FY21 Budget Update Topics

- Revenue Updates
- Supplemental Budget Appropriation
- Budget Reduction
- Budget Reconciliation Calendar
Last week, the Board of Supervisors met and voted on the FY21 Budget Appropriation Resolution.

- Appropriates to LCPS $3,746,164 less than requested by the School Board of Loudoun County, as reflected by School Board action on March 20, 2020.
- Places $60m in a reserve earmarked for LCPS and freezes $40m of the County’s FY21 Budget request.
- Any releases from the $100m reserve will be proportionate between the County and LCPS.

The County has identified $40m of new expenditures to be frozen until the possibility of funding from the reserve. Some examples of their frozen new items are salary increases and new positions.
The Governor’s budget amendments include two significant actions reducing revenues to LCPS by approximately $9.3m.

- $1.2m School Counselors staffing maintained at current ratios.
  - Would be partially offset if reduce 7.0 High School Counselors that was included in the FY21 budget to meet the originally proposed SOQ ratio.

- $8.1m Freezes or “unallots” new, discretionary spending.
  - Compensation Supplemental (teacher salary increases) - $5.2m
  - Cost of Competing Adjustment increase - $2.0m
  - At Risk funding - $0.9m
  - Allows time to assess the economy and reforecast state revenues. These amounts will remain unallotted until supported by revenues in an updated revenue forecast and acted upon by the General Assembly.

- The General Assembly reconvenes on April 22 for veto session.

- Unofficial reports state that budget work sessions may occur during the summer or fall pertaining to the “unallotted” funds.
Supplemental Budget Appropriation

Supplemental Budget Appropriation action by the School Board will be needed if:

- Revenue forecasts change for the County and/or State and funds are identified for release from the County reserve or the allotted by the State.

Supplemental Budget Appropriation action will:

- Identify the amount of additional revenue and its source,
- Increase the FY21 budget by the additional revenue amount,
- Seek the additional budget appropriation from the County Board of Supervisors.
A budget reduction of approximately $73.0m is required and may be larger depending on further enrollment analysis.

<table>
<thead>
<tr>
<th>FUNDING SOURCE</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>County Funding Gap</td>
<td>$3.7</td>
</tr>
<tr>
<td>County Reserve of Potential LCPS Funds</td>
<td>$60.0</td>
</tr>
<tr>
<td>State Funding Changes</td>
<td>$9.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$73.0</strong></td>
</tr>
</tbody>
</table>

All numbers presented in millions.
## Budget Reduction

<table>
<thead>
<tr>
<th>EXPENDITURE by Category</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>GROWTH - Staffing Standard</td>
<td>$23.6</td>
</tr>
<tr>
<td>GROWTH - New Schools</td>
<td>$3.8</td>
</tr>
<tr>
<td>GROWTH - Other</td>
<td>$4.5</td>
</tr>
<tr>
<td>ENHANCEMENT - Staffing Standard*</td>
<td>$17.2</td>
</tr>
<tr>
<td>ENHANCEMENT - Other*</td>
<td>$14.0</td>
</tr>
<tr>
<td>REALLOCATION*</td>
<td>$1.4</td>
</tr>
<tr>
<td>OTHER - Operations and Maintenance*</td>
<td>$1.9</td>
</tr>
<tr>
<td>SALARY - Enhancements* (step increase, market increase, scale adjustment, classification study)</td>
<td>$40.1</td>
</tr>
<tr>
<td>Benefits/Lapse and Turnover</td>
<td>($5.9)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$100.6</strong></td>
</tr>
</tbody>
</table>

*Non-Growth related

All numbers presented in millions
There is minimal capacity to include anything in the budget beyond the expenditures needed for enrollment growth.

<table>
<thead>
<tr>
<th>Amount to Reduce</th>
<th>Non-Growth Related Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>$73.0m</td>
<td>$74.6m</td>
</tr>
</tbody>
</table>

It is recommended that identifying which reductions might be funded from the County Reserve or “allotted” state funds occur if and when those funds become available.
The following dates are provided as a possible schedule for the budget reconciliation process.

- **April 28**
  - School Board Meeting
  - Info Item: Reconciliation Framework
  - Reconciliation Framework documents will be provided.

- **May 12**
  - School Board Budget Work Session & Public Hearing

- **May 26 (at the earliest)**
  - School Board Meeting
  - Action Item: Adopt revised FY21 Budget
Budget Reconciliation Calendar

Reconciliation Framework Documents

- List of recommended reductions.
- List of possible reductions and new expenditures not recommended for reduction.
- Listing of all new positions requested in FY21 budget.
- All documents will identify which budget category each item was assigned.
FY21 Budget Update
BUSINESS AND FINANCIAL SERVICES
APRIL 14, 2020  SCHOOL BOARD MEETING