

CHESTERFIELD COUNTY PUBLIC SCHOOLS
CHESTERFIELD, VIRGINIA

CCPS MEMORANDUM #021-18

February 12, 2018

TO: School Board

FROM: Dr. James F. Lane
Superintendent

SUBJECT: Approval of the School Board's FY2019 Financial Plan and Capital Improvement Plan for FY2019-FY2023

PERTINENT INFORMATION

The Chesterfield County Charter Section 5.2 specifies that **"No later than March 1 of each year, the Superintendent of Chesterfield County Public Schools shall submit to the County Administrator his estimate of projected revenues and expenditures for the next fiscal year in a form requested by the County Administrator as well as a five-year capital improvement program."**

Both the FY2019 Financial Plan and the FY2019-FY2023 Capital Improvement Plan are before the School Board this evening. The following summaries of each are offered for discussion prior to approval.

FY2019 Financial Plan

On January 16, 2018, the Superintendent's Proposed FY2019 Financial Plan and FY2019-2020 Proposed Capital Improvement Plan (CIP) were presented for the School Board's consideration. Also, at the January 23 School Board budget work session, the FY2019-2023 CIP was presented for modeling purposes to show the beginning thoughts as it related to the next bond referendum. The School Board has held budget work sessions, a public hearing and town hall meetings in each magisterial district to review the proposals and receive input. The Superintendent and staff have met with community members, school groups, and school administrators and staff to receive comments and suggestions relating to the proposal. Both the Citizens' Budget Advisory and the Superintendent's Budget Advisory Committees have met numerous times to receive information and provide input. The Citizens' Budget Advisory Committee submitted its final report to the School Board on February 6, 2018, including recommendations for the FY2019 budget.

The General Assembly is not scheduled to formally adjourn until March 10th. Consequently, as of this writing, the most current information available is the former Governor's 2018-2020 Introduced Budget. The Superintendent recommends the School Board approve the budget at this time, based on this State revenue estimate acknowledging there will possibly be adjustments to this approved plan following the receipt of information concerning the outcome of the General Assembly session.

The budget recommendation before you this evening includes \$7,363,500 more than the FY19 proposed budget. Based on continued conversations with County budget staff, this existing pay-go funding (from school division prior year budgets) must be included in the operating budget to support the current recommended CIP. This is similar to the recognition of county provided pay-go funding for the use in the Ettrick Elementary rebuild.

Tonight's approval will result in a FY2019 Financial Plan for all three funds totaling \$712,189,750 and 8,094.5 FTEs. Totals for each of the three funds are as follows:

| | | |
|---------------------------|---------------|--------------|
| Operating Fund | \$654,720,650 | 7,218.5 FTEs |
| Grants Fund | \$ 30,373,200 | 346.0 FTEs |
| Federal Food Service Fund | \$ 27,095,900 | 530.0 FTEs |

This plan increases the Chesterfield County Public Schools total budget by \$33,744,450, or 4.7% for all funds.

All changes from the Adopted FY2018 budget as well as all changes from FY2019 Proposed budget are included in Attachment A.

The Grants Fund and Federal Food Service Fund budgets before the Board for approval are unchanged from the FY2019 proposed budget.

In addition, Chesterfield is the fiscal agent for the Appomattox Regional Governor's School. According to Virginia law and regulations of the State Board of Education, the governing body of the fiscal agent must appropriate funding in support of a regional program. Therefore, approval this evening will include \$3,921,500 on behalf of the Appomattox Regional Governor's School. This is subject to change, as well, once the General Assembly's final actions are known.

Unfunded Needs

The School Board will also forward three identified needs, in priority order, to the Board of Supervisors for consideration as requested in the initial funding letter. These three needs are: facilities funding for daily operational needs - \$3,477,000, additional PTR positions (28 FTEs) to support class size reductions in general education classrooms - \$1,632,000 and restoration of pool positions utilized to balance anticipated student growth (27.5 FTEs) in the FY2019 budget - \$1,595,000.

FY2019-FY2023 Capital Improvement Plan

The five-year capital improvement plan (CIP) (Attachment C) continues to provide funding for the division's technology and safety programs, as well as the 2013 bond referendum projects. The project budgets for the Enon, Beulah, and Matoaca Elementary schools and the new Midlothian area elementary school were updated for FY2018 to reflect costs associated with the change in scope of the projects and current market conditions and the budget for Enon Elementary was advanced from FY2018 to FY2017 to allow the project to begin immediately after the FY2018 budget was adopted by the Board of Supervisors. The budgets for the renovation of Reams Road, Crestwood, Harrowgate, and Ettrick Elementary schools have been updated for FY2019 and FY2020 to reflect plans to rebuild each of these schools instead.

RECOMMENDED ACTION:

It is recommended that the School Board:

- a) Approve the School Board's FY2019 Financial Plan by appropriation category as reflected in Attachment B;
- b) Approve a total of \$3,921,500 on behalf of the Appomattox Regional Governor's School;
- c) Approve the Capital Improvement Plan at Attachment C totaling \$171,435,652 for FY2019; and
- d) Approve the Resolution at Attachment D indicating School Board approval of these actions and directing the Superintendent to submit the appropriate fiscal data to the County Administrator, as required by the Code of Virginia (Section 22.1-115) and the Chesterfield County Charter (Section 5.2, Chapter 5).
- e) The School Board also requests consideration for three additional identified needs, in priority order, to the Board of Supervisors as requested by the County Administrator in the initial funding letter. These three needs are: facilities funding for daily operational needs - \$3,477,000, additional PTR positions (28 FTEs) to support class size reductions in general education classrooms - \$1,632,000 and restoration of pool positions utilized to balance anticipated student growth (27.5 FTEs) in the FY2019 budget - \$1,595,000.

JFL/CPB/sn

Attachments

VIRGINIA: At a regularly scheduled meeting of the Chesterfield County School Board held Monday evening, February 12, 2018, at six-thirty o'clock in the Public Meeting Room at the Chesterfield County Courthouse Complex

PRESENT:

John M. Erbach, Chair
Robert W. Thompson, Vice-chair
Carrie E. Coyner
Dianne H. Smith
Javaid E. Siddiqi

RESOLUTION

WHEREAS, on January 16, 2018, the Superintendent presented to the School Board a proposed financial plan representing the needs of Chesterfield County Public Schools for the 2018-2019 school year; and **WHEREAS**, the School Board held budget work sessions to review the proposed financial plan, has received input from the Citizens Budget Advisory Committee and the Superintendent's Budget Advisory Committee, and has also held a public hearing for public input; and **WHEREAS**, the School Board believes that the Superintendent's proposed financial plan, together with the adjustments described earlier, fulfills the requirements set forth in the Chesterfield County Charter (Section 5.2, Chapter 5) and the Code of Virginia (Section 22.1-92.A); **NOW THEREFORE BE IT RESOLVED**, on motion of _____ seconded by _____, the School Board approves its FY2019 financial plan totaling \$712,189,750 in three funds, as well as \$3,921,500 on behalf of the Appomattox Regional Governor's School, approves the FY2019 Capital Improvement Plan at \$171,435,652, and directs the Superintendent to submit summary data reflecting these approvals to the County Administrator, as required by the Code of Virginia (Section 22.1-115) and the Chesterfield County Charter (Section 5.2, Chapter 5).

Robert McDaniel, Clerk

James F. Lane, Superintendent

**Approved Changes FY2018 Adopted to FY2019 Approved Budget
Operating Fund**

Attachment A

| | <u>Amount</u> | <u>FTEs</u> |
|--|-----------------------|----------------|
| FY2018 Adopted Revenue | \$ 621,852,200 | |
| Local Sources | 53,900 | |
| County Transfer - Estimated FY19 - FY23 | 8,290,600 | |
| Interest | 26,000 | |
| One-time Capital (for Ettrick) | 4,850,000 | |
| Additional Recurring for PTR/Pay-go | - | |
| Prior Year Savings | (1,754,000) | |
| Prior year reserves (specifically for CIP pay go and debt) | 8,635,900 | |
| State Sales Tax | 1,866,200 | |
| State | 10,474,850 | |
| Medicaid Reimbursement | 425,000 | |
| Federal | - | |
| Total Approved FY2019 Revenue | \$ 654,720,650 | |
| <i>Baseline/Initiatives Increases</i> | | |
| FY2018 Adopted Expenditures | 621,852,200 | 7,002.8 |
| Salary Adjustments (2% for all eligible employees) | 8,100,000 | |
| Healthcare - 8% employer increase annually | 3,687,500 | |
| VRS and other benefit changes (from rate changes only) | (1,506,600) | |
| Student Growth | 2,474,500 | 42.0 |
| Reduction in instructional pool positions | (1,595,000) | (27.5) |
| Debt Service | 2,452,000 | |
| Pay-as-you-go Capital Funding - Ettrick Rebuild | 4,850,000 | |
| pay as you go capital funding - remaining rebuilds | 7,363,500 | |
| pay as you go capital funding - increase for MM and chromebooks | 1,086,000 | |
| Additional SRP Payment | 500,000 | |
| Children's Services Act | 1,065,000 | |
| Regional schools tuition increase | 20,000 | |
| Contracted SPED nurses and other SPED services (VI,HI, SLP) | 718,900 | |
| Custodial insourcing | 7,700,000 | 165.0 |
| Coordinators of assessment and remediation(CARs) (10 month contract) | 329,000 | 5.5 |
| Differentiated staff for special education - PTR reduction MS/HS | 600,000 | 10.0 |
| Data Warehouse - 1 FTE to implement and provide on-going support | 119,045 | 1.0 |
| Increase in substitute teacher pay (Degreed teacher from \$78/day to \$85/day and Non-Degreed from \$49/day to \$85/day) | 450,000 | |
| Opening Midlothian area elementary school (2 FTEs midyear FY19) | 82,950 | 2.0 |
| Student focused wellness | 57,000 | 1.0 |
| Bus Fleet Replacement | 250,000 | |
| CODE RVA (22 additional students) | 198,000 | |
| Phoenix Program (Alternative Education - Academy 360) | 57,000 | 1.0 |
| Musical Instrument Replacement | 20,000 | |
| Online registration - secondary schools (10 additional guidance counselor days per school) | 65,350 | |
| Student growth measures expansion | 130,000 | |
| Gifted identification (equity) | 151,300 | |
| Re-alignment of salaries and other technical adjustments | (4,559,995) | 16.7 |
| Reduce participation level in Math, Science, Innovation Center(MSiC) | (1,045,000) | |
| Reduction in central office departmental budgets by 5% | (508,000) | |
| Eliminate Employee Assistance Program (EAP) | (100,000) | |
| Reduction in utilities contingency | (300,000) | |
| Elimination of 1 FTE at Central Office through attrition | (44,000) | (1.0) |
| Total Approved FY2019 Expenditures | 654,720,650 | 7,218.5 |

**CHESTERFIELD COUNTY PUBLIC SCHOOLS
SCHOOL BOARD'S APPROVED FY2019 FINANCIAL PLAN**

SCHOOL APPROPRIATIONS

| | <u>FUND 81</u> | <u>FUND 82</u> | <u>FUND 83</u> | <u>TOTALS</u> | <u>% of Total</u> | <u>% Sch Oper</u> | <u>ARGS Funds</u> | <u>TOTALS</u> |
|-------------------------------------|-----------------------|----------------------|----------------------|-----------------------|-------------------|-------------------|---------------------|-----------------------|
| Revenues: | | | | | | | | |
| Local Sources | 8,403,900 | 760,700 | 12,795,500 | 21,960,100 | 3.08% | 1.28% | 2,573,800 | 24,533,900 |
| State | 276,807,550 | 2,641,500 | 438,000 | 279,887,050 | 39.30% | 42.28% | 1,347,700 | 281,234,750 |
| Federal | 419,200 | 26,192,200 | 12,585,000 | 39,196,400 | 5.50% | 0.06% | - | 39,196,400 |
| | | | | | 0.00% | 0.00% | | |
| | | | | | 0.00% | 0.00% | | |
| Subtotal Revenues | 285,630,650 | 29,594,400 | 25,818,500 | 341,043,550 | 47.89% | 43.63% | 3,921,500 | 344,965,050 |
| Transfer from School CIP | 100,000 | | | 100,000 | 0.01% | 0.02% | | 100,000 |
| Transfer from School Operating | | 778,800 | | 778,800 | 0.11% | 0.00% | | 778,800 |
| Transfer from School Food Services | 838,100 | | | 838,100 | 0.12% | 0.13% | | 838,100 |
| Use of Reserves | 13,918,500 | | 1,277,400 | 15,195,900 | 2.13% | 2.13% | | 15,195,900 |
| Transfer from General Fund: | | | | | | | | - |
| State Sales Tax | 65,085,600 | | | 65,085,600 | 9.14% | 9.94% | | 65,085,600 |
| Local Taxes | 288,147,800 | | | 288,147,800 | 40.46% | 44.01% | | 288,147,800 |
| Subtotal Taxes | 353,233,400 | - | - | 353,233,400 | 49.60% | 53.95% | - | 353,233,400 |
| Additional County Transfer | - | | | - | | | | - |
| Prior Year Revenue | - | | | - | 0.00% | 0.00% | | - |
| Grounds Maintenance | - | | | - | 0.00% | 0.00% | | - |
| Subtotal Transfer from General Fund | 353,233,400 | - | - | 353,233,400 | 49.60% | 53.95% | - | 353,233,400 |
| Beginning Balance | 1,000,000 | - | - | 1,000,000 | 0.14% | 0.15% | | 1,000,000 |
| Total Revenues | \$ 654,720,650 | \$ 30,373,200 | \$ 27,095,900 | \$ 712,189,750 | 100.00% | 100.00% | \$ 3,921,500 | \$ 716,111,250 |
| Expenditures: | | | | | | | | |
| Instruction | 455,109,884 | 27,979,200 | | 483,089,084 | 67.83% | 69.51% | 3,083,951 | 486,173,035 |
| Administration/Attendance & Health | 21,468,626 | 326,900 | | 21,795,526 | 3.06% | 3.28% | 60,402 | 21,855,928 |
| Pupil Transportation | 35,850,235 | 40,000 | | 35,890,235 | 5.04% | 5.48% | | 35,890,235 |
| Operations & Maintenance | 56,149,121 | - | | 56,149,121 | 7.88% | 8.58% | 553,851 | 56,702,972 |
| Technology | 13,089,366 | 2,027,100 | 526,578 | 15,643,044 | 2.20% | 2.00% | 223,296 | 15,866,340 |
| Debt Service | 52,745,539 | | | 52,745,539 | 7.41% | 8.06% | | 52,745,539 |
| Food Services | | | 25,933,322 | 25,933,322 | 3.64% | 0.00% | | 25,933,322 |
| Grounds Maintenance | | | | - | 0.00% | 0.00% | | - |
| Ending Balance | | | | - | 0.00% | 0.00% | | - |
| Transfer to CIP | 20,307,879 | - | 636,000 | 20,943,879 | 2.94% | 3.10% | | 20,943,879 |
| Total Expenditures | \$ 654,720,650 | \$ 30,373,200 | \$ 27,095,900 | \$ 712,189,750 | 100.00% | 100.00% | \$ 3,921,500 | \$ 716,111,250 |
| Full Time Equivalents | 7,218.5 | 346.0 | 530.0 | 8,094.5 | | | | |

Chesterfield County Public Schools

2019-2023 Approved CIP Financial Summary

| | | | | | | Total 5-Year Plan |
|--|---------------------|--------------------|---------------------|---------------------|---------------------|--------------------------|
| Sources: | FY19 | FY20 | FY21 | FY22 | FY23 | FY19-FY23 |
| CIP Reserve Transfer ("pay as you go" funding) * | \$ 15,457,880 | \$ 8,094,380 | \$ 9,794,380 | \$ 14,078,380 | \$ 14,992,400 | \$62,417,420 |
| Pay as you go - County | 4,850,000 | | - | | | 4,850,000 |
| Debt Financing - G.O. Bonds | 92,557,400 | 2,321,100 | 12,258,500 | 60,974,500 | 60,060,480 | 228,171,980 |
| Debt Financing - Other | 49,105,372 | | | | | 49,105,372 |
| State Technology Grant | 1,800,000 | 1,800,000 | 1,800,000 | 1,800,000 | 1,800,000 | 9,000,000 |
| School Nutrition Services | 1,065,000 | | | | | 1,065,000 |
| Cash Proffers | 6,600,000 | | | | | 6,600,000 |
| Total | 171,435,652 | 12,215,480 | 23,852,880 | 76,852,880 | 76,852,880 | 361,209,772 |
| Non Referendum Uses: | | | | | | |
| Security Enhancements | 351,600 | 351,600 | 351,600 | 351,600 | 351,600 | 1,758,000 |
| Technology Plan/replacements | 2,140,000 | 2,140,000 | 2,140,000 | 2,140,000 | 2,140,000 | 10,700,000 |
| Blended Learning Technology Program - elementary | 1,999,850 | 1,999,850 | 1,999,850 | 1,999,850 | 1,999,850 | 9,999,250 |
| Blended Learning Technology Program - middle | 235,763 | 235,763 | 235,763 | 235,763 | 235,763 | 1,178,815 |
| Blended Learning Technology Program - high | 549,667 | 549,667 | 549,667 | 549,667 | 549,667 | 2,748,335 |
| Matoaca Middle School East Addition | 16,677,072 | | | | | 16,677,072 |
| School Nutrition Service | 1,065,000 | | | | | 1,065,000 |
| Subtotal | \$23,018,952 | \$5,276,880 | \$5,276,880 | \$5,276,880 | \$5,276,880 | \$44,126,472 |
| Referendum Uses: | | | | | | |
| Major Maintenance - critical needs | \$6,938,600 | \$6,938,600 | \$17,576,000 | \$17,576,000 | \$17,576,000 | \$66,605,200 |

| | | | | | | |
|---|--------------------|--------------------|--------------------|---------------------|---------------------|-------------------------|
| GO Debt | 2,321,100 | 2,321,100 | 11,258,500 | 6,974,500 | 9,406,901 | 32,282,101 |
| Pay as you go | 4,617,500 | 4,617,500 | 6,317,500 | 10,601,500 | 8,169,099 | 34,323,099 |
| | | | | | | |
| Major maintenance - replacement cycles | | | | \$15,000,000 | \$15,000,000 | \$30,000,000 |
| GO Debt | | | | \$15,000,000 | \$11,653,579 | 26,653,579 |
| Pay as you go | | | | 0 | \$3,346,421 | 3,346,421 |
| | | | | | | |
| Manchester Middle Rebuild | 8,138,400 | - | - | - | | 8,138,400 |
| GO Debt | 6,828,400 | | | | | 6,828,400 |
| Pay as you go | 1,310,000 | | | | | 1,310,000 |
| | | | | | | |
| <u>Referendum Uses (continued):</u> | <u>FY19</u> | <u>FY20</u> | <u>FY21</u> | <u>FY22</u> | <u>FY23</u> | <u>FY19-FY23</u> |
| Harrowgate Elementary Rebuild | 33,677,100 | | | | | 33,677,100 |
| GO Debt | 26,123,600 | | | | | 26,123,600 |
| Pay as you go | 6,053,500 | | | | | 6,053,500 |
| Cash Proffers | 1,500,000 | | | | | 1,500,000 |
| | | | | | | |
| Reams Elementary Rebuild | 33,491,100 | | | | | 33,491,100 |
| GO Debt | 32,091,100 | | | | | 32,091,100 |
| Cash Proffers | 1,400,000 | | | | | 1,400,000 |
| | | | | | | |
| Crestwood Elementary Rebuild | 33,628,300 | | | | | 33,628,300 |
| GO Debt | | | | | | |
| Debt - Other | 32,428,300 | | | | | 32,428,300 |
| Cash Proffers | 1,200,000 | | | | | 1,200,000 |
| | | | | | | |
| <u>Referendum Uses (continued):</u> | <u>FY19</u> | <u>FY20</u> | <u>FY21</u> | <u>FY22</u> | <u>FY23</u> | <u>FY19-FY23</u> |

| | | | | | | |
|--|----------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Ettrick Elementary Rebuild | 32,543,200 | | | | | 32,543,200 |
| GO Debt | 25,193,200 | | | | | 25,193,200 |
| County Pay-go | 4,850,000 | | | | | 4,850,000 |
| Cash Proffers | 2,500,000 | | | | | 2,500,000 |
| | | | | | | |
| Potential Future Schools (2020 Dollars) | | | 1,000,000 | 39,000,000 | 39,000,000 | 79,000,000 |
| | | | | | | |
| 2 Elementary (750 student capacity); 2 Middle (1100 student capacity), 1 High (1500 student capacity) | | | | | | |
| GO Debt | | | 1,000,000 | 38,000,000 | | 39,000,000 |
| GO Debt | | | | 1,000,000 | 38,000,000 | 39,000,000 |
| GO Debt | | | | | 1,000,000 | 1,000,000 |
| | | | | | | |
| Referendum Funding Summary | | | | | | |
| GO Debt | 92,557,400 | 2,321,100 | 12,258,500 | 60,974,500 | 60,060,480 | 228,171,980 |
| Debt - Other | 32,428,300 | 0 | 0 | 0 | 0 | 32,428,300 |
| Pay as you go | 11,981,000 | 4,617,500 | 6,317,500 | 10,601,500 | 11,515,520 | 45,033,020 |
| County Pay-go | 4,850,000 | 0 | 0 | 0 | 0 | 4,850,000 |
| Cash Proffers | 6,600,000 | 0 | 0 | 0 | 0 | 6,600,000 |
| | | | | | | |
| Subtotal | 148,416,700 | 6,938,600 | 18,576,000 | 71,576,000 | 71,576,000 | 317,083,300 |
| | | | | | | |
| Grand Total | \$171,435,652 | \$12,215,480 | \$23,852,880 | \$76,852,880 | \$76,852,880 | \$361,209,772 |
| | | | | | | |