Budget Funding Allocations Work Session

August 11, 2010

Work Session Overview

- Outcomes
  Agenda
  Notebook materials

Work Session Overview

August through October

Setting Direction and Establishing Priorities
- Start of the 5-Year Financial Planning Process
- Review of major assumptions that drive County expenditures
- Evaluating current expenditures
- Considering future needs

Today's Agenda

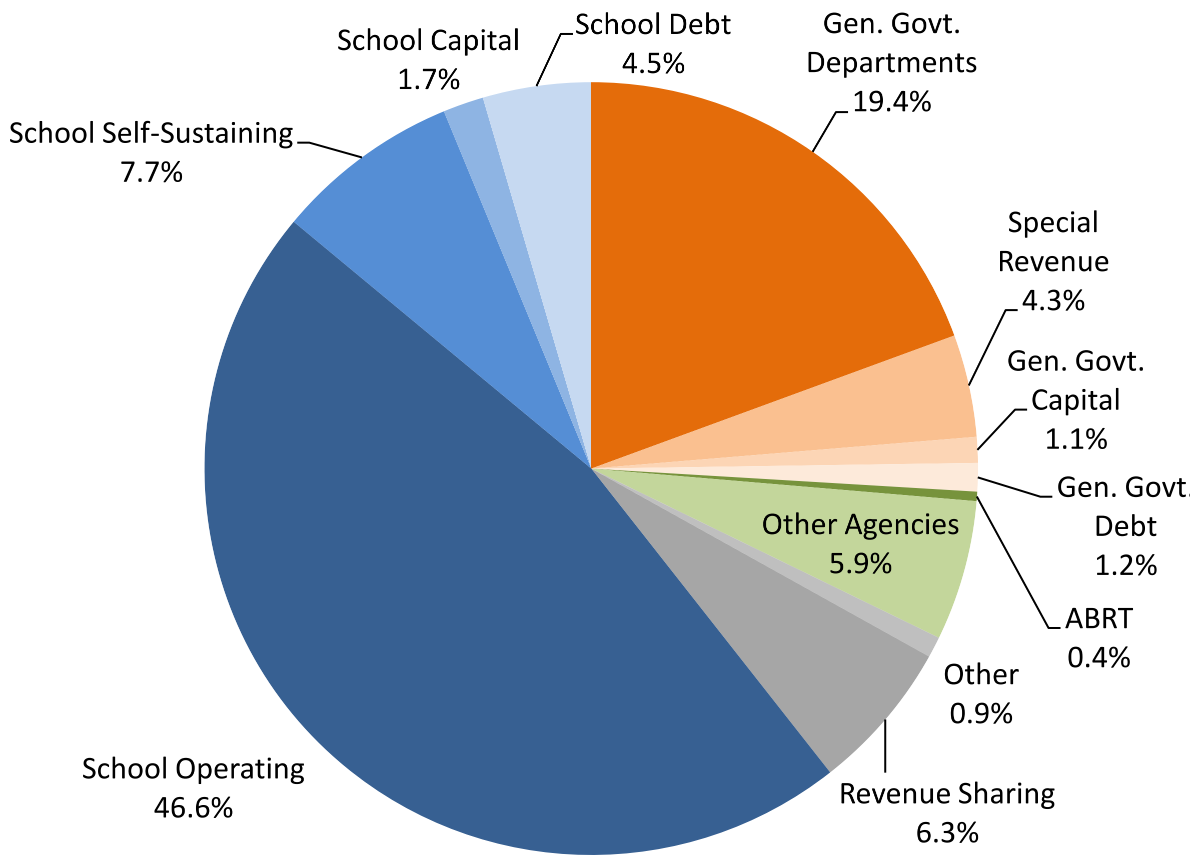
School Funding Issues – background for further discussion with School Board
- Both Boards agreed on the need to work together
  - Improving communication
  - Better understanding current expenditures
  - Jointly considering future needs

Agency Review Process
- Long term process changes
- Process for coming fiscal year

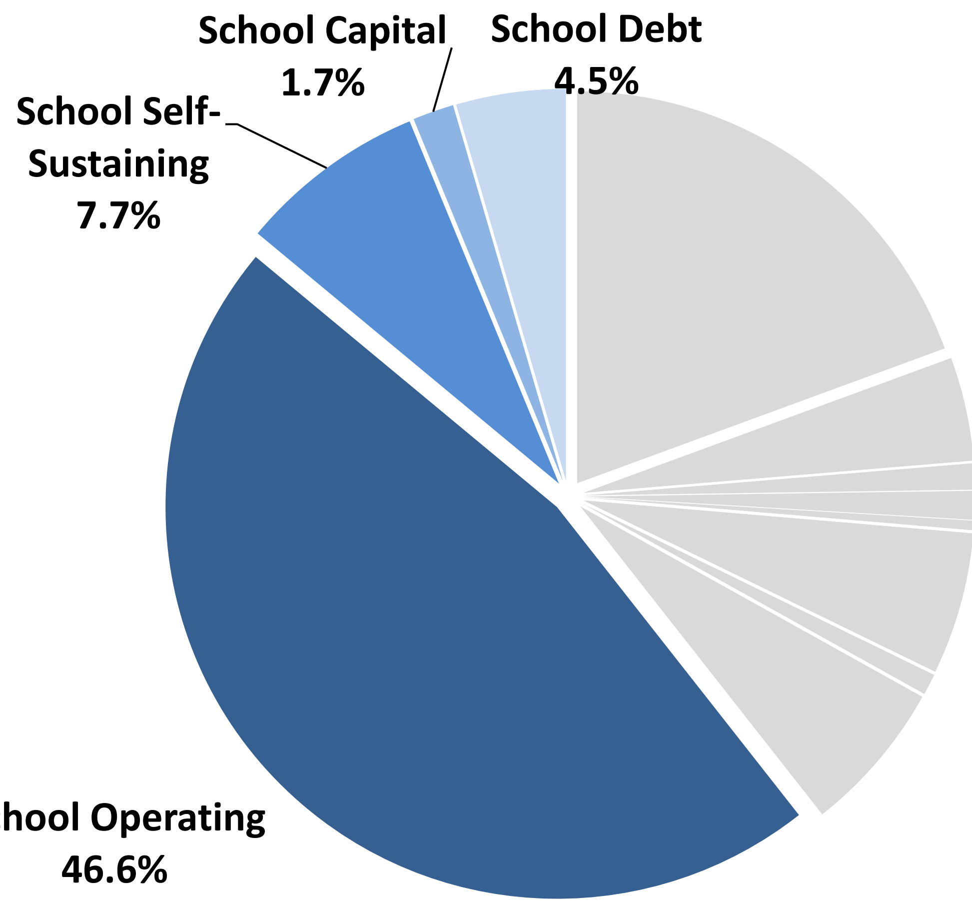
Budget at a Glance

- Schools
  General Government
  Agencies
  Other

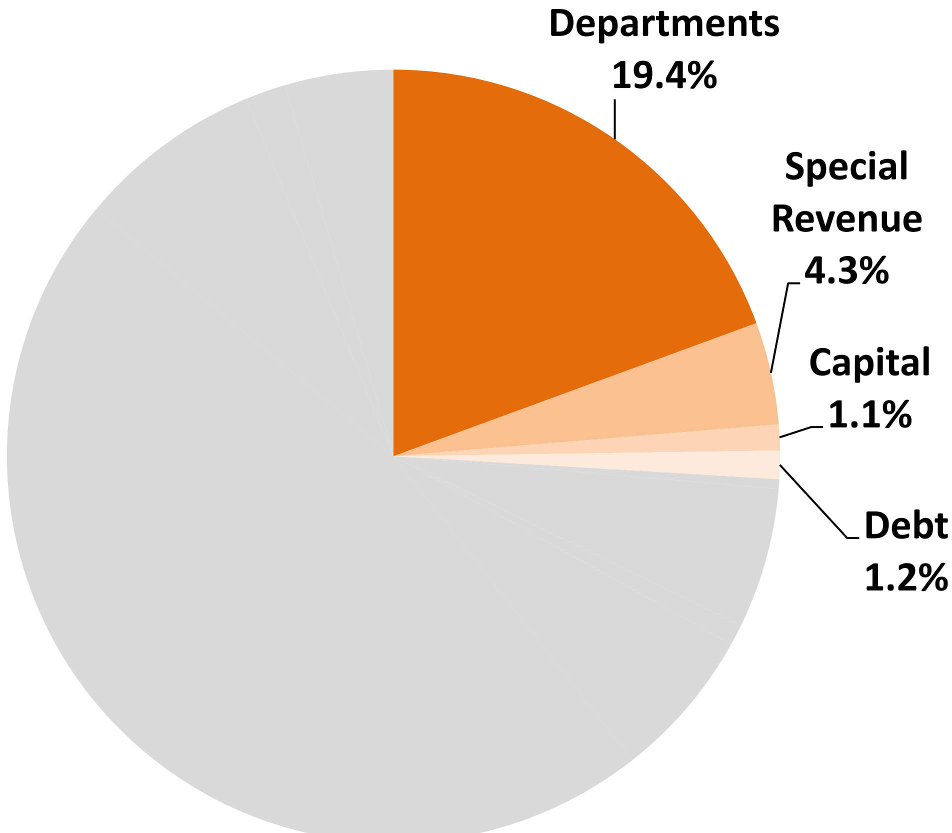
FY11 Total County Adopted Budget $292,257,596



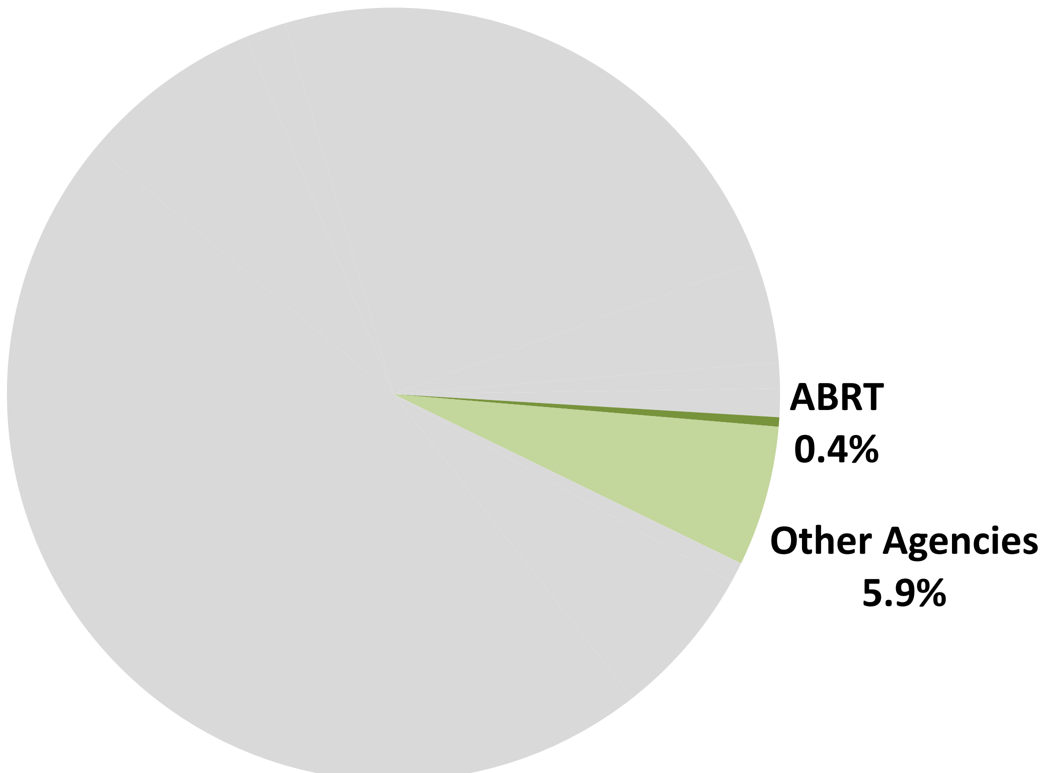
FY11 Total County Adopted Budget Schools: 60.5%



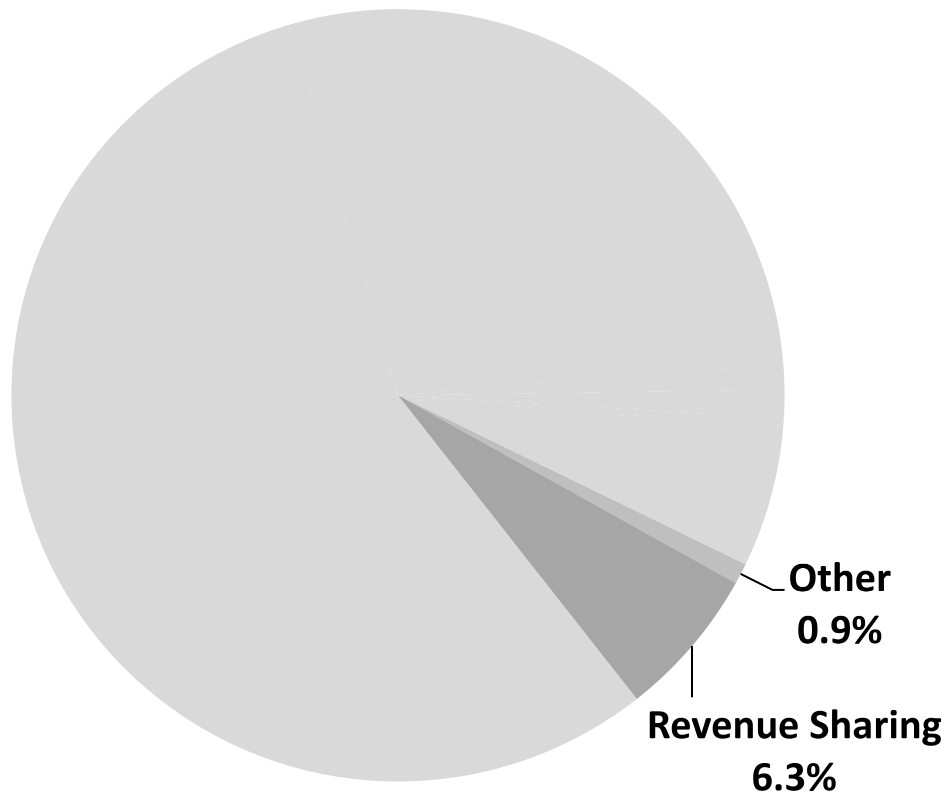
FY11 Total County Adopted Budget General Government: 26.0%



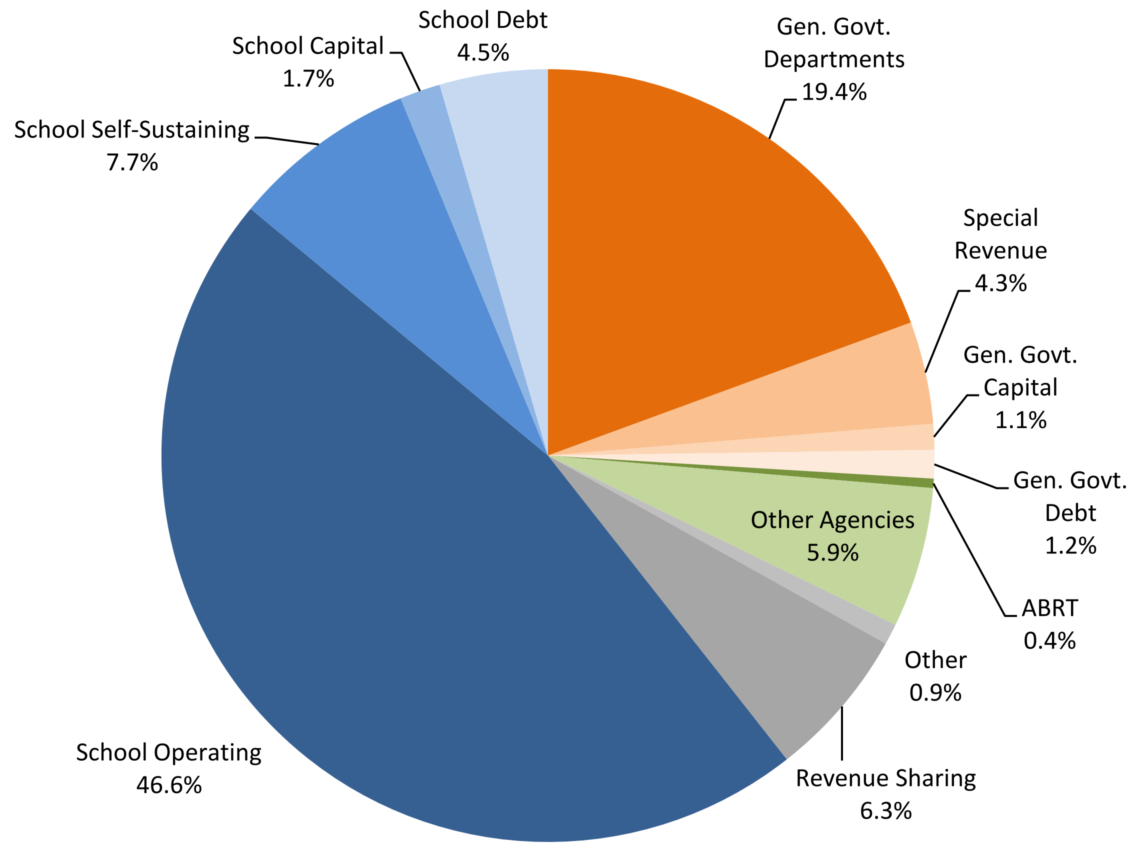
FY11 Total County Adopted Budget Agencies: 6.3%



FY11 Total County Adopted Budget Other: 7.2%



FY11 Total County Adopted Budget $292,257,596



School Funding

Shared Revenue Allocation Formula
Fund Balance
Debt Service
Information Sharing

Shared Revenue Allocation to the School System Funding Formula: Resource Management Review Recommendation:

“”…Funding formula remained same while County population grew at a higher rate than school enrollment…”

Consider….

“Adjusting the 60% funding allocation up or down based on previous year’s change in population vs. school enrollment, as well as other programmatic considerations.”

Shared Revenue Allocation to the School System Funding Formula:

What We Do Now

- 60% of the **change** in shared revenues is allocated to the School Division after certain transfers and expenditures are deducted
  - Shared revenues
    - General Property Taxes – Real Estate, Personal Property
    - Other Local Taxes – Sales Tax, Utility Taxes, Business License Tax, Food & Beverage Tax, Motor Vehicle Licenses, etc.
    - Personal Property Tax Relief (PPTR)

Shared Revenue Allocation to the School System Funding Formula:

What We Do Now

- Expenditure deductions
  - Transfer to CIP/Debt Service
  - City Revenue Sharing
  - Tax Relief for the Elderly/Disabled
  - Tax Refunds
  - Shared Contingency Reserves (if any)
  - Other Adjustments Approved by BOS

DEMONSTRATION – TAB 4

Shared Revenue Allocation to the School System Funding Formula: What Others Are Doing

- Contacted comparable jurisdictions
- Funding formulas are used as guidance in budget preparation
- Every jurisdiction is unique in some regard
  - different expenditures are included/exempted
  - allocation percentages may stay constant or could be revised

Shared Revenue Allocation to the School System Funding Formula:

- Options for future discussions with School Division

  - Continue current formula?
  - Adopt changes to formula?
  - Do not use a formula?

- Future Considerations
  - Guideline
  - Timing
  - Key variables
  - Update verbiage in policy to clarify

School Fund Balance:
Resource Management Review Recommendation:

"Negotiate between the County and the Schools an appropriate fund balance. While the carry over of unspent expenditures is an incentive for schools, it can also create an imbalance between the two. A good approach could be to create a maximum dollar amount of fund balance and anything above that amount would be allocated between the school and general fund balances on a pro-rata basis."

School Fund Balance:
What We Do Now

- Currently, the School Division keeps their fund balance

- The fund balance has provided critical assistance to the School Division during the recent economic downturn

School Fund Balance:

- Per the Resource Management Review recommendation, consider discussing with the School Board:
  - What the appropriate level of fund balance should be.
  - Whether or not there should be additional parameters about its use.

School Debt Service:
Resource Management Review Recommendation:

"*Allocate school system debt as part of the transfer to schools budget...*"

BOS and School Division jointly discussed and reviewed this recommendation in July 2009 and decided to not make changes. (SEE TAB 9)

Board/School Budget Information Sharing

- During Board member interviews and at the June 30 Strategic Planning Session, Board Members' stated that they would like to improve their understanding of the school division's budget.
  - Fund Balance?
  - Personnel Lapse?
  - Staffing levels?
  - Comparative data?

What do others do?

- Interviewed budget staff at the following localities:
  - Roanoke County
  - James City County
  - York County
  - Henrico County
  - Spotsylvania County
- Obtained a variety of ideas for consideration
  - See Tab 3 in your notebooks for details

Results of Research – In addition to joint discussions regarding programmatic goals/issues, many discuss quantitative metrics during presentations/work sessions, such as:

- Enrollment information –anticipated and past 3-5 years
- Per pupil costs – actuals, comparisons and past 3-5 years

- Staffing Information – current number of positions, total number anticipated for year, historic (3-5 years)
- Staffing standards and ratios

- Revenues – anticipated and actuals (3-5 years) from all sources
- Expenditures – by summary categories – actuals (3-5 years)
- Fund Balance – anticipated and past 3-5 years

Items to consider for discussion

- Consider what additional information you would like to have included in discussions with the School Division during the upcoming budget conversations to improve your understanding of their budget request.

In Summary, we reviewed…

- Plans for Joint Board/School Board Retreat – August 17
- Three recommendations provided in the Resource Management Review
  - Shared Revenue Allocation to School Division Formula
  - School Fund Balance
  - Allocation of School System Debt Service (already reviewed/decided by BOS in July 2009)
- Information sharing ideas from interviews with other jurisdiction

Questions/Discussion

FY12 Agency Funding Proposal & Prioritization Initiative

FY12 Agency Funding Proposal & Prioritization Initiative

- Current Allocations – ABRT & Community Agencies
- FY12 Funding Proposal
- Proposed Outcomes/Expectations for Prioritization Initiative
- Proposed Process for Prioritization Initiative

Current Budget Allocations for ABRT & Community Agencies

OMB Community Agencies:

34 Agencies in 4 Functional Areas of Budget
10 funded via multi-jurisdictional agreements
$14.08 million in FY11 (**5.2% of Budget**)
59% Allocated to 3 Agencies: ECC/Jail/Library
95.2% General Fund & 4.8% Tourism Funds

ABRT:

19 Agencies in 4 Functional Areas of Budget
$1.15 million (**0.4% of Budget**)
59% Allocated to 4 Agencies: OAR/Free Clinic/CHIP/Child Care Scholarships
100% Allocated from General Fund

FY12 Funding Proposal

- Multi-jurisdictional agencies – requests reviewed based on agreements in place & funding availability
- Freeze ABRT & remaining OMB Community Agencies at FY11 levels or increase/reduce allocation across-the-board to mirror funding changes in City and County Budgets.
- All agencies to continue submitting performance/ outcome measures
- Conduct a comprehensive prioritization study to be used in future funding for both ABRT and Budget Office programs.

Proposed Outcomes/Expectations for Prioritization Initiative

- Preserve what is working well with application/process
- Protect/enhance outcome/performance measurement data & tracking
- Consider investing local gov't funds based on priorities
- Accomplish agency budget review in a more streamlined fashion
- Fold in agencies currently in OMB – Community Agency process into ABRT where appropriate
- Consider/evaluate "legacy" funding of agencies

Process for Prioritization Initiative

- Utilize CCF, working in conjunction with a UVA research team and County/City staff, to conduct analysis
- Engage agencies, staff, Board & Council in discussions & via web surveys on existing process & areas for improvement
- Canvass agency funding practices in peer communities
- Timeline – complete review and obtain Board/Council approval to coincide with FY13 budget

Wrap Up and Next Steps

Next Steps

- August 17
  - Board and School Board Joint Retreat
- October
  - Two Joint Board and School Board work sessions
    - Joint Compensation discussion
    - Overview of School Division's Base Budget and School Division's Long-range funding needs
  - Board work session – General Government
    - Detailed review of two department's budgets
    - Program and Services and Long-range funding needs