



York County

SCHOOL DIVISION

Fiscal Year 2018

Budget Outlook

December 5, 2016

Recap of FY10, 11, 12 and 13 Budgets

- State revenue down \$9.2m (14.2%) or \$11.7m (18%) if including effect of VRS increased costs
- Total operating budget reduced \$4m (3.2%) or \$6.5m (5.2%) if including effect of VRS increased costs
- Cut 124 permanent positions (not temporary positions) by attrition and layoffs
- Provided no raises, no step increases and no position re-grades

Recap of FY14 Budget

- State revenue increased \$0.3m or 0.6%
- County operating contribution increased \$1.2m or 2.4%
- Total operating budget increased by \$1.2m or 1%
- Provided 2.0% or \$1.9m in raises (4.2% if VRS shift to employees is included) and no step increases
- Cut 19 permanent positions (not temporary positions) by attrition and other reductions

Recap of FY15 Budget

- State revenue increased \$2.9m or 5.2%
- State mandated VRS rate increase \$1.8m
- County operating contribution increased \$.88m or 1.76%
- Total operating budget increased by \$4.0m or 3.2%

Recap of FY15 Budget (continued)

- Provided 3.1% or \$2.5m in raises (4.1% if VRS shift to employees is included). Includes 1 step for all eligible staff, scale adjustment, and new pay plan for teachers
- Cut 16 permanent positions (not temporary positions) by attrition and other reductions

Recap of FY16 Budget

- State revenue increased \$1.6m or 2.7%
- County operating budget contribution increased \$361,000 or seven tenths of one percent (0.7%)
- Total operating budget increased by \$2.75m or 2.1%

Recap of FY16 Budget (continued)

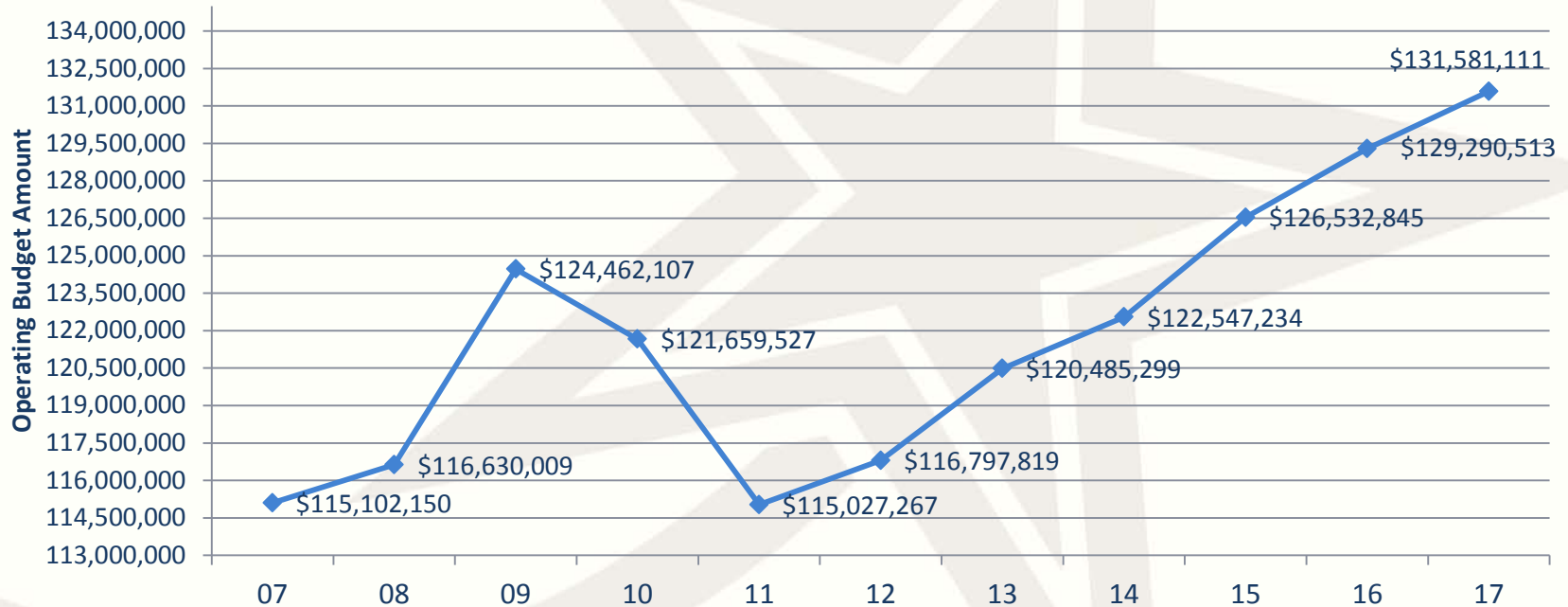
- Provided 3.14% or \$2.7m in raises (4.14% if VRS shift to employees is included). Includes 1 current and 1 restored step for all eligible staff & a 0.6% market adjustment for teachers
- Added 14 teacher positions to accommodate additional enrollment & special education requirements (6 SpEd, 8 Reg)

Recap of FY17 Budget

- State revenue increased \$2.4m or 3.9%
- County operating budget contribution increased \$365,000 or seven tenths of one percent (0.7%)
- Total operating budget increased by \$1.9m or 1.5%
- Provided 2.0% or \$1.5m in raises. Includes 1 current for all eligible staff & a 0.6% market adjustment for teachers
- Added 7 teacher positions to accommodate federal mandates & special education requirements (4 SpEd, 3 LEP)

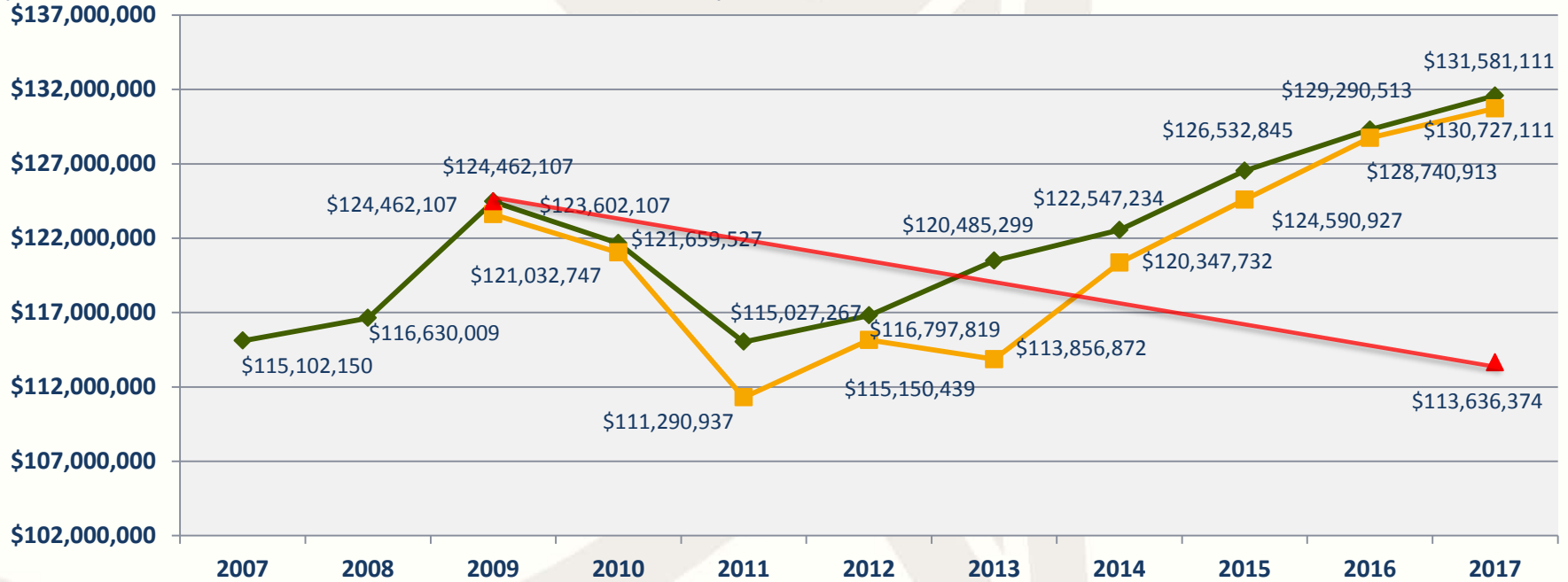
Operating Budget Comparisons

(Does Not Include Federal Stimulus Allocations)



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(Does Not Include Federal Stimulus Allocations)



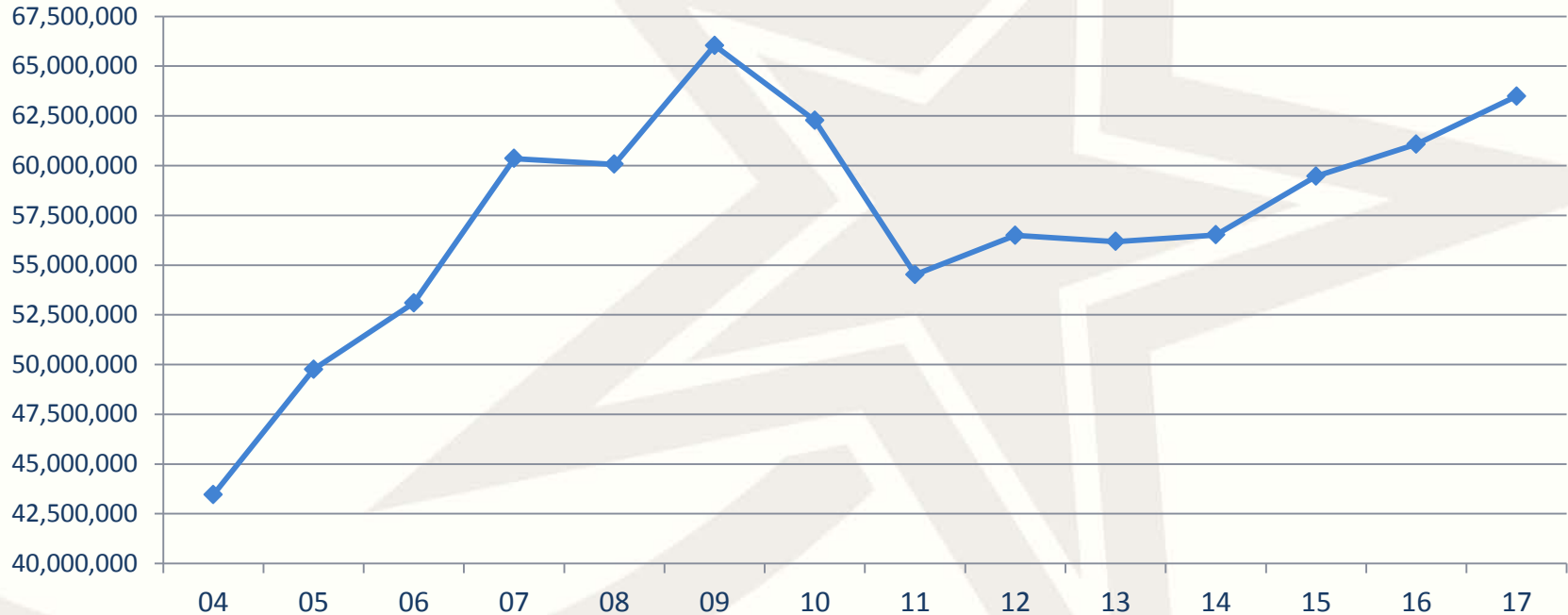
—◆— Actual unadjusted operating budget

—■— Operating budget adjusted for increases in VRS and health insurance

—▲— Comparison of FY09 base year to FY17 after adjusting FY17 for the cumulative impact of VRS and health insurance increases during the same period. Total adjustment is \$17,944,737.

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YCSD State Operating Fund Revenue



FY18 ADM Projection

- FY17 Budgeted ADM 12,620*
- FY18 Projected ADM 12,570*
- Projected Decrease 50

*County Planning Department Estimates

State Revenue - Backdrop

- State sales tax to date is less than budgeted
- FY16 revenue collections short of projections by 1.5%; triggered revenue reforecast for FY17
- Lowered FY17 state revenue forecast from 3.2% to 1.7%
- Governor proposed actions include elimination of salary increase for FY17 and FY18
- FY18 is the 2nd year of the biennium. Short session (45 days) for General Assembly

State Revenue – Backdrop (continued)

- Changes in SOQ's (?)
- VRS rate scheduled to increase for professional group (teacher pool) – Increase

Retirement 14.66% to 16.32% = 1.66%

Retiree health care credit 1.11% to 1.23% = .12%

Group life insurance 1.31% to 1.31% = No change

State Revenue – Backdrop (continued)

- The Local Composite Index will not change:

FY17 .3905

FY18 .3905

(LCI is the measure of local ability to pay)

- Last year JLARC Study – School division's spend less to educate each student than a decade ago
- Will K-12 education funding be a priority?

FY18 local composite index for Hampton Roads comparator school divisions

Williamsburg	0.7747
James City County	0.5641
Virginia Beach	0.3925
York	0.3905
Chesapeake	0.3439
Suffolk	0.3409
Norfolk	0.2988
Newport News	0.2821
Hampton	0.2773
Portsmouth	0.2506

State Revenue – Key Days

- Governor releases his proposed FY18 budget amendments on December 16, 2016
- General Assembly convenes on January 11, 2017
- General Assembly scheduled to close session on or about February 25, 2017

Federal Impact Aid/DoD for FY17 and FY18

- FY17 – currently under a Continuing Resolution (CR) that ends December 9, 2016. Likely to be another CR.
- Concerned about FY17 impact aid payments. Further CR's could require the School Board to request Board of Supervisors to transfer funds from the Impact Aid Revenue Stabilization Fund.
- Projecting an increase of \$95k in heavily impacted funds from DoD if federal budget is approved
- FY18 impact aid estimate is not available at this time

Federal Impact Aid/DoD for FY17 and FY18 (continued)

- One-time prior year impact aid payments of \$4.5 were transferred at FY16 year-end back to the County for the Revenue Stabilization Fund
- The School Board reduced the impact aid budget amount by \$950k in FY17 and a \$900k transfer was approved to offset the reduction.
- The School Board will need to request the Board of Supervisors to use the RSF to offset part of the reduction, but not all, in FY18
- The reduction in impact aid will be absorbed in the operating budget with the use of the RSF over a successive period of years

Federal Revenue for FY17 and FY18 (continued)

- Sequestration may return in FY17 or FY18
- Under sequestration other federal grants such as Title I would be cut

FY18 County Funding – Operating Budget

- Unknown at this time
- There is no funding formula for the County

- Look back at FY16

		% Increase
School Board requested	\$51,947,292	+2.0%
County Administrator recomm'd	\$51,275,444	+0.7%
Board of Supervisors approved	\$51,275,444	+0.7%

FY18 County Funding – Operating Budget

- Look back at FY17

School Board requested

\$52,403,308 +2.2%

County Administrator recomm'd

\$51,640,444 +0.7%

Board of Supervisors approved

\$51,640,444 +0.7%

% Increase

FY16 County Funding – School Operating Budget and School Debt Service Budget

Transfer to schools for Operating Budget	50,914,444	51,275,444	361,000	0.7%
Transfer to School Debt Service Fund	7,852,472	6,435,761	(1,416,711)	-18.0%
Total transfer to Schools	58,766,916	57,711,205	(1,055,711)	-1.8%

FY17 County Funding – School Operating Budget and School Debt Service Budget

Transfer to schools for Operating Budget	51,275,444	51,640,444	365,000	0.7%
Transfer to School Debt Service Fund	6,435,761	6,498,644	62,883	1.0%
Total transfer to Schools	57,711,205	58,139,088	427,883	0.7%

FY18 Revenue Outlook

State (Based on second year of GA budget less pay supplement) \$1.3m (will change)

Federal Impact Aid (USDOE) ?

Federal (DoD Heavily Impacted) \$95k

Revenue Stabilization Fund (BOS must approve) \$(300k)

(reduce transfer from RSF from \$900k to 600k)

County ?

One possibility for federal and state revenue changes including a transfer by BOS from Revenue Stabilization Fund \$1.095m

Revenue Stabilization Fund

FY18 Mandated Cost Increases

VRS Professional Group - VRS Board recommends 1.78% point increase

\$1,300,000

VRS Non- Professional Group – rates unknown at this time

?

Special Education teachers - 3 FTEs

\$159,000

Special Ed Para-educators – 4 FTEs

\$70,000

Limited English Proficiency teachers – 3 FTEs

\$159,000

FY18 Employee Compensation Cost Examples

Health Insurance increase in rates (increase expected) (each 1% for employer = \$104,000) (each 1% for employee = \$44,000)	?
Cost of one current step for all eligible staff	\$1,315,000
Cost of one restored step for eligible staff that has lost four steps	\$850,000
Market Adjustment (each 1% for all EE's)	\$790,000

Other Funding Requirements

EXAMPLES:

- Special Education contractual services
- Replacement buses
- Textbooks, educational materials
- Technology refurbishment

Key Dates in January

- December 12, 2016 Joint work session with Board of Supervisors
- January 9, 2017 School Board Work Session on FY17E and FY18 Operating Budget
- January 23, 2017 Public Forum on FY18 Operating Budget



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