BAC recommends that the accuracy of projections be reported. Staff agrees that projecting enrollment by student category would significantly help communicate anticipated budget impacts. ACPS staff already compares earlier projections to actual enrollment through the presentation of the Fall Membership Enrollment Report which is submitted to the School Board annually. Last year’s report can be found here: <http://eboard.acps.k12.va.us/attachments/4470398f-5a8c-48a4-b1ca-b89ab14fb3bf.pdf>

The BAC report also discusses a feasibility study on launching a public school foundation and dedicating more resources to finding and securing grants, and identifying alternatives for maximizing funds. These recommendations align with the work of the new Director of School, Business and Community Partnerships.

BAC comments on ways to be more transparent on spending, including the reporting out on key expense ratios in budget presentations. Staff agrees with the recommendations to include additional staffing metrics in budget presentations. Most of the recommended metrics are already available to the public through other sources, including The

Washington Area Boards of Education (WABE) Annual Report and the ACPS Strategic Plan Scorecard. However, to facilitate greater transparency and accessibility of the information, ACPS staff will consider these metrics, to the extent possible, in budget presentation documents. In addition, ACPS is currently participating in a staffing survey with other school divisions that may provide some of the requested benchmarking data.

Section B – Capital Improvement Program:

BAC recommends that the Board in cooperation with City stakeholders produce guidance and procedures for entering into Public-Private Partnerships and consider multi-use spaces to meet capacity needs. ACPS staff agrees that further collaboration with the City on the Capital Improvement Program is essential. Addressing the overcrowding issue will continue to be a priority in the coming school years. In recent searches for additional school space, it has become clear that options are limited. Staff is in full agreement with the BAC recommendations to work with various partners in order to foster creative solutions including utilization of multi-use space and potential public-private partnerships. Given the limited authority of the School Board to enter into these types of agreements (specifically those that require approval by the appropriating body), buy-in and active support from the City will be critical to move this effort forward.

BAC also recommends the Board conduct a feasibility study before moving forward with the centralized Pre-K plan. At this time, the centralized Pre-K program continues to be evaluated by ACPS and other stakeholders to ensure that the needs of all students are met. A grade-level configuration and feasibility study is anticipated this school year with a focus on grades K – 12.

Section C – Communication and Outreach

The ACPS Communications Office has been working closely with BAC leadership to improve community outreach regarding the budget and had no further comment on the recommendations provided.

In addition, BAC recommends earlier planning and encourages the Board to work with BAC and other groups to help disseminate the information and promote greater public participation. The FY 2018 budget calendar responds to some of this concern with a public hearing scheduled for 9/15/16, followed by the presentation of the School Board budget priorities. Feedback from the public hearing can be considered prior to the adoption of the priorities on 9/29/16. Note that these dates are subject to change. A community budget forum is scheduled for 10/6/16 to allow for participation earlier in the process.

RECOMMENDATION: The Superintendent recommends that the School Board approves the 2015 – 2016 BAC Report and considers the report recommendations throughout the budget process.

CONTACT PERSON: Mike Herbstman, 703-619-8098

ATTACHMENTS:

- 1) 2015 – 2016 BAC Report

MEMORANDUM

To: Alexandria City Public Schools (ACPS) School Board
From: Budget Advisory Committee (BAC) through Stacey Johnson, Chief Financial Officer
Re: 2015-2016 BAC Report
Date: September 29, 2016

The purpose of the Alexandria City Public Schools (ACPS) Budget Advisory Committee (BAC) is to advise and support the School Board regarding the budget. After reviewing the Superintendent's proposed FY 2017 Combined Funds Budget and FY 2017 – FY 2026 Capital Improvement Program (CIP), BAC members prepared a number of recommendations for the Board to consider.

A. Revenue and Operating Expense

- 1) The BAC commends the Superintendent and Board for their work over the past few budget cycles to improve enrollment projections and to standardize per pupil cost assumptions. The communication with the City and City Council based on these assumptions has improved the approval process and visibility into school expenses. The BAC recommends building on this work and formalizing a 5 year rolling enrollment projection by student category (specifically general education, special education, ELL and TAG) and costs per pupil for each category. We would also like to see a process to look back at prior years' projections to measure accuracy and constantly improve projection capabilities. As part of this process we recommend identifying benchmarks for each student category's cost per pupil to measure ACPS effectiveness.
- 2) As ACPS revenue growth will continue to be constrained and likely grow more slowly than enrollment, the BAC recommends the Superintendent and Board make a concerted effort to identify additional sources of funding. The BAC would like to see a feasibility study on launching a foundation as Fairfax County and Falls Church City public schools have. We also recommend dedicating more resources to finding and securing grants, and identifying alternatives for maximizing funds.
- 3) To ensure ACPS is continuing to be efficient and transparent on spending, the BAC recommends the Superintendent include additional key expense ratios in budget presentations, including
 - Costs per pupil broken down by the categories discussed in #1 above,
 - School staff per student,
 - Central Office staff per student,
 - Central Office span of control by department, and
 - Teacher attrition rates and costs for onboarding.¹

¹ Over the last five years, ACPS has incurred a teacher turnover of about 16%, higher than other area districts (e.g., FCPS was about 7.6% last year).

Greater understanding of the costs of recruitment and onboarding will help with staffing projections and can also serve as a baseline for measuring cost savings if retention strategies are put in place in the future. BAC also recommends that staff look for benchmarks for these ratios, such as the WABE annual reports, to guide ACPS staffing decisions. Where ACPS deviates from these benchmarks, reasons for this should be proactively discussed in budget documents and meetings to provide additional public transparency. We would also like to see a span of control study for administrators included in budget presentations and a discussion of criteria for measuring the progress of each Central Office performance function.

B. Capital Improvement Program

- 1) BAC recommends that the Board in cooperation with City stakeholders produce guidance and procedures for entering into Public-Private Partnerships, especially as it relates to space usage. Working with land and property owners to provide innovative solutions to our growing “over-crowding” problem is essential as we move forward. This type of partnership will allow ACPS to ensure students reach maximum academic success while solving the system’s enrollment issues and concerns.
- 2) Multi-use Space should be strongly considered when building new facilities as well as during the renovation of other facilities. All leased space and current school programs should be evaluated to decide if its current usage is financially sound as various spaces could be used for multiple purposes. Cost savings of leased spaces could assist with financing of new buildings and renovations. A full report should be conducted on current leased spaces and their usage. BAC offers some guiding questions to consider, but not limit broader exploration of CIP assets:
 - Can current facilities support these same services without major interruptions?
 - Would it be more cost effective to buy space rather than lease space?
 - How can ACPS maintain optimal work and learning environments while enhancing public access, use and return on investment of CIP space?
- 3) BAC recommends the Board conduct a feasibility study before moving forward with the centralized Pre-K plan. It is understood that the sole purpose would be resource leveraging rather than cost savings. It is not clear what additional cost would be associated with building a centralized pre-k center.
- 4) Due to the gap between the City’s CIP and the Board’s CIP in the long-term, BAC recommends Board Members work closely with City officials to meet the growing facility demands by continuously prioritizing needs. It is vital that the ACPS Board re-evaluate its plan to meet growing facility demands, by looking at alternative space solutions such as Public-Private Partnerships.

C. Communication and Outreach

- 1) The BAC appreciates ACPS staff efforts to foster deeper understanding of the budget process and promote greater public participation through regular briefings at BAC monthly meetings². Every other month, an ACPS staff member provided a brief overview of key budget topics, responding to BAC members' questions and discussing important elements of the budget, which was helpful in building understanding and ensuring public transparency. In order to share the information more broadly, BAC recommends that the Director of Communications meet with BAC members to identify an efficient method for sharing the most salient budget messages that emerge from these discussions, and delineate strategies for conveying the information to the public.
- 2) BAC members highlighted the need to gather public input early in the budget cycle as a way to improve the efficiency, effectiveness and transparency of the process. As BAC members reviewed major budget documents throughout the year, we recommended specific items and ways of presenting information that could improve public understanding and use of the budget. We would like the Board to direct someone from the Communication Department to work with BAC members to generate ideas for communication and outreach using key budget documents. The idea is to repurpose the official budget information into more "public facing" material, using simple appealing formatting. In some cases, ACPS staff might want to pull out excerpts from larger budget packets and include the information as part of meetings that are pertinent to a particular budget issue.
- 3) This year, the Superintendent's Public Forum on the budget was held in mid-December. BAC appreciates being invited to participate in an active way and recommends continuing the practice of including a BAC member at each of the table discussions led by ACPS staff on the main budget topics. However, BAC recommends earlier planning and encourages the Board to work with BAC and other groups to help disseminate the information and promote greater public participation. Some examples of potential planning timelines and influential groups that could help with communication efforts include:
 - July - Business Advisory Group,
 - August - MoU partner networks (tutoring consortia, after-school care providers)
 - September – Parent Teacher Association Council (PTAC) and PTAs
 - October - Youth Leadership groups
 - November – Public Forum

BAC recommends ACPS staff reach out to leaders of these valued dissemination networks, as well as others, when determining the best ways to engage the public and promoting opportunities to participate in the budget process.

² ACPS staff deserves special recognition for providing excellent budget analysis and making swift improvements based on BAC input on the preparation, format and presentation of the FY 2016 budget.

- 4) Finally, to promote increased public participation, BAC recommends integrating budget discussions into other high-priority public meetings that influence the budget. Many short-term issues have longer-term implications on the combined funds budget that need to be considered. For example, changes to the CIP often require operating funds support such as staffing a new building or furnishing an expansion project. Similarly, requests to pilot a new program should require a careful review of longer-term costs of scale up from the initial planning phase. Generally, this longer range view of budget implications is something the Board should keep in mind while developing future policy or guidance that impacts the budget.

Conclusion

In conclusion, BAC commends ACPS staff and School Board for improvements in the last year in the budget process and communication, specifically with City Staff and Council. BAC would especially like to thank ACPS's budget staff who have worked extremely hard to build better relationships with the City, present more relevant data to justify funding requests, and an effort to maintain a more transparent process through the addition of the newly adopted rules of engagement. BAC looks forward to continuing to support staff and the Board in developing a transparent and effective budget.