Arlington County Civic Federation
Revenues & Expenditures Committee
Report on the County Manager's Proposed FY13 Budget
Presented 4/3/12

I. Executive Summary

- A balanced base budget recommendation for the fiscal year 2013 (FY13) with no real estate tax rate increase.
- Additional recurring revenue of $4.7M identified.
- Increase in County transfer to Schools of $2.2M over County Manager proposed budget.
- Additional base budget funding of $1.7M for three County housing programs.
- Initial funding for proposed County Inspector General office.
- Restoration of 4 Sheriff Deputy positions cut in prior years.
- Additional PAYG funding totaling $2.6M recommended to accelerate street repaving.

II. Introduction

As was the case last year, Arlington's FY13 budget preparation cycle was again marked by the initial projection of significant budget "gaps," which were later more than offset by unexpected strength in real estate assessment growth for calendar year 2012 (CY12).

When the FY13 budget cycle began last fall, once again the operative term was "budget gap." Real estate assessments for CY12 were projected to increase by 3%. That level of growth was projected to result in a combined County/Schools continuing service budget gap ranging from $13M to $15M. While not as steep as the projected gaps for the prior three budget cycles, it remained a projection that Arlingtonians were not used to seeing, especially after the "go-go" revenue growth years in the middle of the previous decade.

In November of 2011, the County Board provided its FY13 budget guidance to the County Manager. The link to the actual Board document is http://tinyurl.com/72yczp9. The Board's guidance was very detailed, and it followed the Board's FY12 guidance methodology in defining a percentage of permitted growth for the County expenditures (excluding the Schools). This percentage was set at 1% over the adopted FY12 budget, lower than the change in the Consumer Price Index for the previous 12 months. R&E supported this approach to the annual budget guidance last year, and it urges the County Board to continue to make this methodology a permanent feature of its annual guidance to the County Manager.

There were other provisions in the Board's guidance. Most noteworthy of the allowable exceptions to the 1% limit – items allowing for additional budget growth over the 1% - were provisions for full-year funding for new County facilities not totally included in prior year base budgets (e.g., the Mary Marshall Assisted Living Residence and phase one of Long Bridge Park). Any new initiatives the Manager wanted to undertake had to be covered by new dedicated funding sources. The Manager was also directed to provide the Board with options or recommendations for additional funding in the areas of compensation, PAYG capital, libraries and housing.

CY12 real estate assessments (released in January) grew 6.6% - not the 3% previously projected. As in CY11, the assessment growth was driven mainly by commercial properties, as shown in this table:

PROPERTY CLASSIFICATION	**CY12 ASSESSMENT CHANGE**
Single family homes (pre-existing)	0.9%
Condominiums (pre-existing)	(0.8%)
Rental apartments (pre-existing)	14.2%
Commercial (pre-existing)	11.2%
Pre-existing property (as a group)	5.9%
New construction	0.7%
Total for all property	6.6%

This 6.6% increase in assessments generated $16.5M in additional revenue above the planning estimates from last fall, effectively closing the budget gaps that were originally projected.

The end result was the Manager's proposed FY13 budget, which can be found at http://tinyurl.com/77kmdx5. The proposed FY13 budget met the Board's guidance, and resulted in proposed General Fund expenditures of $1,026.4M, up 2.1% from the FY12 adopted budget. The proposed budget was balanced by including a real estate tax rate increase of half a cent, which added $3.0M to projected FY13 revenue.

It is important to note here, however, that this 2.1% growth figure is somewhat illusory, as it uses the FY12 adopted budget as its base. The FY12 adopted budget included one-time expenditures from carryover (primarily prior year surplus funds) of $22.9M. If these one-time expenditures are excluded from the FY12 figures, the resulting "on-going" growth in the Manager's proposed budget would be 4.5%.

As is the case each year, the Manager's proposed budget is R&E's starting point. The February 14, 2012 release date gave us seven weeks to complete our review and produce this report. Our review consisted of over 20 hours of full R&E Committee meetings, with most R&E members attending all seven weekly meetings. We also monitored the County Board budget work sessions and the meetings of the Fiscal Affairs Advisory Commission, and we invited other ACCF committees to bring us any budget recommendations for their own budget areas.

Given that the entire proposed budget is 844 pages long and that the time for our review is necessarily compressed, we've tried to be as thorough as possible in our work. We hope you'll find this report both informative and thought provoking, and that you'll vote to adopt its recommendations.

First, we will report on the FY13 base budget, including our recommendations of changes that result in a balanced budget at the current real estate tax rate.

Secondly, we will cover the FY12 mid-year review and offer our recommendations for the disposition of $11.8M in additional projected FY12 surplus funds, as identified by the Manager in her March 6 report on the mid-year review of FY12.

Attachment 1 to this report, following the narrative section, is our Scorecard, which recaps in table form our financial adjustments to the base year FY13 budget and the disposition of the projected surplus from the mid-year FY12 review.

III. FY13 Revenues

The Manager's proposed budget shows FY13 General Fund revenues totaling $1,026.4M, representing growth over FY12 (excluding prior year fund balance) of $43.5M (4.4%). These figures include a half-cent increase in the real estate tax rate.

Increased real estate tax revenue of $34.5M makes up 79% of the revenue growth. Embedded in the Manager's proposal is a projected 3% increase in real estate assessments for CY13. This assumption adds $8.1M to projected FY13 revenues.

Also embedded in the Manager's budget is a subtraction from projected General Fund revenue of $3.9M, representing an allocation of real estate tax revenue to the new Crystal City/Potomac Yard/Pentagon City Tax Increment Financing (TIF) Area Fund. This $3.9M normally would have gone into the County's General Fund and would have been available for general County and School spending. By County Board action in October of 2010, one-third of any increased real estate tax revenue in the TIF area (over baseline assessed values as of January 2011) is diverted into this new TIF fund, to be used for infrastructure improvements in the specified area.

We propose two separate changes to the Manager's revenue proposals:

1. In item #3 on our Scorecard, we deduct the revenue from the Manager's proposed half-cent real estate tax increase ($3.0M). Taken in total, our recommendations result in a balanced budget at the current tax rate of 95.8 cents (including the stormwater tax) per hundred dollars of assessed value, and thus eliminate the need for a tax rate increase.

2. Items #4a through 4c on our Scorecard adds $4.7M in projected revenues, spread over three separate line items (personal property tax, sales tax and meals tax). The Manager's mid-year FY12 review cited revenue increases (above the FY12 adopted budget) in all three of these areas. Our analysis of the Manager's FY13 proposal indicates that the FY12 re-projected revenue amounts for these three taxes now exceed the FY13 proposed budget by a combined total of $2.4M. Our total increase of $4.7M increases personal property ($2.6M) and meals taxes ($1.1M) to reflect a 1% increase over re-projected FY12, and increases sales tax ($1.0M) to the same percentage growth for FY13 as is being re-projected for FY12. We believe these represent more realistic projections since they account for the higher than projected revenues re-projected for FY12 as well as the ongoing economic recovery.

IV. FY13 Expenditures

The Manager's proposed budget shows County-side expenditures (excluding the School transfer) totaling $629.3M, representing growth over FY12 adopted of $10.0M (1.6%).

If one-time expenditures funded by prior year fund balance ($16.1M) are excluded from the expenditure figures, growth for FY13 (excluding the School transfer) is actually $26.1M (4.3%).

For the Schools Transfer, the Manager provided an amount equal to the same percentage of total tax revenues as for FY12 (46.1%). This calculation resulted in an on-going transfer payment for FY13 of $397.0M, an increase of $18.2M (4.8%) over FY12. The Manager's calculation excluded the revenue from her proposed half-cent real estate tax rate increase in determining the Schools Transfer amount.

Combining County-side spending with the Schools Transfer, the total expenditure budget for FY13 is $1,026.4M, an increase of $44.5M (4.5%) over FY12 (excluding expenditures covered by prior year fund balance).

The Manager's base budget proposal for FY13 includes step pay increases for County employees. It proposes to add 36.85 new FTEs (full-time equivalent positions) to the General Fund; 7.8 of these new General Fund FTEs represent positions transferred from the Travel &

Tourism Promotional Fund, due to the loss of the add-on hotel tax. It also restores many hours at library branches that had been eliminated in prior years.

We recommend the following changes to the Manager's expenditures proposals:

1. Item #6 on our Scorecard adds $2.167M to the School Transfer. R&E has followed the methodology of the Manager's proposed budget calculation here, in adding 46.1% of the additional projected revenue we discussed above in the Revenue section of this report.

2. Items #9, #16, #17 and #18 deal with additional funding for several of the County's housing programs. For a complete discussion, please see the Housing section of this report.

3. Items #10 and #11 deal with the proposed 9.3 new FTEs and additional non-personnel expenses in the Supplemental Fees Program within the Department of Parks & Recreation (see web budget, pages 589-590). The budget book describes this program as fully fee supported for its direct costs, for various programs in sports, recreation, parks and natural resources.

   R&E was confused by the table on page 590 of the budget book. When comparing the figures for FY11 Actual with FY13 Proposed, the table shows the same revenue ($4.5M) and the same number of registrants (41K) for both years, but also shows 7.5 additional FTES and additional non-personnel costs for FY13. R&E questioned the need for additional staff to generate the same revenue from the same number of participants. In part, County staff responded as follows:

   > *A realignment of expenses and revenues in eighteen programs including gymnastics and swim programs that has grown over the past several years and will continue to expand as facility space allows. The total budget impact of this realignment is an increase in revenue of $756,170, increased expense of $609,754, and 9.3 additional FTEs. Thus, for the addition of 9.3 FTEs and expansion of programs, revenue offsets the expense increase. Note that revenue increases are conservatively estimated; revenues could come in higher than the budgeted increase.*

   In our opinion, staff's response still does not answer the basic question of why additional FTEs and non-personnel costs should be necessary to generate the same amount of revenue from the same number of registrants as FY11. Accordingly, we have reduced the proposed cost increases here by $192K for personnel and $61K for non-personnel expenditures (our estimates of half of the Manager's proposed FY13 cost increases).

4. Item #12 removes the Manager's proposed new FTE in Human Resources for a diversity outreach specialist ($115K). R&E based this decision on the performance measures for recruiting and staffing show that minority applicants as a percent of total applicants have consistently been in the mid -60'% range since FY08, and that the projected increase for FY13 due to this new position would be only 2%. R&E notes that a March 12, 2012

County press release touts Arlington's having received the National League of Cities 2012 Cultural Diversity Award for its Multicultural Outreach Program. Current minority recruitment efforts with existing staff appear to be sufficient.

5. Item #13 reduces expenditures by $1.0M through the elimination of approximately 16 vacant FTE positions across the County budget. R&E's query to County staff yielded various information on vacant yet still-funded positions. As of mid-March 2012, 164 FY12 funded positions were vacant. 140 of them were full-time positions, and of this group 26 had been vacant for 9 months or more. We've taken the combined budgeted costs of the 26 full-time positions that have been vacant for 9 or more months, and are deducting half of the resulting total in our recommendation. We believe that, if the County has run its operations for over 9 months with these 26 positions being vacant, going forward the County should be able to manage with filling only half of them. Our analysis here follows the same methodology we have used previously.

6. Items #14 & #15 take funding for positions described in the budget book as "one-time" ($93K for two six-month FTEs in the Permitting and Customer Service Section in Development Services within the Department of Environmental Services; $113K for a Home Ownership Coordinator within Community Planning, Housing and Development) and transfers the funding from the FY13 base budget to the FY12 mid-year surplus. Using surplus is an appropriate use of one-time funds for one-time expenditures.

7. Item #23 provides for half-year FY13 funding of $150K for the inception of a new Inspector General (IG) office in Arlington. As part of our report on the FY12 budget last spring, R&E recommended "that the County establish and fund an office which will provide the community with a degree of assurance that its taxes and fees are being effectively and efficiently spent, with adequate safeguards to protect against waste, fraud and abuse."

   We again make this recommendation, and provide half-year funding for what we envision as a two or three person IG office.

   In support of this recommendation, R&E cites the proposed FY13 budget for Fairfax County, which states that Fairfax's Office of Financial & Program Auditor (OFPA):

   > "*provides an independent means for determining the manner in which policies, programs and resources authorized by the Board of Supervisors are being deployed by management and whether they are consistent with the intent of the Board and in compliance with all appropriate statutes, ordinances and directives…During FY11, OFPA completed 22 studies which contained 42 recommendations. All recommendations were accepted by the Board of Supervisors and management. The studies specifically identified $4.32M in General Fund resources and $4.38M in other financial resources which could be utilized for evolving County priorities."*

Savings achieved as a percentage of OFPA expenditures have ranged from 601% in FY10 to 3,114% in FY11.

8. Items #24 and #25 add $325,000 for four additional deputies and one part-time property clerk in the Sheriff's office. These positions represent a partial restoration of reductions made in FY10. The performance measures in the Manager's proposed budget cite the fact that for FY12 the Detention Facility is estimated to be in various phases of lockdown over 50% of the time, due to below-minimum levels of staffing due to vacation, sick and training leave and emergency details. The existing property clerk is reportedly working excessive overtime on a recurring basis.

9. Item #26 of $277K is our "budget balancing number", which we recommend be added to PAYG spending to accelerate the street repaving program.

R&E acknowledges that it did receive an email request for certain members of the ACCF Environmental Committee requesting an additional $100K for new tree planting and watering. The proposal had not been considered by the entire committee, and offered as justification certain statistics that were not consistent with performance measures in the budget book. R&E has not included this additional $100K in our recommendations.

V. Housing

Pages 25-49 of the Manager's proposed budget is a new section that goes into great detail on various County housing programs. This section provides the background for our housing recommendations.

As R&E approached various housing proposals this year, we were faced with a challenging task of balancing a combination of what were, at times, competing proposals:

- Changes made in the Manager's base budget proposal for FY13.
- Additional funding mentioned by the Manager in the budget book, but not included in her base budget proposal.
- Recommendations from the ACCF's Housing Committee, which are included in this report as Attachment 2.

Below are our recommendations on four specific housing-related programs.

<u>Housing Grants</u>

Item #16 on our Scorecard adds $1.234M of additional funding for the Housing Grants program. This amount represents a 19% increase over the FY12 budget.

We refer to two documents provided to the County Board for additional background on this program (found at http://tinyurl.com/72u62n4 and http://tinyurl.com/83ulpg3).

This program provides rental assistance to lower income households and is limited to working families with minor children (31% of program recipients), people with disabilities (37%), or residents age 62 or older (32%). Recipients pay approximately 40% of household income toward rent, and receive an average subsidy of $536 per month. This program is locally funded, and is often referred to as a "local Section 8" program, which no other local Virginia jurisdiction provides. Recipients must be Arlington residents – but all that is required is that an Arlington address be established, with no requirement on longevity. Working in Arlington is not a requirement; for the working family category of this program, a staff email states that "probably most" recipients work in the District of Columbia.

From 2003 to 2011, the number of housing grant recipients increased from 585 to 1,040 (78%). Over the same period, program costs increased from $2.5M to $6.4M (156%). The County Board has effectively treated this program as an entitlement, and has repeatedly added "over budget" funding each year to accept all qualifying applicants. Except for a brief 13-month period in 2004, the program has never been "closed" to new applicants, regardless of its budget.

It is worthy of note that as far back as January of 2000, the County's Affordable Housing Task Force report contained the following recommendation:

> *Make the Grant Program "budget limited", as opposed to an entitlement. Arlington's existing Grant Program is more generous than those in neighboring jurisdictions. Fairfax County has terminated its program. Our recommended changes will make the Grant Program even more attractive, to the point where we have concern of making Arlington a "magnet". The new Housing Grants program must be budget constrained. Calculating the dynamic financial impact of our proposed changes is impossible. It must be acknowledged that waiting lists may in fact occur under our new proposals*.

The FY12 adopted budget for the Housing Grants program was $6.638M. Staff is projecting actual spending for FY12 at $7.694M. Without any changes to the program, and projecting out future recipient growth, FY13 is now projected at $8.640M. The Manager's proposed budget for FY13 includes only $6.413M, and would result in a gap of $2.227M.

The ACCF Housing Committee recommended to R&E that this $2.227M projected gap be fully funded.

As described more fully in the County Board work session document linked above, County staff has presented to the Board five different options for reducing spending on this program. If taken in total, and all implemented for the entire FY13, the spending reductions described by staff would total $1.1M. In response to a query from R&E, the ACCF Housing Committee stated it did not consider any of these possible program revisions.

After much deliberation, R&E is recommending additional base year FY13 funding of $1.234M for the Housing Grants Program. Our amount resulted from our analysis of the various staff proposals, some of which we included in whole, some included in part, and some rejected. Specifically:

- We included an across the board 3% reduction (an average of $16) in monthly benefits – the staff option was at 5%.

- We accepted the staff option to expand the adult work hour requirement for Temporary Assistance for Needy Family (TANF) households from 15 hours to the current program requirements for non-TANF households (20 or 30 hours per week, depending on age of children), with the change becoming effective 1/1/13; staff estimated that 28 recipients would be potentially affected by this change, and would have to either increase their work hours or lose their grants.

- We accepted the staff option to extend the work requirement to all able-bodied household members from age 18 to 61, exempting adult children attending school full-time, with the change becoming effective 1/1/13. Currently, only parents are required to work. Staff estimated that 180 program recipients could be affected. The change would not go into effect until 1/1/13.

- We accepted the staff option to decrease the allowable maximum asset level from $35K to $20K (life insurance and one car are excluded). 14 households would be affected. Again, the change would not go into effect until 1/1/13.

R&E again recommends that the Housing Grant program be budget limited, with the program being closed to new applicants when its current-year funding is projected to run out.

<u>Homeless Prevention and Rapid Re-Housing Program (HPRP)</u>

Item #17 on our Scorecard adds $200K in additional funding for the HPRP program.

This program provides short-term financial assistance to residents at imminent risk of losing their housing and helps homeless residents attain permanent housing, often by bypassing the homeless shelter. It was originally funded as part of the federal stimulus program. That funding has now ended, and the Manager's proposed budget for FY13 zeroes out the $250K in the FY12 budget.

The ACCF Housing Committee recommended funding the full $250K for FY13. The Arlington Nonprofit Network supported $200K for HPRP. R&E notes that staff has estimated that some 20% of HPRP expenditures have been used to pay delinquent rent to landlords.

Permanent Supportive Housing

Item #18 on our Scorecard adds $248K in additional funding for the Permanent Supportive Housing program. This addition accepts the funding recommendation of the ACCF Housing Committee.

The County staff work session analysis of this program can be found at http://tinyurl.com/8389wug. Our funding recommendation covers the projected FY13 shortfall in the Manager's proposed budget.

Affordable Housing Investment Fund (AHIF)

Staff's budget worksession presentation to the County Board can be found at http://tinyurl.com/86wfeyu.

In brief, the Manager's proposed FY13 budget makes the following changes to AHIF funding:

- Restoration of $515K of federal HOME funds no longer available, providing the funding from local tax dollars, as part of the base FY13 budget.
- Increased base-year FY13 funding by an additional $1.327M (over base-year FY12), equaling the one-time funding added for FY12
- Combined, these two actions bring the proposed base-year FY13 funding up $6.689M, equaling both base-year and one-time amounts for FY12.

The ACCF Housing Committee supported these additions to the base budget tax support, and further recommended an additional $650K as part of the base-year FY13 funding.

R&E supports the Manager's additional $515K of local funding for AHIF to offset the loss of federal dollars.

R&E also supports the additional $1.327M of additional AHIF funding, which would bring total AHIF funding for FY13 to the same level as FY12, but it supports funding this amount from FY12 mid-year additional revenue, rather than as part of the base budget for FY13 as proposed by the Manager. The AHIF program spending is, ultimately, discretionary, and while R&E supports the use of $1.327M of one-time funds to supplement the program, it does not believe inclusion into the base budget is warranted. Combined, our recommendations maintain AHIF's funding at FY12 levels.

Including projected contributions from developers and repayments on existing AHIF loans, staff projects total available AHIF funding of $17.5M for FY13, $2M more than FY12. Additionally, staff has projected a $5M unallocated balance in AHIF at the end of FY12. Responding to a query from R&E, the Housing Committee did not provide any specific justification for its request of an additional $650K, beyond its being a 10% increase. R&E does not support this additional request.

VI. Disposition of FY12 Mid-Year Review Funds

On March 6, 2012, the County Manager released her report on the mid-year review of FY12. The complete report can be found at http://tinyurl.com/8xhqbyb.

In brief, this report shows new total funds of $11.8M now being available. The major component is additional real estate tax revenue ($8M), resulting from the unanticipated assessment increase effect on the June 2012 real estate tax payment. Deducted from this $11.8M are $6.2M of additional funds transferred to the Schools (46.1% of the incremental local taxes) and $200K of additional funding for AHIF (an "earmark" from increases in recordation taxes), leaving $5.3M to be allocated.

Our recommendations regarding the disposition of this $5.3M from the mid-year FY12 report are as follows:

1. Item #9 allocates $1.327M as additional one-time funding for AHIF, as described in the Housing section of this report.

2. Items #14 & #15 allocates $205K for one-time funding for staffing, as was discussed previously in the FY13 Expenditures section above.

3. Items #19 through #23 are mentioned in the budget book as one-time funding the Manager requested for: (a) $500K for a $500 net per employee payment to employees at the top salary step, since they are not receiving any other pay increase; (b) $250K for two additional paid holidays (Christmas Eve and New Year's Eve), due to those days falling on a Monday; (c) $342K for the Electoral Board, due to heavier costs in connection with the Presidential election; and (d) $500K for a stabilization fund contingent.

4. Item #26 is our balancing amount of $2.275M, which we recommend be adding to PAYG for acceleration of the street re-paving cycle and the recommendations made in the Capital Improvement Plan Working Group Report (which can be found at http://tinyurl.com/82rxumh.

VII. Artisphere (separate vote for ACCF)

R&E proposes for a separate ACCF vote a motion that is, in effect, a "sense of the Federation" vote on the future of the Artisphere. This separate vote has no effect on the FY13 budget, but rather sets up what we would consider acceptable parameters for Artisphere's continued Net Tax Support (NTS) in future years.

As part of our FY12 budget report, where we reluctantly supporting additional one-time funding of $400K to cover the Artisphere's unexpected operating deficit, R&E said the following:

> *We do not view our proposed additional one-time funding as permanent. If these operating shortfalls for the Artisphere are projected to continue for FY13, the viability of the facility must be readdressed.*

In the subsequent year, the Artisphere numbers seem to have further deteriorated. The report of the Artisphere Task Force dated 11/29/11, along with its accompanying financial summary, can be found at http://tinyurl.com/849epwe and http://tinyurl.com/7lsssk6.

For FY11, the Artisphere's original business plan called for annual NTS of $703K (revenues of $1.710M, expenses of $2.414M). The adopted FY11 budget approximated that plan, calling for annual NTS of $621K. Actual figures for FY11 required annual NTS of $2.1M (triple the original business plan), with revenues 40% under budget and expenses 29% over budget.

For FY12, the financial picture worsened. The adopted FY12 budget called for $1.272M in annual NTS (revenues of $1.716M, expenses of $2.988M). As described in web links above, as of late November 2011, annual NTS for FY12 was re-estimated at $2.668M – more than double the adopted budget – with revenues at $1.043M (40% under budget) and expenses at $3.587M (20% over budget).

For FY13, the Manager has proposed a budget requiring $1.585M of annual NTS (revenues of $1.488M, expenses of $3.072M).

R&E has serious reservations about Artisphere's FY13 proposed budget. While we are not proposing any changes to it, we are offering for ACCF's consideration a motion on Artisphere's future. By the end of calendar year 2012 (when FY14 budget preparations get underway), the facility will have been open for over 2 years, and the revised business plan and management team will have been in place for a year. We feel that's sufficient time to demonstrate results. Accordingly, we offer the separate motion on Artisphere's future on page 15 of this report.

VIII. Non-monetary FY13 Observations & Recommendations

Continuing R&E's historical practice of making certain observations and recommendations that do not have any monetary effects in FY13, we present the following:

1. Comparison of Arlington's Tax & Fee Burden with other NOVA jurisdictions

In our report last year, R&E was critical of the Manager's presentation of a chart comparing Arlington's annual local tax and fee burden with that of neighboring Virginia jurisdictions. The Manager's methodology last year calculated the 2010 real estate taxes for the benchmarked jurisdictions using the average residential value in Arlington – and not for the average residential value within each of the other jurisdictions. We suggested that a more effective analysis would be to use the average residential value within each of the other benchmarked jurisdictions to calculate real estate taxes.

Attachment 3 to this report is taken from the year's budget book, and calculates the tax and fee burden for calendar 2011 reflecting the methodology we had suggested last year. We laud the Manager for this change, and note that is shows Arlington's tax and fee burden as the second-highest, trailing only the City of Falls Church.

2. Proposal for a "County-Equivalent" to the Washington Area Boards of Education (WABE)

It would be helpful to anyone assessing the economy and efficiency of any local government if there was an entity that maintained statistics about local government equivalent to the statistics available at the "Statistics & Reports" webpage of the Virginia Department of Education. The statistics available there facilitate comparisons of all of Virginia's school districts. To the best of our knowledge, there is no agency of Virginia government that maintains a similar set of statistics for comparing local governments.

The entity that comes closest to the statistics maintained by the Virginia Department of Education is Virginia's Auditor of Public Accounts. The APA does provide an annual report, but unfortunately, the report is quite cumbersome to use. The Metropolitan Washington Council of Governments (MWCOG) produces many publications, but the focus of the publications available at the MWCOG publications webpage includes areas such as transportation, environment and homeland security.

What we have in mind is a publication akin to the "Guide" produced by the nine local school districts that cooperate under the umbrella of the Washington Area Boards of Education (WABE), with data compilation performed by the Fairfax County Public Schools. WABE performs a valuable service because there are numerous ways to compute, for example, a school district's operating budget, teacher pay scales, and the cost-per-student.

One example may highlight the type of comparable statistic we have in mind. Through some effort, one member of the committee researched the Arlington and Fairfax counties Comprehensive Annual Financial Reports (CAFR's) and determined that for FY 2010, there were 17.61 FTE county positions in Arlington County for each 1,000 residents, while there were 10.41 FTE positions in Fairfax County. It would be significantly more useful if there was a single report, similar to the WABE Guide that could be easily referenced. By easily reference, we note the six most recent WABE Guides are available at the APS website.

IX. Closing thoughts on what may lie ahead

The FY13 budget process has been driven almost exclusively by the unexpected 6.6% increase in CY12 real estate assessments.

Looking forward to FY14 and beyond, are we confident that the FY13 cycle could be the "norm" for the next several years? No, we're not.

The driver for the CY12 assessment increases was commercial properties. The increase was driven primarily by a fairly dramatically lowering of real estate capitalization rates (roughly, the rate of return an investor will require when purchasing real estate, which mostly determines a property's price). The lower the "cap" rate, the higher the valuation is. Cap rates had dropped to historic lows in the middle of the last decade. The 2008 financial turmoil drove cap rates up, lowering valuation. The 2012 commercial assessments reflect a further drop in cap rates – in the opinion of some experts, to pre-2008 levels.

Given all that, do we see commercial assessments for CY13 increasing anywhere near the 12% we saw this year? No, we do not. The residential market, while stabilized, could be exposed to valuation drops caused by a variety of factors, such as an increase in long-term interest rates or any notable contraction of federal employment in the DC area resulting from budget adjustments. On the commercial side, the appreciable increase in the supply of luxury apartment rentals, driven by availability of financing and demand driven to a large extent by public sector employment growth, may not be sustainable, and office valuation growth could also be affected by lack of GSA office rental demand.

So, once again, we'll close our report this year by simply quoting the cautions from the Manager's budget transmittal letter:

> *Looking beyond FY 2013, our outlook remains cautious. We have been fortunate to experience tax base growth of 6-7% over the last two years. For planning purposes, we are assuming modest tax base growth (3-4%) in future years. We also know that in FY 2014, we will experience new budget pressures – costs of new facilities (Arlington Mill Community Center), opening of Metro's Silver Line, and expiration of the Comcast franchise agreement, via which technology is connected among Schools and County facilities. Beyond FY 2014, we will face operating costs associated with the proposed streetcars and other capital projects. We also expect perennial pressures (such as Metro, compensation, retirement and health care funding) to continue.*

Submitted on April 3, 2012 by the Revenues & Expenditures Committee

Robert Atkins	Wayne Kubicki, Chairman
Gerald Auten	Roger Morton
Burt Bostwick	Suzanne Smith Sundburg
Frank Emerson	Tim Wise

Arlington County Civic Federation FY13 County Budget Resolution

Whereas, the Revenues & Expenditures Committee of the Arlington County Civic Federation has reviewed the County Manager's Proposed FY13 County Budget and FY12 Mid-year review, and has issued a report to the Federation commenting thereon, which report proposes certain changes to the proposed FY13 budget and disposition of available funds in the FY12 Mid-year review;

Therefore, be it resolved that the Federation accepts and adopts the report of the Revenues & Expenditures Committee on the Manager's Proposed FY13 County Budget and FY12 Mid-year review, and directs the Federation President to transmit the report to the Chairman of the County Board, as the official position of the Federation.

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Arlington County Civic Federation Resolution on Artisphere

Whereas, the Revenues & Expenditures Committee of the Arlington County Civic Federation has reviewed the Revised Artisphere Business Plan and Report of the Artisphere Task Force, dated November 29, 2011; and

Whereas, the operations of Artisphere for FY11 (actual) and FY12 (re-projected) required annual Net Tax Support of $2.1M and $2.7M, respectively, well in excess of the budgeted amounts for both years; and

Whereas, the County Manager's proposed budget for FY13 provides for annual Net Tax Support for Artisphere of $1.6M, well in excess of the annual Net Tax Support originally projected for Artisphere;

Therefore, be it resolved that it is the opinion of the Federation that, if Artisphere's actual operations for FY13 do not appear to be approximately on budget as of late 2012, that the County Board should direct the County Manager to proceed to close the facility and negotiate a lease termination with the owner of the facility.

Arlington County Civic Federation/Revenues & Expenditures Committee **ATTACHMENT 1**
Scorecard on FY13 Manager's Proposed Budget & FY12 Mid-Year Review
General Fund Only

	Item #	Description	R&E Recommendations Combined	FY13 Base	Mid-Year FY12
Revenues	1	County Manager's Proposal as of February 2012	1,026,350,067	1,026,350,067	
	2	Additional FY12 carryover from Manager's mid-year review (net of $700K included in FY13 budget)	11,800,000		11,800,000
	3	Remove half-cent RET rate increase	(3,000,000)	(3,000,000)	
		Add'l FY13 revenue to match FY12 mid-year report:			
	4a	Personal property (adj to 1% over re-estimated FY12)	2,600,000	2,600,000	
	4b	Sales (adj to same % growth as re-estimated FY12)	1,000,000	1,000,000	
	4c	Meals (adj to 1% over re-estimated FY12)	1,100,000	1,100,000	
		R&E revised revenues	**1,039,850,067**	**1,028,050,067**	**11,800,000**
Expenditures	5	County Manager's Proposal as of February 2012	1,026,350,067	1,026,350,067	
	6	Increase in Schools Transfer from item #4a-4c above	2,166,700	2,166,700	
	7	Additional Schools Transfer (portion of item #2 above)	6,200,000		6,200,000
	8	Additional AHIF funding (portion of #2 above)	200,000		200,000
	9	Move Manager's proposed increase in AHIF from one-time to base back to one-time	-	(1,327,304)	1,327,304
	10	Supplemental Fee Program in Parks (personnel)	(192,000)	(192,000)	
	11	Supplemental Fee Program in Parks (non-personnel)	(61,000)	(61,000)	
	12	Eliminate proposed new Diversity Outreach FTE in HR	(115,000)	(115,000)	
	13	Elimination of vacant FTE positions	(1,000,000)	(1,000,000)	

Arlington County Civic Federation/Revenues & Expenditures Committee **ATTACHMENT 1**
Scorecard on FY13 Manager's Proposed Budget & FY12 Mid-Year Review
General Fund Only

		R&E Recommendations		
Item #	**Description**	**Combined**	**FY13 Base**	**Mid-Year FY12**
14	Move six-month funding in DES for 2 FTEs described as one-time from FY13 base to FY12 mid-year	-	(92,526)	92,526
15	Move CPHD Home Ownership Coordinator described as one-time from FY13 base to FY12 mid-year	-	(112,577)	112,577
	Additional Housing Expenditures			
16	Housing Grants	1,234,000	1,234,000	
17	HPRP	200,000	200,000	
18	Permanent Supportive Housing	248,000	248,000	
	County Manager "suggestions" for add'l one-time funding			
19	$500 net payment to employees at top step	500,000		500,000
20	Two add'll paid holidays (Christmas Eve/New Year's Eve)	250,000		250,000
21	Electoral Board for Presidential election	342,407		342,407
22	Stabilization fund contingent	500,000		500,000
23	Inspector General (half-year staffing)	150,000	150,000	
24	Additional deputies Sheriff's office (4 FTEs)	300,000	300,000	
25	Additional half-time property clerk in Sheriff's office	25,000	25,000	
26	Additional PAYG to accelerate repaving (balancing figure)	2,551,893	276,707	2,275,186
	R&E revised expenditures	**1,039,850,067**	**1,028,050,067**	**11,800,000**
	Check to balance	-	-	-

ATTACHMENT 2

ACCF Housing Committee recommendations to Revenues & Expenditures Committee on FY13 Budget

Increases to County Manager's Budget Ballot results
ACCF Housing Cmte 10 voting members: Mark Antell, Betty Hill, Sarah Hill, Stan Karson, Susan Korfanty, Larry Mayer, Peter Owen, Myla Riggs, Max Scruggs, Kathryn Scruggs

We support the County Manager's budget for Housing support except for 4 programs. We voted on supporting an increase to these 4.

#1 AHIF, with an emphasis on preservation over new construction
=8 yes, 1 no, 1 abstain $650,000 increase

#2 Housing Grants = 9 yes, 1 no $2.2 million

#3 Homeless Prevention and Rapid Re-Housing
=10 yes $250,000

#4 Permanent Supportive Housing =10 yes $250,000

Total increase = $3.350 million

AHIF

-major source of support (loan fund) for committed affordable units;
-**2013 proposed budget has level funding @ $6.68M**
-need to gradually build reserve toward major rehab efforts expected along Col Pike to retain affordable housing
-proposed 10% growth is modest, but important

Housing Grants

-currently serving around 1207 **low income/low asset** households—roughly a third each working families, disabled persons and seniors
-provides rental assistance
-renters pay 40%
-since 2008 number of participants increased by 71% + yearly cost up 62%
-FY 2012 shortfall is est $1.1M
-**FY2013 proposal cuts program by $200K**
-FY2013 projected shortfall $2.2M; assumes 1,326 Hh
-among the programs that will be part of comprehensive housing review
-while some revisions to the program are likely, unfair and detrimental to cut before that review

HPRP

-**Homeless Prevention and Rapid Re-Housing**: assistance for those at risk of losing housing and housing for homeless
-FY2012 thus far: 68 Hh;

-originally funded as part of federal stimulus
-Arlington elected to continue program on own
-highly effective and cost-efficient
-leveraged funds from state +private
-collaborative effort: Doorways, ASPAN, AACH, NVFS
-federal and state are trending away from shelter approach, with loss of current $$ [state] and future requirements [fed+state]
-**FY 2013-ZEROED OUT; needs $250K**
-would move Arlington backward and not position us to best capitalize on future state/fed funds

Permanent Supportive Housing

-Rental subsidy + case management for low income seniors and families with disabilities
-FY2013 flatlined
-21 new units of housing scheduled to come on line: Colonial Village [7]; Marbella [2]; Buchanan [4]; Columbia Gove[8]
-developers rely on rental assistance to secure tax credit points
-**needs $250K** for rental subsidies for the new units
-waitlist averages 35-40 clients who receive case mgt but wait 4-6 months to secure housing.

"Multi-year Plan Process - The County Manager's Proposed FY 2013 Budget calls for a multi-year plan to assess community housing needs, establish long-term objectives, and develop strategic directions that will form the basis for the next generation of Housing Goals and Targets. Included in the plan is the housing needs survey called for in the 2011 targets, which will identify population and housing stock changes and determine unmet needs. The Plan would fully incorporate needs and goals relating to homelessness, including the Ten-Year Plan to End Homelessness and the 100 Homes campaign, consistent with the County Board addition in 2011 of Goal 2 to prevent and end homelessness. Consistent with Goal 6 to address those in serious housing need, supportive housing goals previously approved by the County Board would also be included in the plan. The analysis would take into account current and projected economic conditions, changes in funding at state and federal levels, and the relative effectiveness, productivity, and leveraging capacity of current programs. With input from the community, current Housing Goals will be re-examined, with an eye toward establishing long-term (10-20 years) end-state objectives, within which short-term (1-2 years) and mid-term (3-5 years) targets can be set based on selected strategies, probable resources, and relative priorities. The entire process is estimated to take three years to complete, would include extensive community involvement, and would result in a Plan that could be approved as a new element of the County's Comprehensive Plan.

The following chart compares the major residential taxes and fees for the Northern Virginia jurisdictions for the average household using Calendar Year 2011 rates and assessments.

Calendar Year 2011 Regional Comparison
Estimated Annual Local Taxes and Fees Per Average Household

	Arlington County	Fairfax County	City of Fairfax	City of Alexandria	City of Falls Church	Prince William County	Loudoun County
Average Residential Assessment	$510,200	$443,551	$418,000	$449,411	$599,046	$264,707	$397,300
Taxes							
Real Estate [1]	$4,888	$4,883	$3,938	$4,487	$7,608	$3,390	$5,105
Personal Property [2]	740	678	612	704	718	548	622
Residential Consumer Utility [3]	72	96	54	58	120	72	65
Subtotal	$5,700	$5,657	$4,604	$5,249	$8,446	$4,010	$5,792
Fees							
Water/Sewer [4]	$853	$628	$590	$944	$769	$792	$585
Solid-Waste/Recycling [5]	326	345	n/a	336	n/a	406	336
Decal Fee [2]	66	66	50	66	66	48	50
TOTAL	$6,945	$6,696	$5,244	$6,595	$9,281	$5,256	$6,763
Amount more (less) than Arlington		($249)	($1,701)	($350)	$2,336	($1,689)	($182)
Percent more or less than Arlington		-3.6%	-24.5%	-5.0%	33.6%	-24.3%	-2.6%

[1] Represents the estimate real estate tax bill based on each locality's average single family home value and the adopted tax rate(s). Rates include the base real estate tax rate plus jurisdiction wide add-on rates for stormwater, pest control, leaf collection, fire and rescue services, etc. as appropriate for each jurisdiction. See table on next page.

[2] Estimate based upon 2.0 cars per household, and assumes the same average vehicle value of $7,409. However, given that Arlington and Loudoun uses a lower assessment, the actual average car value for the other jurisdictions may be higher. Taxes do not reflect the State's fixed block grant to localities for vehicle tax relief and the adopted method of distribution.

[3] Average household utility tax bills are based on the ceiling tax rate.

[4] Assumes average single family residence uses 70,000 gallons of water per year. Rate for City of Falls Church represents the residents who live inside the City and pay Falls Church water and sewer rates. Residents living outside the City pay Falls Church water and Fairfax sewer rates. Estimate is based on either the proposed or adopted FY 2012 rate.

[5] Residents in Falls Church and Fairfax City pay for the solid-waste/recycling fee as part of their real estate taxes. Loudoun & Prince William Counties do not offer this service. Instead, residents pay private haulers, such as BFI, directly. In addition, Prince William residents pay a solid waste fee for refuse disposal. The amounts shown represent the average fees charged in Arlington, Alexandria and Fairfax County, plus for Prince William County, the $70 annual solid waste fee charged to single-family homeowners.

Arlington County Civic Federation, Schools Committee
Recommendations on the FY 2013 Schools Budget

Committee Actions and Next Steps

The Schools Committee held five meetings, and attended one meeting with APS Finance staff in order to review the FY 2013 Superintendent's Proposed Budget and the changes approved by the School Board on March 22, 2013. The School Board's budget was presented to the County Board on March 29 and will be voted on as an action item on April 26.

The Schools' committee recommendation is in two parts. The first part is a review of the proposed budget with specific changes and recommendations. The second part makes a number of budgetary policy recommendations.

I. Committee Review and Recommendation regarding the Proposed Budget

The Superintendent and School Board's proposed budgets are sensible and prudent based upon the expected funds provided the State and County. There are few new expensive initiatives proposed.

The School Board's budget is an increase of 4.55% from FY 2012 adopted budget. Major budget drivers for Arlington Public Schools (APS) include big increases in Virginia Retirement System (VRS) and debt service payments. Smaller budget drivers include a 2% salary increase for staff, more children with special needs, and increased costs associated with an expected 4% increase in student enrollment. The Schools Committee recommends a total budget for the Schools for FY 2013 of $498,443,238 that is slightly higher than the School Board proposed budget of $496,176,538.

	FY 2012 Adopted	**FY 2013 School Board Proposed**	**Schools Committee**	**FY 2013 Difference**
Total Expenditures	$475,056,068	$496,176,538	$498,443,238	$2,266,700
County Transfer	$385,567,403	$397,033,530	$399,200,230	$2,166,700

The committee recommends $440,000 be budgeted to address the unfunded mandate for the 5% VRS employee share contribution, and that $1,709,400 be placed in the school capacity reserve fund. To meet this unfunded VRS mandate, pressing capacity needs, and other priorities, the committee recommends a County Transfer increase of $2,166,700. Additional Schools' Committee changes to the School Board's proposed budget are as follows:

Specifics of Schools Committee Changes to the Budget

School Board Proposed Budget Expenditures		$496,176,538
Full Timer Verification Specialist	+	85,300
VRS 5% employee share payment	+	440,000
Efficiency Review re-organization costs	+	300,000
Capacity Reserve	+	1,709,400
Reduction of Hoffman-Boston STEM	-	100,000
Naviance into Middle School	-	18,000
Professional Learning Day	-	150,000
		$498,443,238

School Board proposed revenue	$496,176,538
Increased Revenue from swimming pools	$100,000
Additional County Transfer	$2,166,700
Total Revenue	$498,443,238

Full-Time Verification Specialist

This position is warranted and may provide fiscal savings to APS. Capacity concerns within all our schools calls us to ensure that students attending our school are not only residents of Arlington, but are within the boundaries of the schools they are supposed to attend.

VRS 5% Employee Share

APS is likely to be subject to the following bill passed by the Virginia legislature.
"Senate Bill 497. Virginia Retirement System employee contributions; local employees; school board employees. Requires that persons employed by local government or school board employers be required to pay the five percent employee contribution to the Virginia Retirement System. School board employees would be authorized to phase in the five percent contribution over a maximum of five years. Local employers and school boards would be required to provide employees with a raise to offset the employee contributions." see also SB 498 and HB 1130. This has passed both houses and awaits the governors expected signature.

Higher salaries will require higher benefit matches (FICA etc.) by the APS and thus the 5% VRS share creates an unfunded mandate of about $2.2 million/year when fully implemented. There are reserves earmarked for the pending payment to VRS, but no line item exists for this expected 5% VRS share in the APS budget.

Increased Revenue for Pools and Building Use

Given the opening of the new Yorktown pool this year, the committee expects an increase in demand and use for APS pool facilities in 2013. While the Superintendent's budget does not build in increased demand, this committee considers it reasonable to expect pool fees collected in 2013 to increase by $100,000 over the $700,000 total estimated in the Superintendent's budget.

Efficiency Review
APS spent considerable time and funds to conduct an efficiency review, and soon is expecting to receive recommendations. The Superintendent estimates $300,000 to implement program reorganizations recommended by the efficiency review, but did not fund this implementation phase in the FY 2013 budget. The committee believes that increasing efficiency of APS processes should not wait until FY 2014 despite the lack of specifics as to what shall soon be forthcoming. Fiscal savings are expected.

Capacity Reserve
$1,709,400 should be placed in the Capacity Reserve to address the dramatic increase in enrollment in the school system. The School Board is planning to spend $125 million in the next 5 years on 3 additions and 2 new schools. Given debt service restrictions and additional capital needs, placing this money in the capacity reserve will allow APS to more quickly begin to build additional capacity with non-bond funding and reduce the amount of bond funding needed to construct additional capacity. At the same time, we note that actual enrollment figures may deviate materially from APS projections and we encourage APS to further refine their calculation methods with a particular eye towards more detailed examination of the impact of housing and land use trends on enrollment.

Hoffman-Boston STEM Program
The committee supports the Superintendent and School Board's effort to address challenges in student performance and under enrollment at Hoffman-Boston. There is insufficient information however, to explain why the introduction of the STEM program at Hoffman-Boston would cost $400,000. The description noted 1 FTE for a STEM coordinator and .5 for an ITC. Hoffman-Boston already has a .5 Instructional Technology Coordinator position. The roles of the two coordinators are not clear. We are supportive of giving some undesignated funds to help this evolving program urgently develop, but believe that until a more detailed strategy and plans are unveiled for Hoffman-Boston, a $300,000 line item is more sensible.

Naviance
The committee is not persuaded that pushing this software program down into the middle schools is appropriate. This program is used in the high schools to track career and college choices, but the committee does not see the added value for middle schools. We also encourage APS to review other providers who may provide similar product at a lower cost.

Professional Learning Day
The committee does not support the cost of $150,000 for the professional learning day as this day is already in the calendar. As this is described as "job-embedded time," it is not clear why additional funds are needed for staff to collaborate together and develop action plans. Staff can prepare the day's activities for collaboration, analyzing, reflecting, and preparing to act on new initiatives as revealed by data analysis regarding student achievement.

II. Additional Budgetary Policy Recommendations

Technology Recommendations
There is no line item in the budget as it broadly pertains to the obsolescence and replacement of computers and replacement technology (i.e. projectors, interactive whiteboards). A line item for technology acquisition and replacement should be included in the budget. The committee

recommends prolonging the replacement cycle to 5 years for certain technologies such as computers to save funds. These technology policies need review.

Comprehensive Review of Fees

The Comprehensive Review of Fees and Services Study should be accelerated and changes implemented as soon as possible. We believe that the community may support upward adjustments to such items as swimming pool fees, school facilities rental charges, musical instrument and vending fees and the like.

Revenue Sharing Agreement

The practice of a Revenue Sharing Agreement (RSA) should be resumed. A multi-year agreement makes long-range planning more predictable for the School and the County.

The agreement should include factors beyond enrollment such as the need for additional buildings, technology, and transportation. The RSA should be transparent (and understandable to the public) and not subjected to complicated, ever-changing revenue set-asides and exclusions. If an RSA is fixed at 46.1% of county revenue, then the Schools should receive their portion of all of these revenues.

Reserve Fund Earned Interest

Money being held in any APS reserves should be earning interest for the schools not the county. The schools should benefit from any interest earned on APS designated funds. We urge an APS/County discussion of how to maximize such interest income.

Joint County and School Assessment of Facilities

The Schools Committee again recommends that APS and the County adopt a process for a joint County and School assessment of priority investment in facilities. Currently, the Schools and County independently assess their need for investment in new facilities. The decision on whether to propose bonds for School facilities and/or various ones for County investments are decoupled. However, the financial rating agencies look at the combined debt and debt service County-wide, so in this way, they are tied together. This lack of combined assessment of what the overall priorities of facilities are for Arlington, can, and probably has, led to lower priority projects being funded. We recommend that, as part of the CIP process, once the Schools and County have each prioritized their own projects that the two meet to agree on an overall priority list, with broad community consultation.

Members of the Committee

Michael Beer, Chair
Kenneth Friedli, Civic Federation liaison to the Budget Advisory Council
Allan Gajadhar
Anya Gan
Sandy Munnell
Eleanor Smith
Patrick Spann
John Vihstadt

Appendices
Revenue
Expenditures
Reserves

Arlington County Civic Federation FY 2013 Schools Budget Resolution

Whereas, the Schools Committee has reviewed the School Superintendent and School Board's proposed budgets for FY 2013, and has issued a report to the Federation commenting thereon, which report proposes certain changes to the proposed budget.

Therefore, be it resolved that the Federation accepts and adopts the report of the Schools Committee, and directs the Federation President to transmit the report to the Chairmen of the County Board and the School Board.

Civic Federation Schools Committee Recommendations on the FY 2012 Schools Budget

Revenues	FY 2012 Adopted	Superintendent Proposed FY 2013	School Board Adopted		School Committee Recommendations to School Board Budget	
	Amount $	Amount $	Chg Amt	Amount	Chg Amt	Amount
County Transfer	378,776,778	397,033,530	0	397,033,530	2,166,700	399,200,230
County Transfer-add'l 1 time transfer				2,376,585		2,376,585
County Re-estimate	**6,790,625**	**3,840,000**	**0**	3,840,000		3,840,000
County total	385,567,403	400,873,530	0	403,250,115	2,166,700	405,416,815
Other Revenue						
State - Sales Tax	17,764,602	18,229,625		18,229,625		18,229,625
State - Other	32,893,871	34,003,021		34,003,021		34,003,021
Local	15,589,431	16,230,876		16,230,876	100,000	16,330,876
Federal	13,195,761	12,987,901		12,987,901		12,987,901
Carry Forward	10,045,000	11,475,000		11,475,000		11,475,000
From Reserves						
Total Other	**89,488,665**	**92,926,423**	**0**	**92,926,423**	**100,000**	**93,026,423**
Total Revenue	**475,056,068**	**493,799,953**	**0**	**496,176,538**	**2,266,700**	**498,443,238**
Expenditures amt other sheet		493,799,953		496,176,538		498,443,238
Difference Rev and Exp		0		0		0

Civic Federation Schools Committee Recommendations on the FY 2013 Schools Budget

Appendix B

Expenditures

	Superintendent Proposed Budget Document		School Board Adopted				School Committee Recommendations to School Board Budget			
	Amount $	FTE	Chg Amt	Chg FTE	Amount	FTE	Chg Amt	Chg FTE	Amount	FTE
TOTAL FY 2012 ADOPTED BUDGET	**475,056,068**	**3937.41**			**475,056,068**	**3937.41**			**475,056,068**	**3937.41**
MAINTAIN LEVEL OF CURRENT SERVICES										
Baseline Adjustments										
One-time Costs in FY 2012					0	0.00			0	0.00
Capital Reserve	(5,302,080)				(5,302,080)		1,709,400		(3,592,680)	
Purchase of Relocatables	(2,130,000)				(2,130,000)				(2,130,000)	
Reserve for VRS	(1,800,000)				(1,800,000)	0.00			(1,800,000)	0.00
One time Bonus payment	(1,750,000)				(1,750,000)	0.00			(1,750,000)	0.00
Professional Learning Day	(1,325,000)				(1,325,000)	0.00			(1,325,000)	0.00
Planning and Design Funds for Capacity	(1,030,000)				(1,030,000)	0.00			(1,030,000)	0.00
Additional Busses	(886,500)				(886,500)				(886,500)	
Arts Textbook adoption	(870,000)				(870,000)				(870,000)	
Planetarium Upgrade	(230,000)				(230,000)	0.00			(230,000)	0.00
	(15,323,580)	**0.00**	**0**	**0.00**	**(15,323,580)**	**0.00**	**1,709,400**	**0.00**	**(13,614,180)**	**0.00**
Baseline Savings/Reductions					0	0.00			0	0.00
Grant programs	(111,656)	(4.25)		0.00	(111,656)	(4.25)			(111,656)	(4.25)
Contracts	(932,817)				(932,817)	0.00			(932,817)	0.00
Change in salary base from adopted budget to current and on board	(2,152,242)				(2,152,242)	0.00			(2,152,242)	0.00
Furniture and equipment for classrooms	(169,451)				(169,451)	0.00			(169,451)	0.00
Other	(143,618)				(143,618)	0.00			(143,618)	0.00
	(3,509,784)	**(4.25)**	**0**	**0.00**	**(3,509,784)**	**(4.25)**	**0**	**0.00**	**(3,509,784)**	**(4.25)**
Maintain Current Services										
Debt service	3,937,441		(268,470)		3,668,971	0.00			3,668,971	0.00
Minor Construction/Major Maintenance	1,428,049				1,428,049	0.00			1,428,049	0.00
Facilities (utilities, building leases)	1,359,753				1,359,753	0.00			1,359,753	0.00
Technology	689,308				689,308	0.00			689,308	0.00
Instructional and testing materials	593,870				593,870	0.00			593,870	0.00
Yorktown (additional space)	231,265	4.50			231,265	4.50			231,265	4.50
Reading teachers	124,070	1.50			124,070	1.50			124,070	1.50
Professional Development	90,000				90,000	0.00			90,000	0.00
Other	354,814	1.50			354,814	1.50			354,814	1.50
	8,808,570	**7.50**	**(268,470)**	**0.00**	**8,540,100**	**7.50**	**0**	**0.00**	**8,540,100**	**7.50**

Expenditures	**Superintendent Proposed Budget Document**		**School Board Adopted**				**School Committee Recommendations to School Board Budget**			
	Amount $	**FTE**	**Chg Amt**	**Chg FTE**	**Amount**	**FTE**	**Chg Amt**	**Chg FTE**	**Amount**	**FTE**
Enrollment and Capacity										
Staffing, materials, equipment, supplies	5,435,552	68.60			5,435,552	68.60			5,435,552	68.60
Staffing, materials, equipment, supplies - 2012 **spring contingency**	1,064,448		(1,064,448)		0	0.00			0	0.00
Staffing, materials, equipment, supplies - spring 2012 **Update for actual**			1,130,000	12.30	1,130,000	12.30			1,130,000	12.30
Relocatables	2,894,200		1,049,961		3,944,161	0.00			3,944,161	0.00
	9,394,200	**68.60**	**1,115,513**	**12.30**	**10,509,713**	**80.90**	**0**	**0.00**	**10,509,713**	**80.90**
Salaries and Benefits										
2% compensation adjustment	6,211,256				6,211,256	0.00			6,211,256	0.00
VRS and County retirement contributions	15,732,083				15,732,083	0.00			15,732,083	0.00
VRS 5% share-2.2 mill/year phased in over 5 years							440,000		440,000	0.00
Health insurance	(6,000,000)				(6,000,000)	0.00			(6,000,000)	0.00
OPEB obligation - Annual OPEB Cost	400,000				400,000	0.00			400,000	0.00
	16,343,339	**0.00**	**0**	**0.00**	**16,343,339**	**0.00**	**440,000**	**0.00**	**16,783,339**	**0.00**
MAINTAIN LEVEL OF CURRENT SERVICES TOTAL	**15,712,745**	**71.85**	**847,043**	**12.30**	**16,559,788**	**84.15**	**2,149,400**	**0.00**	**18,709,188**	**84.15**
INSTRUCTIONAL INVESTMENTS										
Student Achievement and Student Success										
Increased Instructional Time										
Textbook adoption	800,000				800,000	0.00			800,000	0.00
ESOL/HILT	578,991	7.00			578,991	7.00			578,991	7.00
Hoffman-Boston	400,000	1.50			400,000	1.50	(100,000)		300,000	1.50
Formative Assessment technology	361,562				361,562	0.00			361,562	0.00
Instructional computer replacement	360,000				360,000	0.00			360,000	0.00
secondary language program	330,852	4.00			330,852	4.00			330,852	4.00
Planetarium	135,207	0.50			135,207	0.50			135,207	0.50
Arlington Mill conversion to a school	100,000	1.20			100,000	1.20			100,000	1.20
Dual enrollment	107,584				107,584	0.00			107,584	0.00
Substance Abuse Counselor	82,713	1.00			82,713				82,713	0.00
Data warehouse	80,000				80,000				80,000	0.00
Community Schools-Carlin Springs	60,655	0.50			60,655				60,655	0.00
Assistive technology	50,000				50,000				50,000	0.00
Instructional Technology Coordinator (ITC)-Stratford	48,800	0.50			48,800				48,800	0.00
Exemplary project- Taylor	45,000				45,000				45,000	0.00
Concussion management software	44,500				44,500				44,500	0.00
Language line services	30,000				30,000				30,000	0.00
Consulting Fees-planned factors	30,000				30,000				30,000	0.00
Out of School Time assessment	27,000				27,000				27,000	0.00

Expenditures

Appendix B

	Superintendent Proposed Budget Document		School Board Adopted				School Committee Recommendations to School Board Budget			
	Amount $	**FTE**	**Chg Amt**	**Chg FTE**	**Amount**	**FTE**	**Chg Amt**	**Chg FTE**	**Amount**	**FTE**
Contracted Services-Naviance	18,000				18,000		(18,000)		0	0.00
Even Start-half day program			62,035	0.75	62,035				62,035	0.00
Testing audit Team	10,000				10,000				10,000	0.00
	3,700,864	**16**	**62,035**	**0.75**	**3,762,899**	**14.20**	**(118,000)**	**0.00**	**3,644,899**	**14.20**

Expenditures

Appendix B

	Superintendent Proposed Budget Document		School Board Adopted				School Committee Recommendations to School Board Budget			
	Amount $	**FTE**	**Chg Amt**	**Chg FTE**	**Amount**	**FTE**	**Chg Amt**	**Chg FTE**	**Amount**	**FTE**
Strategic Planning										
Increase Class Size - grades k-12 ?	(4,255,440)	(45.00)	3,498,040	48.40	(757,400)	3.40			(757,400)	3.40
Class size stabilization reserve	1,000,000		(1,000,000)		0	0.00			0	0.00
	(3,255,440)	**(45.00)**	**2,498,040**	**48.40**	**(757,400)**	**3.40**	**0**	**0.00**	**(757,400)**	**3.40**
Teacher and Staff Quality										
Professional Learning opportunities	150,000				150,000	0.00	(150,000)		0	0.00
UVA Executive Leadership Cohort-Wakefield	42,000				42,000	0.00			42,000	0.00
Professional Development-Restructured MS Program	35,000				35,000	0.00			35,000	0.00
Succession Planning/leadership development	75,000				75,000				75,000	
Consulting Fees-job classification specifications and descriptions	31,925				31,925				31,925	
Substitute Teacher Assignment Network (STAN) upgrade	20,598				20,598				20,598	
	354,523	**0.00**	**0**	**0.00**	**354,523**	**0.00**	**(150,000)**	**0.00**	**204,523**	**0.00**
Evaluation and Accountability										
STARs upgrade	**1,100,000**	0.00			1,100,000	0.00			1,100,000	0.00
Transportation Efficiency Study implementation	**150,000**	0.00			150,000	0.00			150,000	0.00
School and Community Relations-Peak Democracy	**3,000**	0.00			3,000	0.00			3,000	0.00
Verification Specialist							85,300	1.00	85,300	1.00
Efficiency Review-Reorganization costs							300,000		300,000	0.00
	1,253,000	**0**	**0**	**0**	**1,253,000**	**0**	**385,300**	**1**	**1,638,300**	**1**
INSTRUCTIONAL INVESTMENTS TOTAL	**2,052,947**	**(28.80)**	**2,560,075**	**49.15**	**4,613,022**	**17.60**	**117,300**	**1.00**	**4,730,322**	**18.60**
Add to Budget Stabilization Reserve	**1,000,000**		**(1,000,000)**		0	0.00			0	0.00
MC/MM Reserve-reduction to balance budget	(21,807)		(30,533)		(52,340)	0.00			(52,340)	0.00
TOTAL FY 2013 PROPOSED BUDGET	**493,799,953**	**3,980**	**2,376,585**	**61.45**	**496,176,538**	**4039.16**	**2,266,700**	**1.00**	**498,443,238**	**4040.16**

Civic Federation Schools Committee Recommendations on the FY 2013 Schools Budget Reserves

Sources of Reserves	**FY12 Balances**	**Adj in FY 12 Adopted**	**FY11 Closeout**	**FY 13 Proposed Budget**	**School Board Adopted**	**School Committee Recommendations to School Board Budget**	**School Committee Recommended Reserves**
Undesignated reserve - in Fund Balance	2,000,000				2,000,000	-	2,000,000
VRS reserve	11,587,239	1,800,000		(6,000,000)	7,387,239	-	7,387,239
Reserve for Unfunded Liabilities	2,000,000				2,000,000	-	2,000,000
Reserve for Debt Service in FY13 & beyond	7,000,000			(1,975,000)	5,025,000	-	5,025,000
General and Capital Reserve	4,000,000	5,302,080	13,378,214		22,680,294	1,709,400	24,389,694
Health Insurance Reserve	-		1,000,000		1,000,000	-	1,000,000
Total School Operating Reserves	**26,587,239**	**7,102,080**	**14,378,214**	**(7,975,000)**	**40,092,533**	**1,709,400**	**41,801,933**