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Superintendent's Comments  
FY14 Proposed Budget  
March 25, 2013 School Board Meeting

This year's budget process has been particularly difficult because, prior to this year, we have had four years of historic reductions in state aid, leading to cuts of 124 positions, reductions in instructional and operational spending, and new fees. We have not maintained service levels funded via previous budgets.

The proposed budget for fiscal year 2014 continues this trend. It does not maintain service levels.

If approved tonight, the School Board proposed budget for fiscal year 2014 includes more cuts, including the reduction of 14 positions for a savings of almost \$500K. It includes reductions in contractual services, and School Board Office printing, equipment, and supplies. It includes \$1.2 million of savings relating to staff turnover.

In developing the proposed budget, we also needed to overcome the loss of almost \$260,000 due to sequestration, including loss of funding for special education services that are still mandated by the state and federal government.

The proposed budget includes almost \$2.6 million additional dollars required to maintain our health insurance plan.

It also includes more than \$400,000 for other new expenditures, of which almost \$300,000 is for mandated special education services.

In an effort to attract and retain high quality staff members, the proposed budget includes approximately \$1.5 million for a 2% market adjustment for employees. Less than half of this cost would be supported by the state.

In order to attract and retain high quality staff members, the proposed budget includes \$1.2 million to meet FY14-FY17 mandates relating to employee contributions to the Virginia Retirement System. One-half of this cost relates to employer expenses. The other half of this cost relates to adjusting employee salaries with the intent of compensating employees for additional payroll deductions. We



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have more than paid for the employee portion of the VRS mandate through reductions and savings reflected in the proposed budget.

At the last School Board work session, we discussed a remaining budget gap of approximately \$62,000, a gap we faced due to sequestration. Two adjustments to the proposed budget close this gap. New Horizons Regional Education Center reduced our projected fees by \$13,900. The remaining dollars were recovered with the updating of the projected employer cost of the 4% VRS shift to employees.

The Superintendent's proposed budget includes an increase of \$2.9 million in funds requested from the County. The total budget would be approximately \$124 million.

The Board of Supervisors will hold a public hearing on its budget at 7 p.m. on April 25 and is scheduled to adopt its budget on May 7. Last week, the County Administrator recommended that the Board of Supervisors appropriate \$2.3 million in additional funding for the school division. If the Board of Supervisors approves the level of funding for schools recommended by the County Administrator, then the School Board would need to adjust the proposed budget to reflect lower revenue than projected in the proposed budget. That work by the School Board would occur after the adoption of a budget on May 7 by the Board of Supervisors.