FY21 Budget Reconciliation
FY21 Budget Uncertainty

Revenue

- **Local - County**
  - First insight to County revenue impact will be July once they have received their June tax collections
  - Possible release from reserve

- **State**
  - Waiting until summer to reproject state revenues
  - Sales Tax
  - Lottery Proceeds
  - Basic Aid (based on enrollment)
  - Possible release from unallotted reserve

- **Other**
  - Various COVID scenarios could impact other revenue streams

- **Federal**
  - Possible FEMA funding
FY21 Budget Uncertainty

Unanticipated Needs Influence Needed Expenditures

● How will we support students who need help catching up after closure, i.e. English Learners, Students with Disabilities, Students from Economically Disadvantaged Families, others?
  ○ Needs will not be identified until school resumes.
FY21 Budget Uncertainty

Multiple COVID-19 Scenarios

- Budget has flexibility to cover some expenses associated with closure by reallocating some expenditures for another purpose.
- If we remain closed, savings would cover many new expenses except for COVID-19 Time Limited Emergency Pay (CTLEP).
  - Make a decision before end of June regarding whether to continue CTLEP at the beginning of FY21.
  - If there is a release from local or state reserves, it could provide funding for continuation or reinstatement of CTLEP.
Managing FY21 Budget Uncertainty

A couple key characteristics of a financially resilient organization are planning and flexibility.

- All planning and projecting is based on the best, limited information available on this unprecedented event.

- Budget Flexibility
  - Controlled Spending Plan
  - Freezing Select FY21 Expenditures
  - FY21 Hiring Freeze
Managing FY21 Budget
Uncertainty with Flexibility

Controlled Spending Plan

- Account managers will receive spending authorization quarterly based on historical spending patterns or identified need.
- A quarterly budget allows time and flexibility to adjust priorities as needed.
- 2nd, 3rd, and 4th quarter budget amounts can be redirected to address unanticipated needs.
  - For example, training budgets may be loaded into the 2nd quarter (Oct-Dec) to determine COVID-19’s impact on late fall conferences.
  - Not reducing the FY21 travel budget also provides flexibility to redirect funding to unanticipated priorities.
- Budget controls in ORACLE will support the controlled spending plan.
Managing FY21 Budget Uncertainty with Flexibility

Freezing Select FY21 Expenditures

- A more precise component of the controlled spending plan.

- Rather than reducing the FY21 budget, freezing select expenditures provides more time and flexibility to address unanticipated needs.

- Frozen budget amounts can be redirected via budget transfers to address unanticipated needs.

  - For example, some consultants in the FY21 budget may be frozen until there is more clarity on priorities.

- It is too early to determine what needs may be and to prioritize budget changes.
Managing FY21 Budget Uncertainty with Flexibility

FY21 Hiring Freeze

- Continued freeze of FY20 positions into FY21 with approved exceptions.
- Delayed hiring of certain FY21 positions.
- Positions would remain frozen until the financial outlook for FY21 is clearer or once funds have been released from the local or state reserves.
The FY21 Budget Reconciliation Framework focused on maintaining base operations and growth related expenditures with limited exceptions and enhancements were cut with limited exceptions.

Reductions to the base budget can:

- Impact current operations as there are expenses that must be paid and the budget is an estimate of those expenses.
- Limit flexibility as operations and maintenance expenses comprise only 10% of the total operating budget.
- Create burden for FY22 budget development as items will need to be restored to the base before consideration of enhancements.
Process to Revise FY21 Budget

- Will have tote board displayed similar to budget adoption in February.
- Starting motion will be for the Superintendent’s recommended reduction list for the Operating Budget, adoption of the salary scales unchanged from FY20 (if not adopted in earlier meeting), and recommended change for the Central Vehicle Maintenance Fund budget.
- School Board motions to amend may then begin.
- Due to virtual environment and anticipated number of School Board member motions, the deadline to submit motions for costing review and preparation is Friday, May 22.
Employee Salary Scales

HRTD recommends that the Board adopt the salary scales no later than May 19.

- Set salary scales allow HRTD to move forward with the issuance of contracts and employment notifications.
- Set salary scales aide in the recruiting process and allows candidates to accept positions based on firm information.
Budget Calendar

- **May 19**  Recommended date for adoption of FY21 Salary Scales
- **May 22**  *Motions submitted for costing review and preparation*
- **May 26**  Adopt revised FY21 Budget

- Budget reconciliation historically results in the adoption of a revised budget by the end of April
- This is the latest date for adoption of FY21 Salary Scales
- Advantages of adoption on May 26 include:
  - Ability to proceed with hiring positions funded in the revised budget, such as special education teachers
  - Provides time needed to prepare quarterly budget load and build required budgetary controls
Budget Calendar

- **May 26**  Information Item to School Board regarding potential purchases using FY20 appropriated, unspent funds

- **June 9**  Action Item to School Board regarding potential purchases using FY20 appropriated, unspent funds

- **by June 9**  potential Technology Steering Committee recommendation submitted to the School Board regarding appropriated, unspent FY20 funds

- **by June 23**  Latest date for School Board to take action regarding any potential purchases using FY20 appropriated, unspent funds
FY20 Appropriated, Unspent Funds

- Current estimate of appropriated, unspent fund balance: $21.0m
  - Target approximately $10m for return, leaving $10m to spend
  - Income Replacement & COVID-19 Time Limited Emergency Pay Extension impact if extend through June 30 - $5.6m

<table>
<thead>
<tr>
<th>Department</th>
<th>Examples of Possible Items</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Digital Innovation</td>
<td>Technology</td>
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<td>Instruction</td>
<td>Textbooks</td>
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<tr>
<td>Support Services</td>
<td>SOC workstations</td>
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<td>Support Services</td>
<td>Camera replacement</td>
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<td>Support Services</td>
<td>Radio replacement</td>
<td>$350,000</td>
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<tr>
<td>Support Services</td>
<td>Project management, construction coordination &amp; construction of classroom technology modernization.</td>
<td>$1,650,000</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>$3,193,910</strong></td>
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</tbody>
</table>

- Information Item to School Board May 26
- Action Item to School Board June 9
Classroom Technology Modernization

Classroom technology modernization include modernization of collaboration monitors at the secondary schools and the elementary schools.

- Joint project between the Department of Digital Innovation (DDI) and the Department of Support Services (DSS) that involves changes to the facility and infrastructure.

- Ancillary Department of Support Services activities:
  - Removal and disposal of existing monitor/promethean/device
  - Remove mounting brackets, wiring, outlets, conduits
  - Install and test new outlets, boxes, conduit and wiring as required
  - Patch, repair floors and walls
  - Repair/reskin whiteboards and blackboards as required
  - Install new monitor mounts and monitors
Classroom Technology Modernization

Current Modernization Schedule

DSS utilizes $1.65m of FY20 appropriated, unspent year end funds for classroom construction to occur over the summer.

DDI utilizes $2.3m in FY21 budget for the collaboration monitor purchases.

<table>
<thead>
<tr>
<th>ELEMENTARY SCHOOLS</th>
<th>SECONDARY SCHOOLS</th>
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<tbody>
<tr>
<td>Aldie ES</td>
<td>Belmont Ridge MS</td>
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<tr>
<td>Kenneth Culbert ES</td>
<td>Farmwell Station MS</td>
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<tr>
<td>Legacy ES</td>
<td>Harper Park MS</td>
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<tr>
<td>Sycolin Creek ES</td>
<td>Riverbend MS</td>
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<td>Smarts Mill MS</td>
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Implication of Not Using Appropriated Unspent Funds for Support Services Expenses relating to Classroom Technology Modernization

$1.65m of FY20 appropriated, unspent funds is removed from the list and DSS has no other available funding. The obsolete boards, projectors, and mounts will not be removed until DSS has been allocated funding.

DDI reprioritizes $2.3m in FY21 budget for mobile collaboration monitors at the elementary schools only. The secondary schools listed on the previous slide do not receive monitors as scheduled.

<table>
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<tbody>
<tr>
<td>Aldie ES</td>
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<tr>
<td>Algonkian ES</td>
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<td>Banneker ES</td>
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<td>Cool Springs ES</td>
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FY21 Budget Reconciliation

MAY 12, 2020  SCHOOL BOARD MEETING