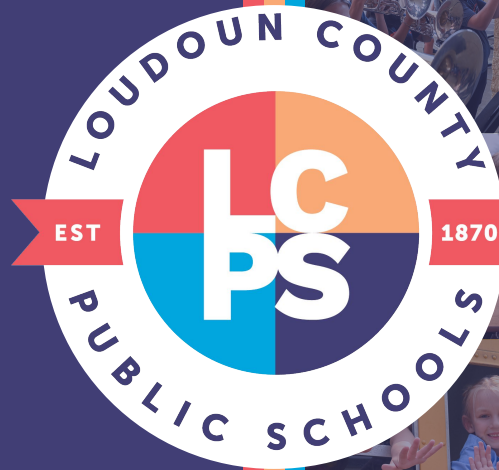


FY25 Superintendent's Estimate of Needs January 18, 2024

Dr. Aaron Spence
Superintendent

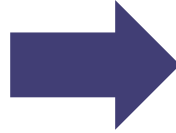


Budget Development



VIRGINIA CODE

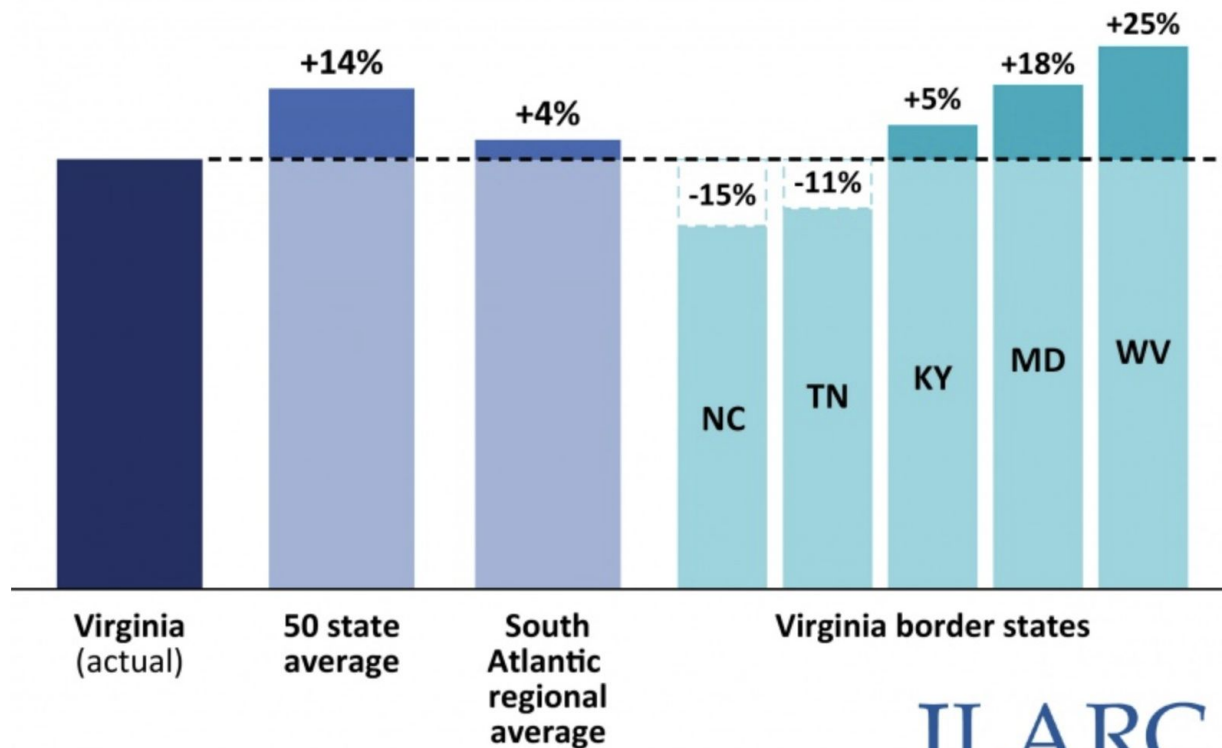
§22.1-92. Estimate of moneys needed for public schools – It shall be the duty of each division superintendent to prepare with the approval of the school board, and submit to the governing body or bodies appropriating funds for the school division, by the date specified in §15.2-2503 [on or before the first day of April of each year], the estimate of the amount of money deemed to be needed during the next fiscal year for the support of the public schools of the school division. The estimate shall set up the amount of money deemed to be needed for each major classification prescribed by the Board of Education and such other headings or items as may be necessary.



- ✓ **Budget analysis based on historical trends, pricing, and needs**
- ✓ **Budget requests received and reviewed**
- ✓ **Stakeholder priorities incorporated**
- ✓ **Balances LCPS needs with projected funding and County budget guidance**



Virginia school divisions receive less funding than national and regional averages (FY20)

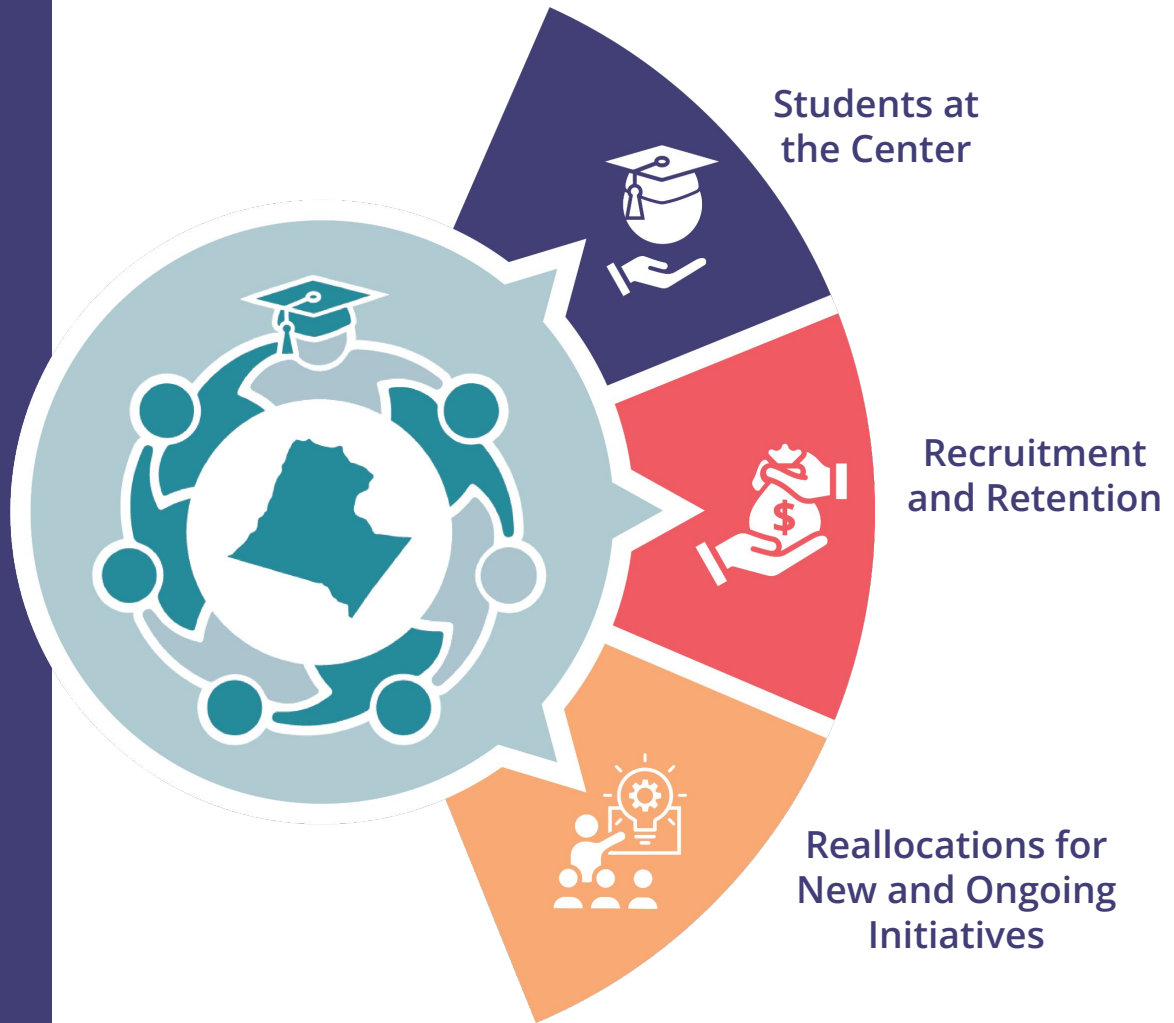


SOURCE: JLARC analysis of NCES data, adjusted for cost of labor.

JLARC
JOINT LEGISLATIVE AUDIT
AND REVIEW COMMISSION



Superintendent FY25 Budget Priorities Support OneLCPS



FY25 All Funds Budget Summary

Fund	FY24 Adopted Budget		FY25 SEON Budget		FY25 to FY24 Adopted Diff
	Budget	FTE	Budget	FTE	
Operating Fund	\$1,668,345,179	12,756.10	\$1,824,777,891	13,053.13	9.4%
Grant Fund	30,503,915	211.92	35,071,743	215.68	15.0%
School Nutrition Fund	51,663,825	437.0	48,784,246	419.0	-5.6%
Lease Purchase Fund	10,002,000	-	10,002,000	-	0.00%
Self Insurance Fund	264,592,601	8.0	279,152,880	9.0	5.5%
Capital Improvement Projects Fund	122,179,377	20.0	516,860,000	20.0	323.0%
Capital Asset Preservation Program Fund	43,216,000	-	47,790,000	-	10.6%
	\$2,190,502,898	13,432.92	\$2,762,438,760	13,716.81	28.9%



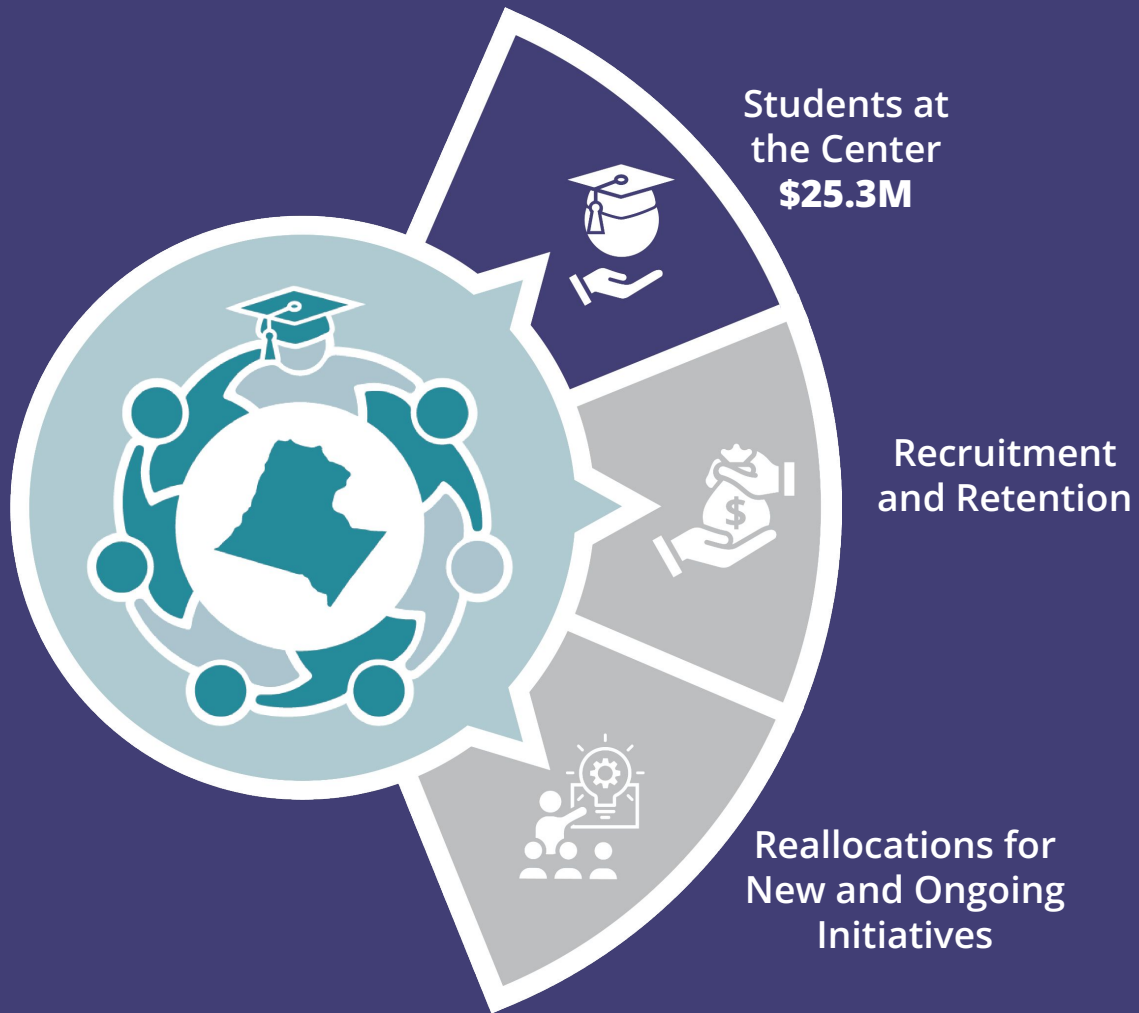
FY25 Superintendent's Estimate of Needs

School Operating Fund



	FY24 Adopted	FY25 SEON	Change
REVENUES			
State	\$486,378,901	\$511,811,614	\$25,432,713
Federal	2,962,436	2,962,436	-
Fees/Charges	10,876,466	10,876,466	-
County Transfer	1,156,127,376	1,287,127,376	131,000,000
Carryover	12,000,000	12,000,000	-
TOTAL REVENUES	\$1,668,345,179	\$1,824,777,892	\$156,432,713
EXPENDITURES			
Personnel	\$1,495,288,701	\$1,641,413,610	\$146,124,909
Operating	171,600,394	171,152,303	(48,091)
Capital Outlay	1,456,084	12,211,979	10,755,895
TOTAL EXPENDITURES	\$1,668,345,179	\$1,824,777,892	\$156,432,713
FTEs	12,756.00	13,053.13	297.13



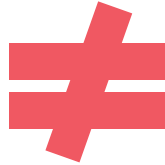


Budget Myth

Why you can't tie enrollment growth directly to budget growth.

ENROLLMENT

- Assume no growth 0%



BUDGET (a few examples)

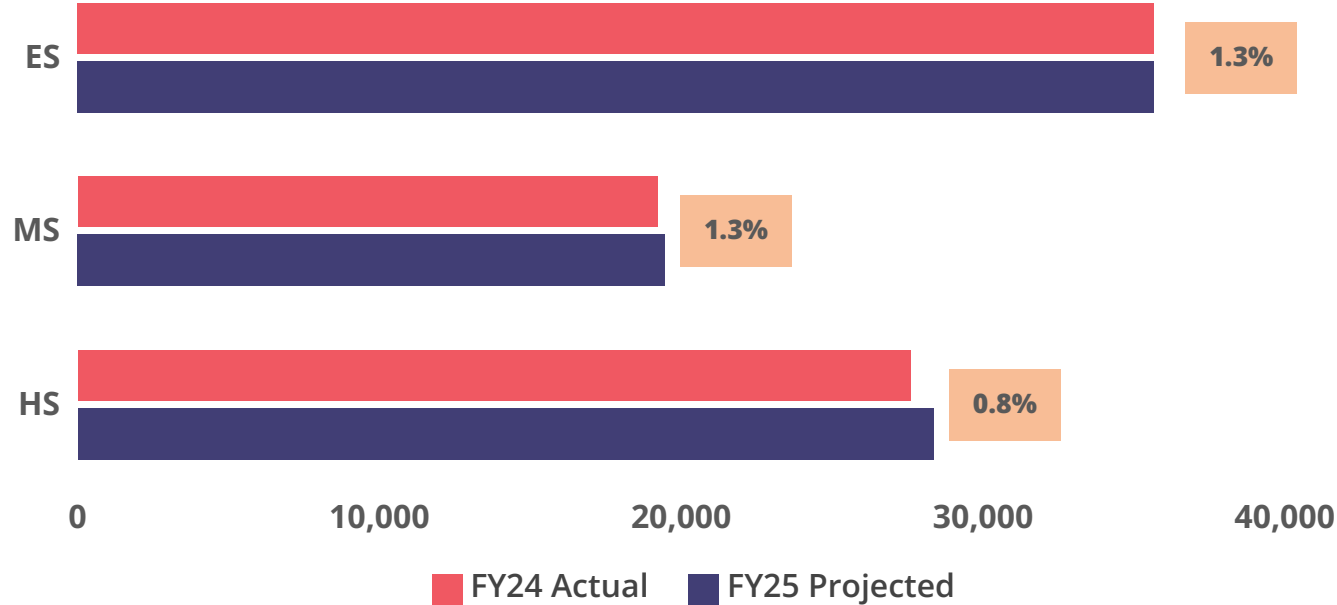
- Personnel Expense
 - Annual step increases ~ \$26M
 - VRS rate change
 - State sets annual rates
- Fixed Costs
 - Utility rates for existing buildings
 - 1% rate increase ~ \$334k
- Inflation on ongoing operational expenses



Projected Enrollment Changes for FY25

FY24 Actual to FY25 Projected

1.1% growth
projected
from this
year's actual
student count



2 New Schools Opening Fall 2024



Henrietta Lacks ES



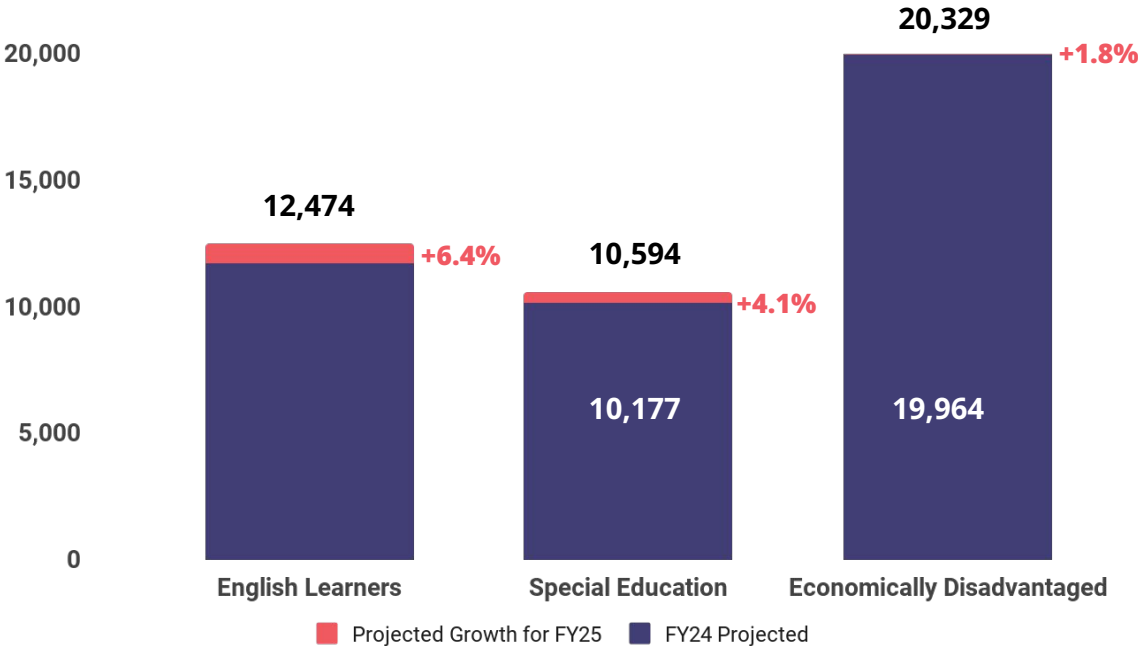
Watson Mountain MS

\$7.5M **Net increase of 60 FTE** for Teachers, Custodians, etc to open 2 new schools and realign students



Our student body continues to change.

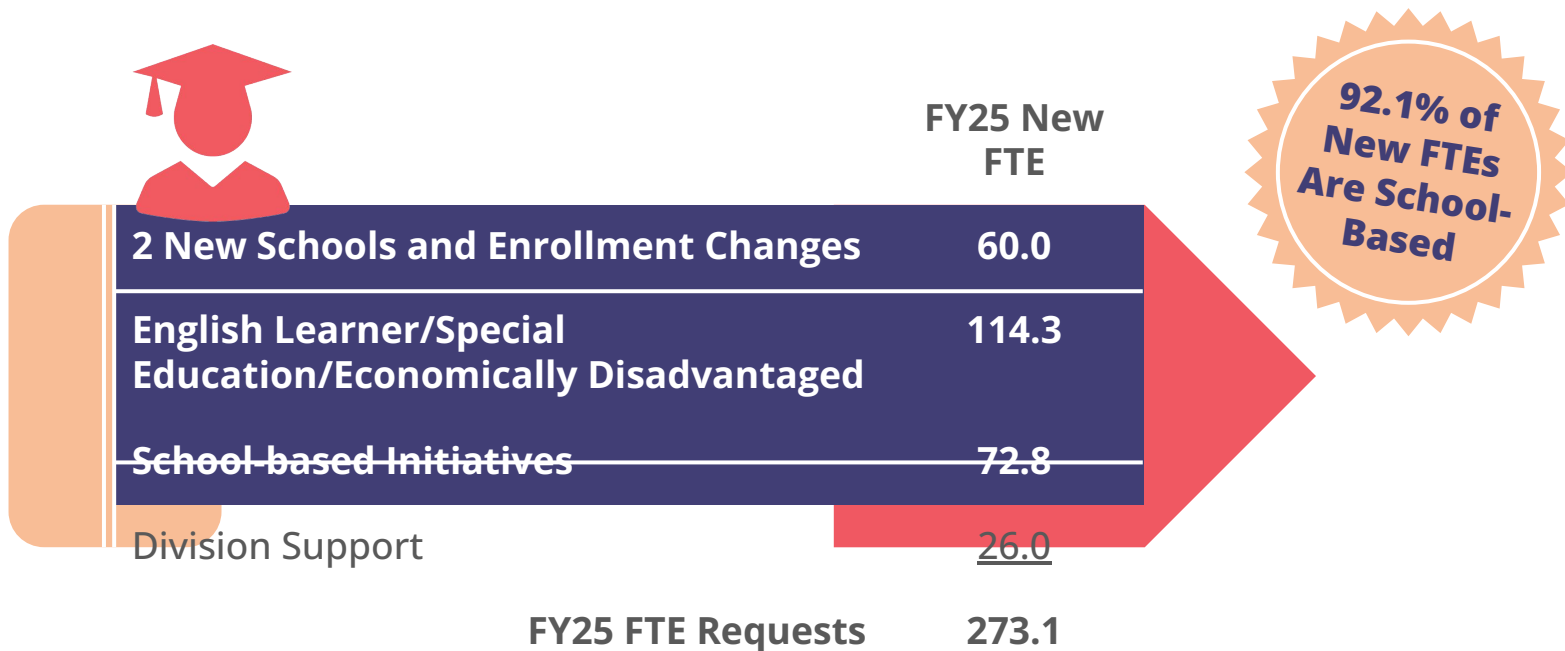
FY24 Budget to FY25 Projected



Cost	FTE	Focus
\$2.6M	23.0	English Learners
\$6.2M	77.3	Special Education
\$1.8M	14.0	Economically Disadvantaged



Staffing continues to be focused on students



FY24 FTE Distribution

Source: FY24 WABE Guide

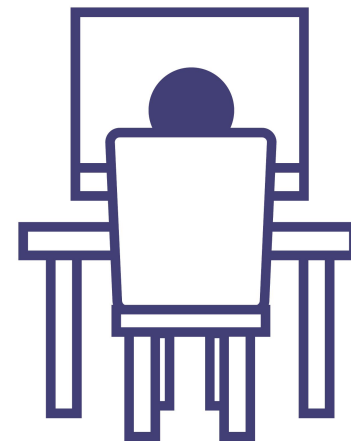
District	Non-School Based FTE	School Based FTE
Fairfax	7.6%	92.4%
Loudoun	8.3%	91.7%
Arlington	9.2%	90.8%
Prince William	9.7%	90.3%
Alexandria	10.7%	89.3%

FY25 LCPS

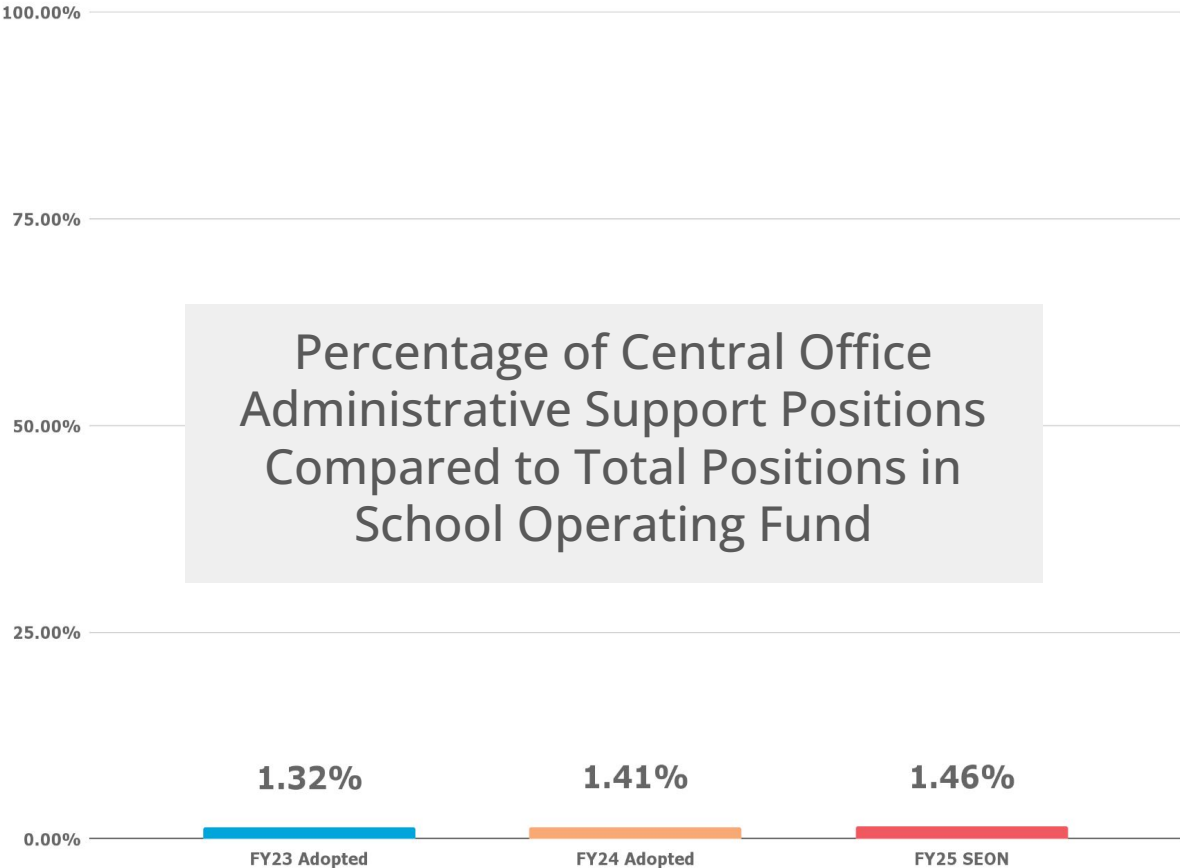


92.1%
School-Based
Employees

7.9%
Non-School
Based Employees



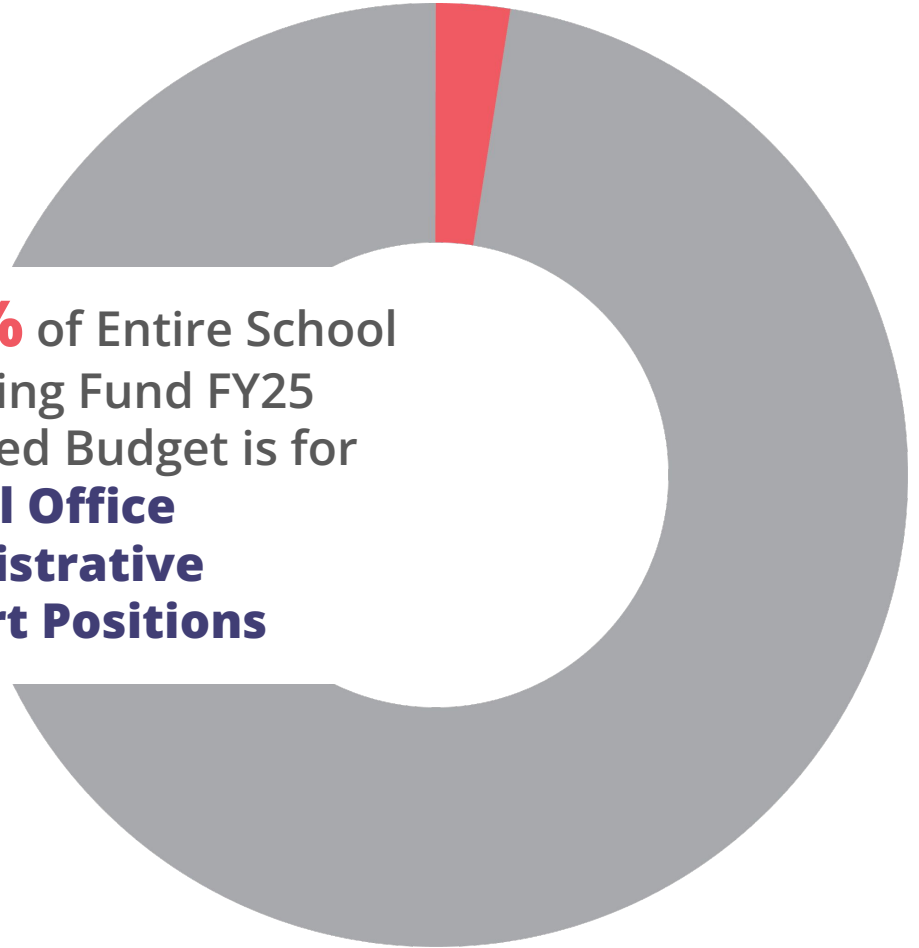
Central Office Administrative Support

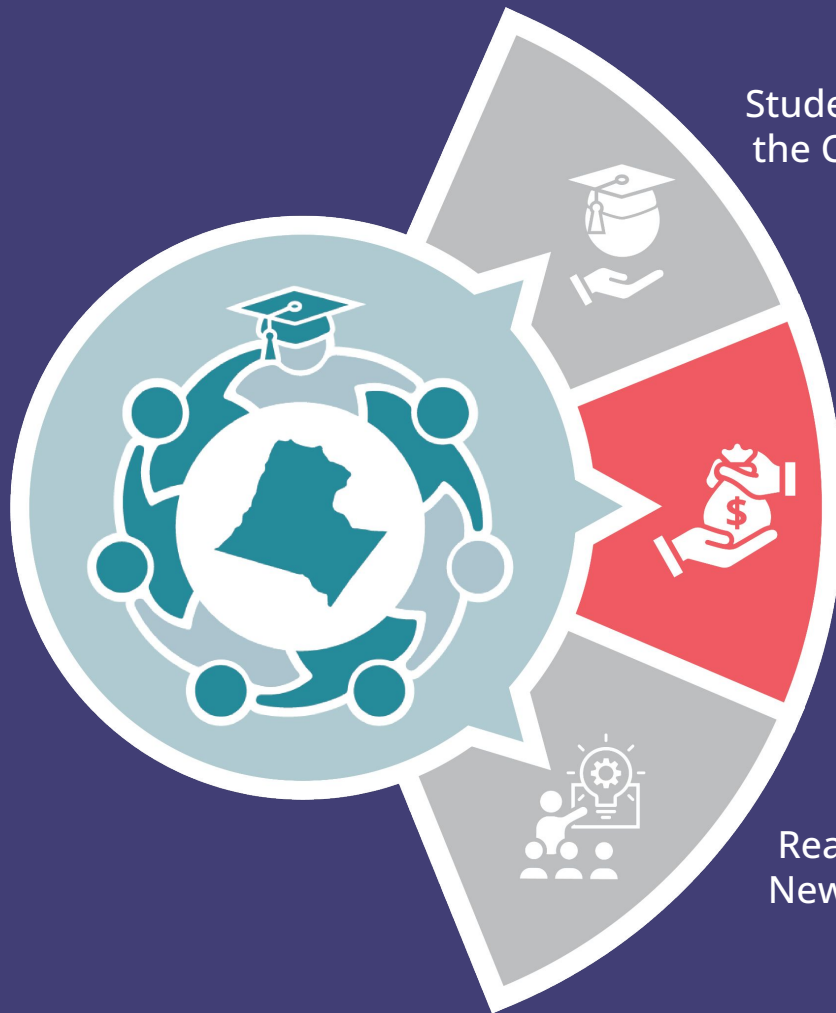


Central Office Administrative Support



2.48% of Entire School
Operating Fund FY25
Proposed Budget is for
**Central Office
Administrative
Support Positions**





Students at
the Center

Recruitment
and Retention
\$118.2M

Reallocations for
New and Ongoing
Initiatives

**74% of
Budget
Increase**



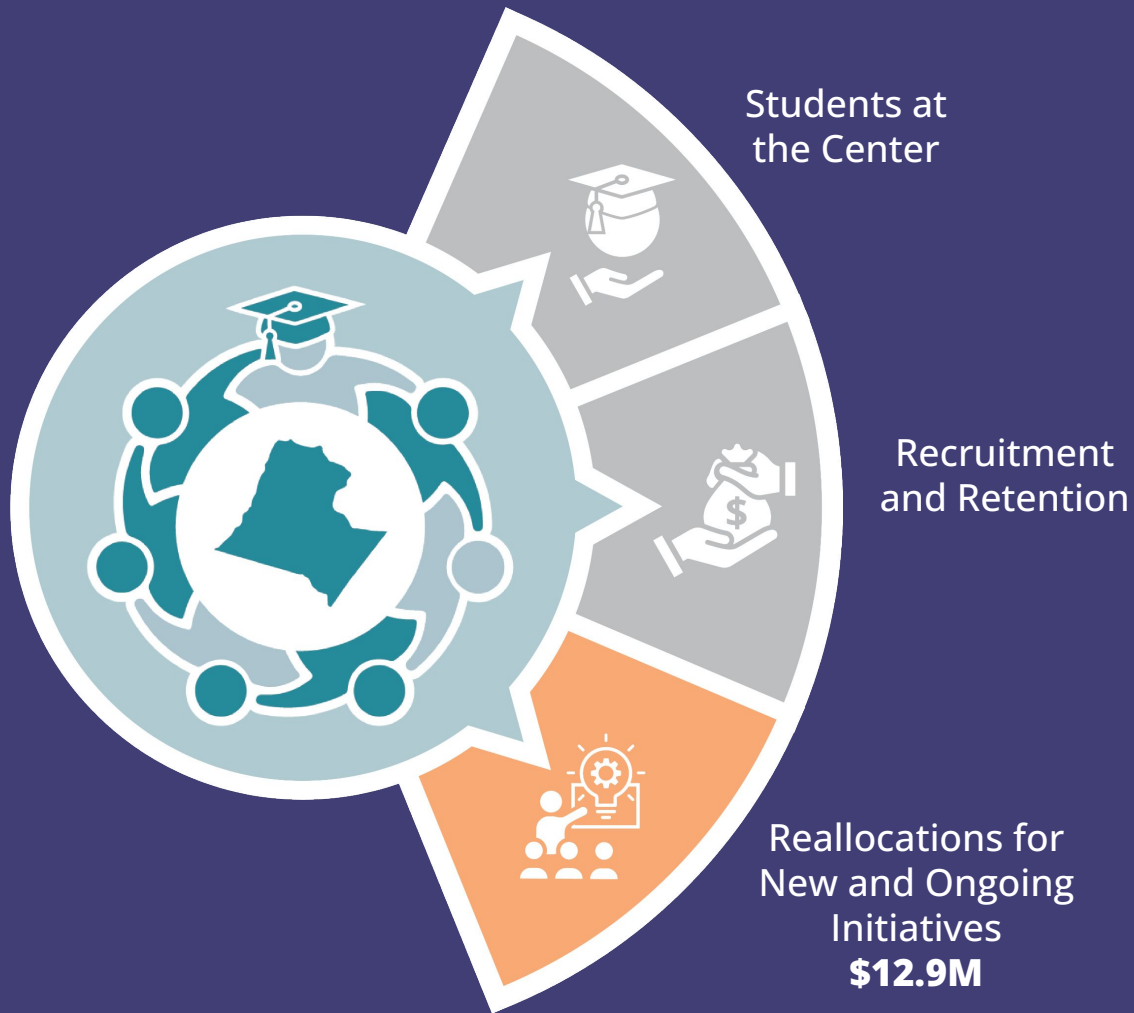
90% of School Operating Fund is Personnel Costs



Staff Compensation and Benefits

- ▶ Step increases for eligible employees averaging 2.5%
- ▶ One-time 1% top of scale payments to eligible employees
- ▶ 4.0% COLA for Salary Scales B and C (Universal and Auxiliary) and Strategic Scale Adjustment for Scale A (Teacher)
- ▶ One-time 1% Bonus Payment to full-time eligible employees (Governor Proposed Budget)
- ▶ Ongoing classification cyclical review
- ▶ 8% Health Premium Increase





Ongoing Initiatives



**Next phase of
Dual Language
expansion**



**Middle school
sports expansion
to all middle
schools**

H-MSCI


**The launch of the
Health and
Medical Sciences
Academy**



**Competitive
Substitute
Teacher Rates**



New Initiatives Highlights

- 
- ◆ Alternative School
 - ◆ STEP phased transition to full-day
 - ◆ Technology security and management resources
 - ◆ Flexible staffing support for schools
 - ◆ Recruitment signing bonus
 - ◆ Extra-curricular allotment to offset student charges/fees at the school-level





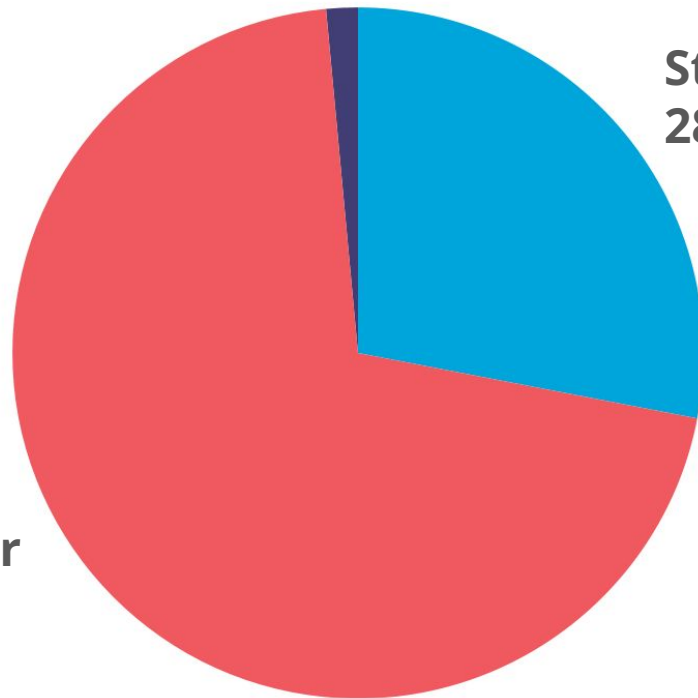
Funding Sources



**County
Transfer
70.5%**

**Federal, Budget
Transfer, Other
1.5%**

**State
28.0%**





Where does LCPS funding come from?



\$--

Net change in **federal, budget carryover, and other revenue streams**

\$25.4M

Net change in **State funding** from rebenchmarking the cost of Basic Aid, one-time 1% bonuses, fully funding the staffing requirements of the Literacy Act, updating sales tax projections, and elimination of grocery sales tax hold-harmless payments

\$131.0M

County transfer funding request

Federal and Other Funding

Federal

Impact Aid and Medicaid Reimbursements

Budget Carryover

Designated current year projected surplus funds that will carryover to the following budget year

Other

Charges and Fees such as facility rental charges, AP testing fees, additional program charges, etc





Where does LCPS funding come from?



\$--

Net change in **federal**, **budget carryover**, and other **revenue streams**

\$25.4M

Net change in **State funding** from rebenchmarking the cost of Basic Aid, one-time 1% bonuses, fully funding the staffing requirements of the Literacy Act, updating sales tax projections, and elimination of grocery sales tax hold-harmless payments

\$131.0M

County transfer funding request

State Funding



- **Over 30 State Revenue Streams**
 - **Basic Aid** includes funding for basic instructional positions derived from minimum student to teacher ratios required by the Standards of Quality (SOQ)
 - **Sales Tax** - 1 ⅛% of sales tax distributed based on division share of school age population across the state
 - **Lottery** - all lottery proceeds support k-12 education and support various programs such as early reading intervention and k-3 class size reduction
 - **Supplemental funding** - typically one-time funding for initiatives such as pay increases or bonuses



State Funding

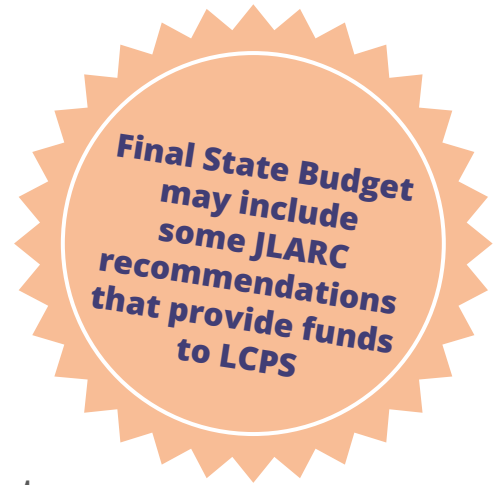
Governor's Proposed Budget



- Rebenchmarking Basic Aid funding for schools
- Funding for one-time 1% bonus
- Fully funding staffing requirements for Literacy Act



- Update sales tax projections
- Eliminate grocery sales tax hold-harmless payments



State Budget Timeline



December

January

February

March

April

May

STATE

**Governor releases
proposed state
budget 12/20**

**General Assembly convenes 2nd
Wed of Jan (even years 60 days;
odd years 30/45 days)**

**GA sends budget bill
to Governor for
signature**

**Governor signs budget or
vetos; if veto return for
veto session**





Where does LCPS funding come from?



\$--

Net change in **federal**, **budget carryover**, and **other revenue streams**

\$25.4M

Net change in **State funding** from benchmarking the cost of Basic Aid, one-time 1% bonuses, fully funding the staffing requirements of the Literacy Act, updating sales tax projections, and elimination of grocery sales tax hold-harmless payments

\$131.0M

County transfer funding request

County Funding Formula

New Local Tax Funding

LESS increases for county/school debt service

LESS increases for county/school capital budget (CIP/CAPP)

LESS deduction for county affordable housing fund

LESS deduction for county Revenue Stabilization Fund

Net New Local Tax Funding



County Funding Guidance Scenarios

County Recommendation

\$0.875 Real Property Rate
Current Rate

\$4.15/\$4.10
Personal Property Rate

60% to LCPS
40% to County

\$121.0M to LCPS

**Funding Gap
(\$10.0)M**

County Option 1

\$0.83 Real Property Rate
Equalized Rate

\$4.15/\$4.10
Personal Property Rate

60% to LCPS
40% to County

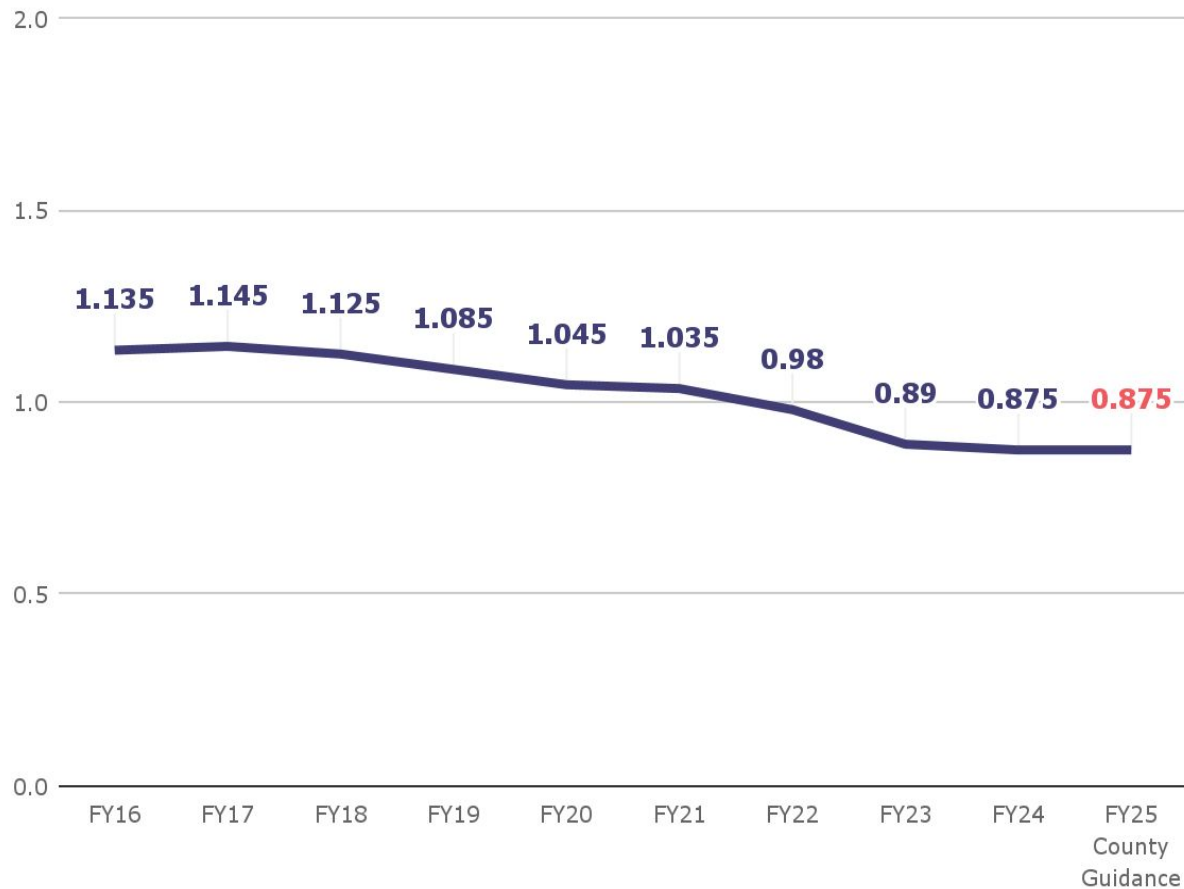
\$98.0M to LCPS

**Funding Gap
(\$33.0)M**

Approximately
\$0.885 Rate
Fully Funds
Superintendent's
Estimate of
Needs



Historical Loudoun County Real Property Tax Rates



Neighboring County Real Property Tax Rates

DISTRICT	FY24
Alexandria	\$1.110
Arlington	\$1.103
Fairfax	\$1.095
Prince William	\$0.966
Loudoun	\$0.875

Does not include additional levies for stormwater, pest control, fire and rescue, transportation, etc.



Recap and Next Steps



Finite Resources Delay Other Priorities to Future Years

A few examples:

- Next phase of IB Expansion slated for FY25
- Complete transition of STEP to full day
- Various positions throughout the organization (i.e. MS Student Support Advisors, Athletic Trainers, additional Welcome Center support, etc)
- Additional funding to support recruitment and retention initiatives (i.e. signing bonus, tuition reimbursement, etc)



Cost per Pupil

FY24 Cost per Pupil

Source: FY24 WABE Guide

Arlington	\$24,612
Alexandria	\$20,511
Loudoun	\$19,905
Fairfax	\$19,795
Prince William	\$16,390



FY25

\$21,789



Key Takeaways



\$156.4M or 9.4% FY25
Budget Increase

\$131.0M or 11.3% County
Transfer Request Increase

State Budget not Final



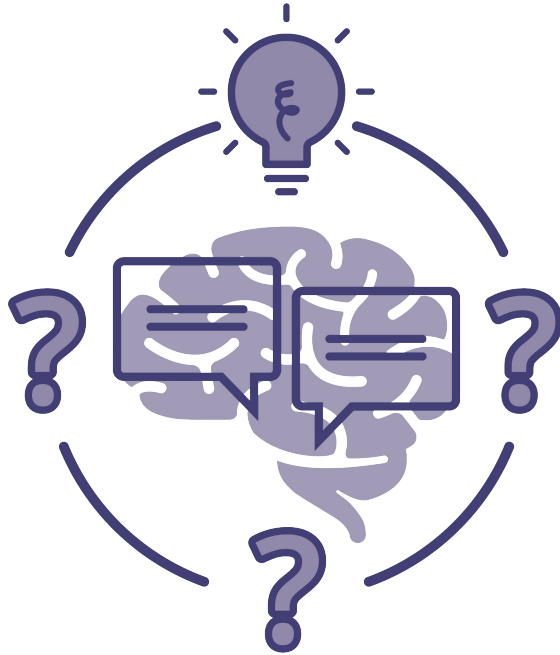
***Slightly
one penny
more than the
recommended
guidance.***



What the budget supports...

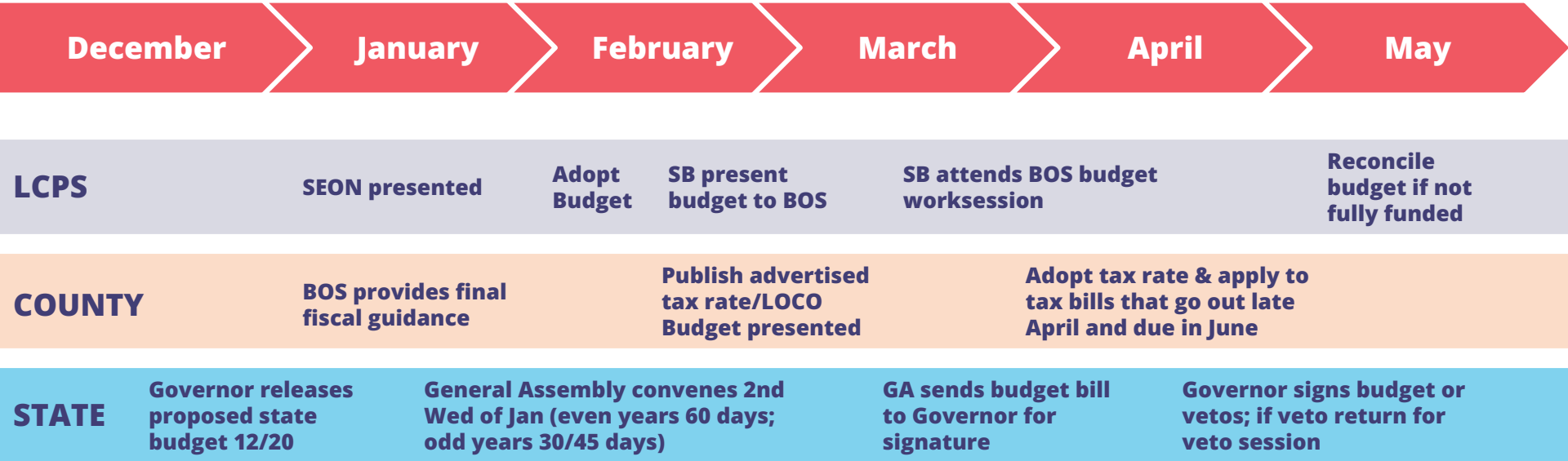


School Board Q&A Process



- **Email questions to Sharon Willoughby, Chief Financial Officer**, who will then reach out to the appropriate department.
- **Time-intensive questions or costing requests will be brought to the School Board** to determine whether there is consensus to proceed.

Budget Timeline



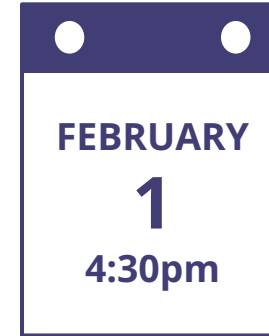
FY25 LCPS Budget Meetings



Staffing Standards
Compensation
Department of Human Resources and Talent Development
Department of Business and Financial Services
Other Funds
Department of Digital Innovation
Department of Communications and Community Engagement
School Board
Superintendent's Office



Department of Academics
Department of Teaching and Learning
Department of Student Services



Department of School Leadership
Department of Support Services
Budget Adoption Steps



Public Hearing
Budget Adoption



FY25 Superintendent's Estimate of Needs January 18, 2024

Dr. Aaron Spence
Superintendent

