Summary for Budget Discussion

November 10, 2011

This item is a continuation of the budget direction discussion from October 27, 2011, when staff brought forward information to discuss regarding potential impacts upon budget development for the 2012-13 school year. Since that meeting, the School Board has held a joint meeting with the Board of Supervisors to discuss a five-year forecast for the school division's budgeting.

All of this information is provided in light of a "State of the School Division" report for 2011-12 that reflects high levels of achievement for our schools.

Many challenges will face our schools in both the revenue and expense areas that will force difficult choices in terms of revenue enhancements and/or service delivery. It is anticipated that expenses will increase in the next few years, while local revenues decline slightly in the near term and state revenues remain highly volatile as non-education priorities are funded.

Revenues issues to discuss would include anticipated changes in composite index, a new biennial budget from the Commonwealth, continued revenue decreases in local transfers due to declining assessments, and reductions in one-time Federal funds used to meet recurring obligations.

Expense related items to discuss would include market driven compensation offerings, likely increases in the mandated VRS rate, health insurance issues, *student contact/class size issues, positions funded with one-time monies, and potential initiatives/reductions.

* For the 2010-11 school year, the Albemarle County School Board adopted an 8-period schedule for the high schools. This is one subset of the student contact/class size issue. This schedule represented a change from a 7-period schedule that was in use at the three comprehensive high schools.

The Board had two specific goals for this change. One was to save money. It was projected that going to this schedule would reduce staffing expenditures by $800,000. This savings was realized for 2010-11 and 2011-12 in terms of reduced FTE allocated to the high schools.

Some of the savings from the initial FTE reduction were diluted by using approximately $1 million of one-time Federal jobs bill funds as targeted FTE (17.12 in compensation and benefits) to restore teaching positions to the high schools. This was targeted to balance class size loads among staff to provide a better classroom experience and to reduce overall teacher loads for "core subject area high school teachers." This staffing was effectively used by central office and school staff to drive teacher loads down overall.

In order to maintain this initiative alone and keep class sizes at their current level and to avoid RIFing the 17+ teaching staff currently employed with this funding, the Board will need to absorb this expenditure of $1 million from last year into the operating budget for 2012-13.

In light of this, switching back to a seven-period schedule should only be viewed as a cost-neutral decision at this point. If the schedule returns to a 7-period schedule, core subject are high school teachers should anticipate an increase in their class sizes, as the $800,000 currently being saved with the 8-period schedule would not be applied to hiring new staff.

To conclude, one budget initiative impacted "all teacher" loads from 4th through 12th grade going into to 2010-11 school year: an average of one student per class size increase. An additional initiative impacted high school teacher loads: the 8-period schedule. In 2011-12, the Board took a measured and costly action to reduce teacher loads for "core high school teachers." This brought down the burden on their workload and improved student contact with teachers while maintaining the increased opportunities provided through 8 class periods.

Staff will provide additional information to the Board during the meeting and in future meetings depending on Board consensus and the feasibility of requests.