

**REPORT OF THE CIVIC FEDERATION'S SCHOOLS COMMITTEE  
ON THE ARLINGTON PUBLIC SCHOOLS PROPOSED FY2010 BUDGET**

**INTRODUCTION**

This is the first year in this decade that the proposed budget for the Arlington Public Schools (“APS”) decreases from the previous year, instead of increases. The Superintendent’s FY 2010 proposed budget was introduced on February 26, 2009. On April 2, the School Board will adopt a preliminary budget; it will take final action to adopt a budget on April 30.

The Superintendent’s proposed budget contemplates reductions in revenues and expenditures of 2.8% from the FY2009 appropriated budget, from \$444.4 M to \$431.8 M, a drop of approximately \$12.6 M. Estimated per-student spending decreases \$1,000 from last year’s adopted budget last year, from \$19,538 to \$18,534.

Significant features of the Superintendent’s proposed budget that are retained from CY2009 include:

- ➔ Salary step increases for eligible employees (\$6.8 million - County employees get no increases);
- ➔ Class size and other classroom planning factors remain at current levels;
- ➔ The pre-kindergarten program for economically disadvantaged students (“VPI” or Virginia Pre-School Initiative) remains at last year’s level, despite current waiting list of over 100 families; and
- ➔ The foreign language program at elementary schools (“FLES”) remains at last year’s level, it does not expand as previously planned.

By contrast, among the major reductions in the proposed budget are:

- ↓ Elimination of 24.1 central office jobs, 11.6 of which are already empty (\$2.1 million);
- ↓ Elimination of 20 non-classroom jobs at large elementary schools (\$1.6 million);
- ↓ Reduction of one retirement benefit (of several) by 2.1% (\$3.7 million);
- ↓ Adoption of new social studies textbooks is delayed (\$1.2 million);
- ↓ Reduction in school bus replacements by one-half (\$600,000);
- ↓ Elimination of some maintenance projects (\$300,000).

## RECOMMENDATIONS

The Civic Federation Schools Committee recognizes that this is a difficult budget year, and that information on state and federal revenues for FY2010 is still developing. In addition, the Committee understands that APS staff members are still analyzing certain staffing and construction issues that could significantly affect final budget decisions. Therefore, subject to additional information that may become available over the next few weeks, the Committee offers the following preliminary recommendations:

1. Moving up to \$1 M, if necessary, from the \$3.9M set aside for Thomas Jefferson capital needs to fund mechanical system maintenance at Wakefield, such as repairing and replacing air conditioners and classroom ventilators/fan-coils, repairing boilers, etc. The Committee is aware that Jefferson also has capital needs, as well as a variety of desired improvements. However, the capital needs work at Jefferson requires \$1.27 M in complementary County funding, and the County has not allocated any funds in its FY2010 for Jefferson. Therefore, the Jefferson project could not go forward this year in any case. Moreover, architectural and engineering designs for Jefferson's improvements will take at least several months to complete, making it difficult to begin those improvements until next summer. Therefore, we recommend that the capital needs and improvements at Jefferson be implemented as one project, hopefully in FY2011, when plans will have been completed for the project and the County will be prepared to fund its share.
2. The Committee regrettably concurs with the Superintendent's recommendation to decrease the TSA retirement match (similar to a 401(k) match) for APS staff by 2.1% this year. The proposed budget specifically notes that this reduction is for FY2010 only. We hope this benefit will be reviewed carefully for the FY2011 budget and restored to FY2009 levels.
3. The Committee recommends paying a one-time bonus to all APS employees eligible for step increases an amount equal to the amount proposed for step increases in the Superintendent's proposed budget. We recommend against paying step increases this year, as that would increase the base compensation costs in FY2011 by \$6.7M. Paying a one-time bonus will permit eligible employees to receive the same payment the Superintendent proposed, but will not build the additional \$6.7 M compensation cost into the base budget for FY2011.
4. The Committee recommends moving the \$5.1M reserved over the last two years for unfunded OPEB liability to an OPEB trust fund. In addition, we recommend that the School Board fund the remaining \$1.1 M of FY2010 OPEB unfunded liability. Lastly, we recommend that further changes to retiree health benefits be made so that APS unfunded liability is further reduced in future years.

It should be noted that the above recommendations are those of the Schools Committee, not the entire Civic Federation. The Federation will meet next on April 7, 2009 and consider the Schools Committee's recommendations. This report was shared with the Federation's Executive Committee prior to its presentation to the School Board.

ALL FUNDS SUMMARY OF RECOMMENDATIONS

Revenues

\$348,723,944	County Transfer
\$ 1,310,916	Re-Estimated County Revenue (APS Share)
\$ 2,500,000	Carry Forward/Budget Savings
\$ 51,041,432	Estimated State Revenues - sales tax & other
\$ 14,191,898	Estimated Federal Revenue
\$ 11,994,890	Estimated Other Revenue
\$431,780,330	TOTAL

Expenditures

\$352,930,849	(Operating fund)
\$ 14,320,253	(Community activities)
\$ 6,575,986	(Cafeteria fund)
\$ 4,437,267	(Capital projects)
\$ 3,650,000	(Comprehensive services)
\$ 15,332,908	(Grants & restricted programs)
\$ 34,533,067	(Debt service)
\$ 0	(Capital reserve)
\$431,780,330	TOTAL

Reserves (not counted elsewhere)

\$ 2,000,000	(reserve fund)
\$ 5,103,624	(OPEB reserve - move to trust fund and add \$1.1M from above funds to fully fund liability for FY2010)
\$ 2,000,000	TOTAL RESERVES

Approved by the Schools Committee:

Anya Gan  
Reid Goldstein  
Herschel Kanter  
Roye Lowry  
Kathleen McSweeney  
Roger Meyer  
Tim Wise  
Beth Wolffe, Chairwoman  
March 15, 2009