5-Year Financial Plan

Joint Boards Meeting

November 14, 2013

Informing the 5-Year Projection

Current Challenges	Watch List	Future Challenges
• Fund Balance • VRS • Compensation • Capital Improvement Program • Local revenue • Changing Demographics (F/R Lunch, SPED, etc.) • Disability Insurance Mandate	• Building capacity • SOQ funding • Composite index • Sequestration / Federal Budget	• Assessment beyond Virginia SOLs—workforce/college readiness skills • Professional Development • Balanced assessment model • Continuous improvement • Instructional Technology/Learning • World Languages

Agenda

- Systemic Assumptions
- Revenue Assumptions
- Enrollment and Demographic Assumptions
- Expenditure Assumptions
- Projections
- Take-Away

Systemic Assumptions

- Free/reduced lunch student percentages remain flat for out-year projections
- Salaries: Next fiscal year is based upon guidance from the Joint Boards; Teachers scale will be based upon market and School Board direction
- Inflation, compensation and benefit costs are the same used in Local Government's presentation on 11/13/2013

Revenue Assumptions

- **Local Government Transfers** are projected to increase by 3.34% in FY15 and increase by ~4% thereafter
- **State Revenues** are expected to by ~1% in FY15 and ~2% annually thereafter. It is assumed the composite index will remain the same and an increase due to SOQ re-benchmarking. Historic trend data indicates continued reduced commitments.
- **Federal Revenues** will remain the same in FY 15 and thereafter may increase by 1%
- **Other Transfers** due to the projection of low fund balance ($200K) there will be a reduction of $2.4M in use of fund balance in FY15.

Summary: Operational Revenue Assumptions

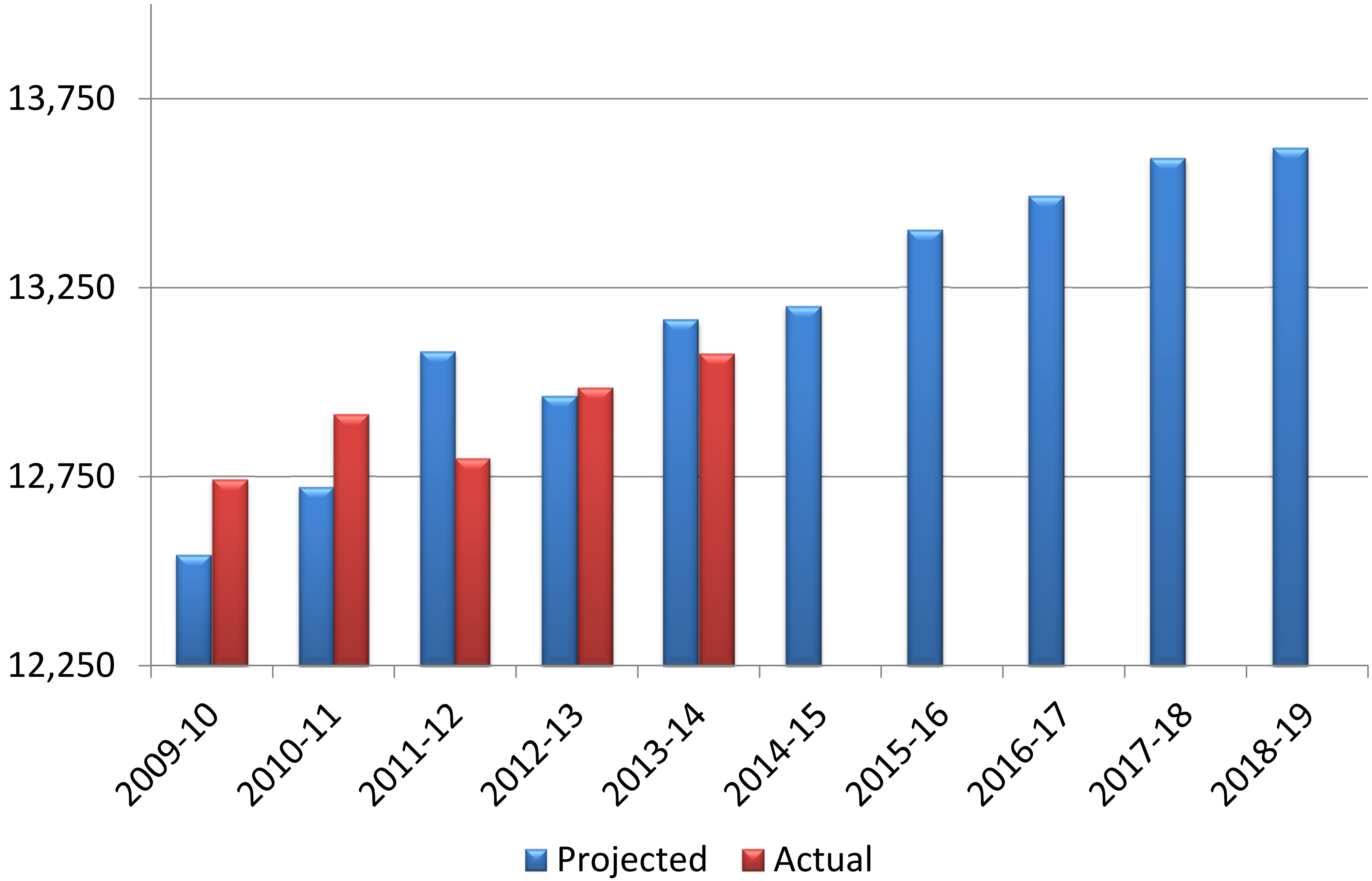
Revenues	FY14 Budgeted (in millions)	FY15	FY16	FY17	FY18	FY19
Local Schools	$2.05	$2.06	$2.07	$2.08	$2.09	$2.10
State	$43.39	$43.79	$44.66	$45.56	$46.47	$47.40
Federal	$2.86	$2.63	$2.65	$2.68	$2.70	$2.73
Local Gov. Transfer	$103.33	$106.78	$111.17	$115.58	$120.26	$125.11
Other*	$3.66	$1.22	$0.48	$0.48	$0.48	$0.48
TOTAL	$155.30	$156.47	$161.04	$166.37	$172.01	$177.82
Increase		**$1.17**	**$4.57**	**$5.33**	**$5.64**	**$5.81**

**Includes Use of Fund Balance and Other Transfers*

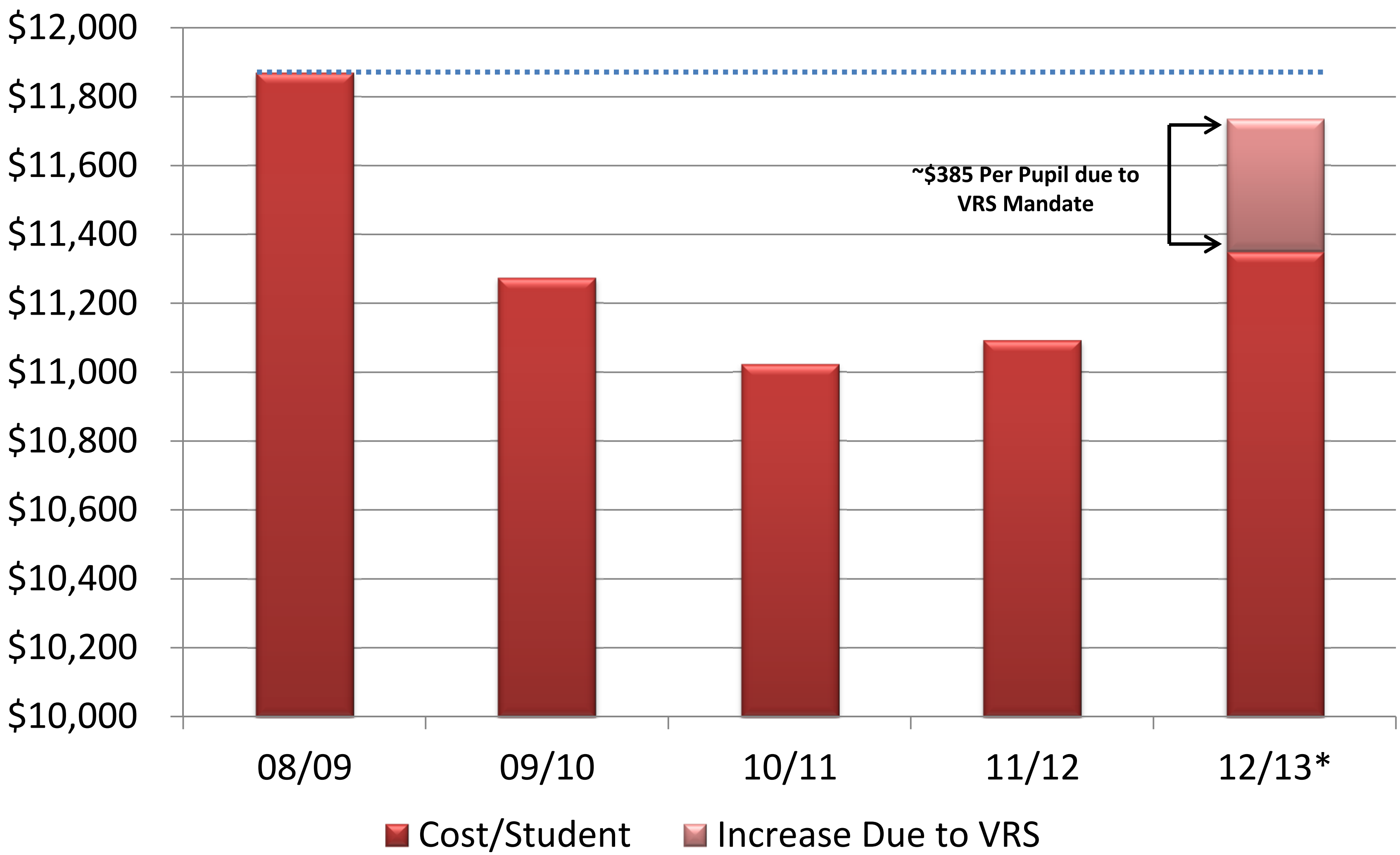
Anticipated Fund Balance FY 13/14

Description	Amount
Starting Fund Balance (Unaudited)	$3,054,181
Budgeted (Recurring) Use of Fund Balance	-$2,643,943
Anticipated Additional Use of Fund Balance	-$171,668
Anticipated Ending Fund Balance	$238,570

Assumptions: Enrollment

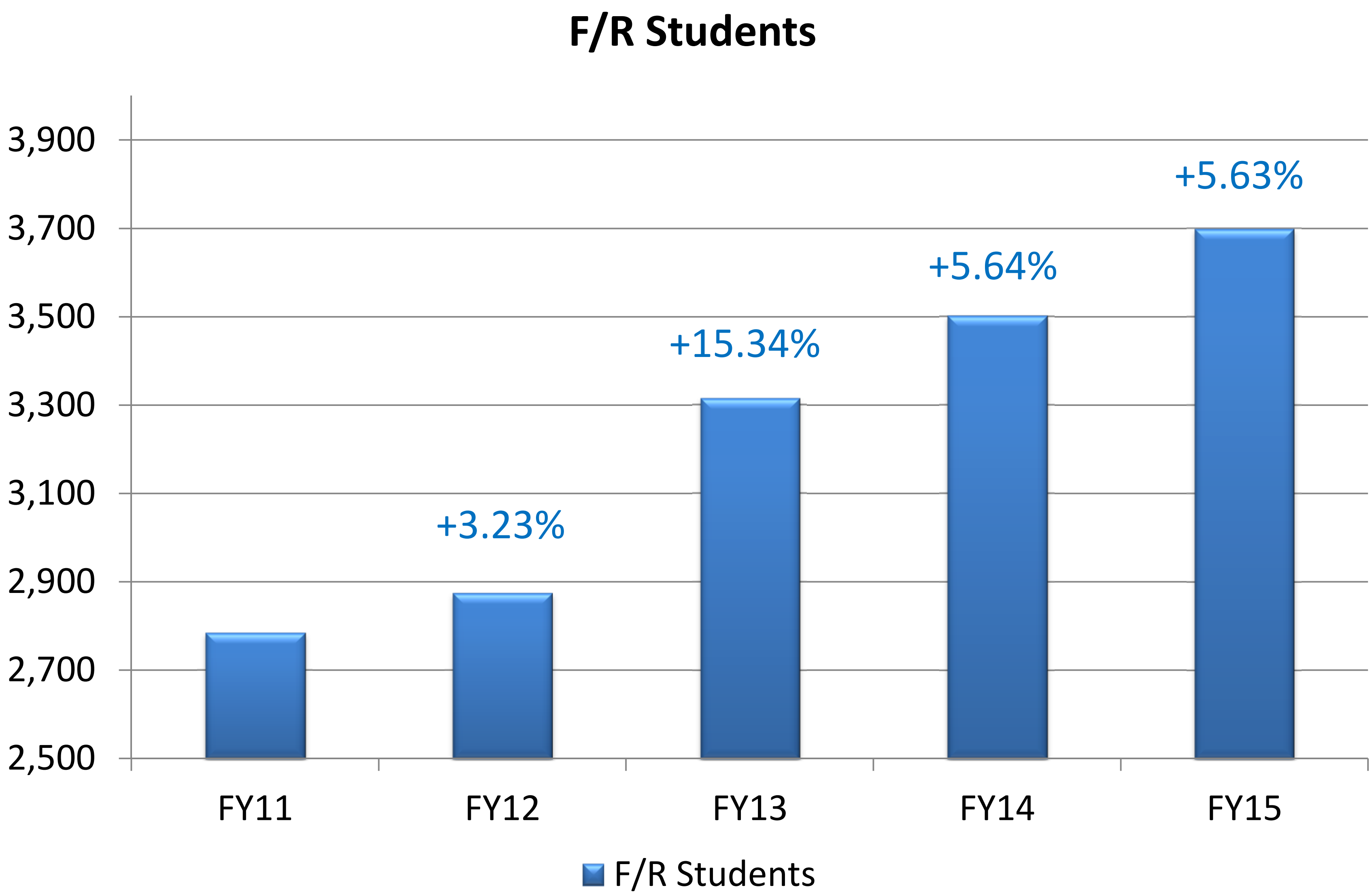


Average Cost Per Student



*12/13 Included the first year of a mandated 5% increase for all VRS eligible employees. As of this presentation FY12/13 is unaudited.

Free/Reduced Lunch Increases Over Time



Expenditure Assumptions: Operations

- Prior year reductions continued throughout the model
- Assumptions are consistent with Local Government's presentation on 11/13/2013
- Growth related operational costs
- No improvement of instruction or operations initiatives are included in the projections

Adjustments Since 2010-11

- Academic Leadership Stipend: 35% Reduction
- Division Support/Planning Reductions
- Reduce Elementary & Middle Summer School
- Fiscal Services Reductions
- Eliminate Middle School Assistant Principal
- Transportation Efficiencies: Reduce Deadhead Mileage
- Reduce Professional Development Reimbursement Program by 50%
- Transportation Efficiencies: Redesign Bus Routes
- Energy Policy Changes/Enforcement
- Transportation Efficiencies: Special Education
- Learning Resources Reduction (Textbooks)
- Transportation Pay Reform
- Restructure Leadership for Murray High/ Enterprise Center/Charter School
- Class Size Increase (+1 @ 4-12)
- 10% Operational Reduction (Schools & Dpts)
- Athletics: Student Activity Fees and JV Coach Reductions
- Reduce Instructional Coaching Positions
- Restructure Albemarle Resource Center
- Instructional Support Reductions
- Reduce Recurring Emergency Staffing by 1.0 FTE
- Student Services Reductions
- CATEC Reductions: 5% on Transfer
- 8 Period Day for MS & HS (-3.44 FTE for MS, -9.24 FTE for HS)
- Federal Programs Reductions
- Increase Building Rental Fees
- Vocational Education Reductions
- Educational Support Reductions
- Community Engagement Reductions
- Executive Services Reductions
- SRO Transfer Decrease
- Technology Position Eliminations (3.0 FTE)
- Insurance Savings

Where the increases fit FY14/15

Mandates $2.76M	Board-Directed Actions $2.91M	Avoidance of Service Level Reductions $0.88M	Strategic Plan Initiatives $0
• VRS • Group Life • Disability Insurance	• Teacher Salary Increases • Classified Salary Increases • Health Insurance Increases	• Operational Increases • Enrollment Growth	

Assumptions: VRS Rates (Employer Share)

	Professional	Non-Professional
FY14 (Current)	12.77%	10.23%
FY15	15.61%	13.07%
FY16	16.61%	14.07%
FY17	18.61%	16.07%
FY18	19.61%	17.07%
FY19	21.61%	19.07%

Assumptions: Group Life and Disability

Group Life Insurance	
FY15	0.14% Increase
FY16-FY19	0.00% Change

Long Term/Short Term Disability	
FY15	$150,000 Increase
FY16-FY19	$50,000 Increase

Assumptions: Salaries and Benefits

Teacher & Classified Salaries	
FY15-FY16	2.00% Increase
FY17	2.50% Increase
FY19	3.00% Increase

Health Insurance	
FY15-FY19	8% Increase (Employer and Employee)

Dental Insurance	
FY15	5% Decrease
FY16	0% Change
FY17-FY19	2% Increase

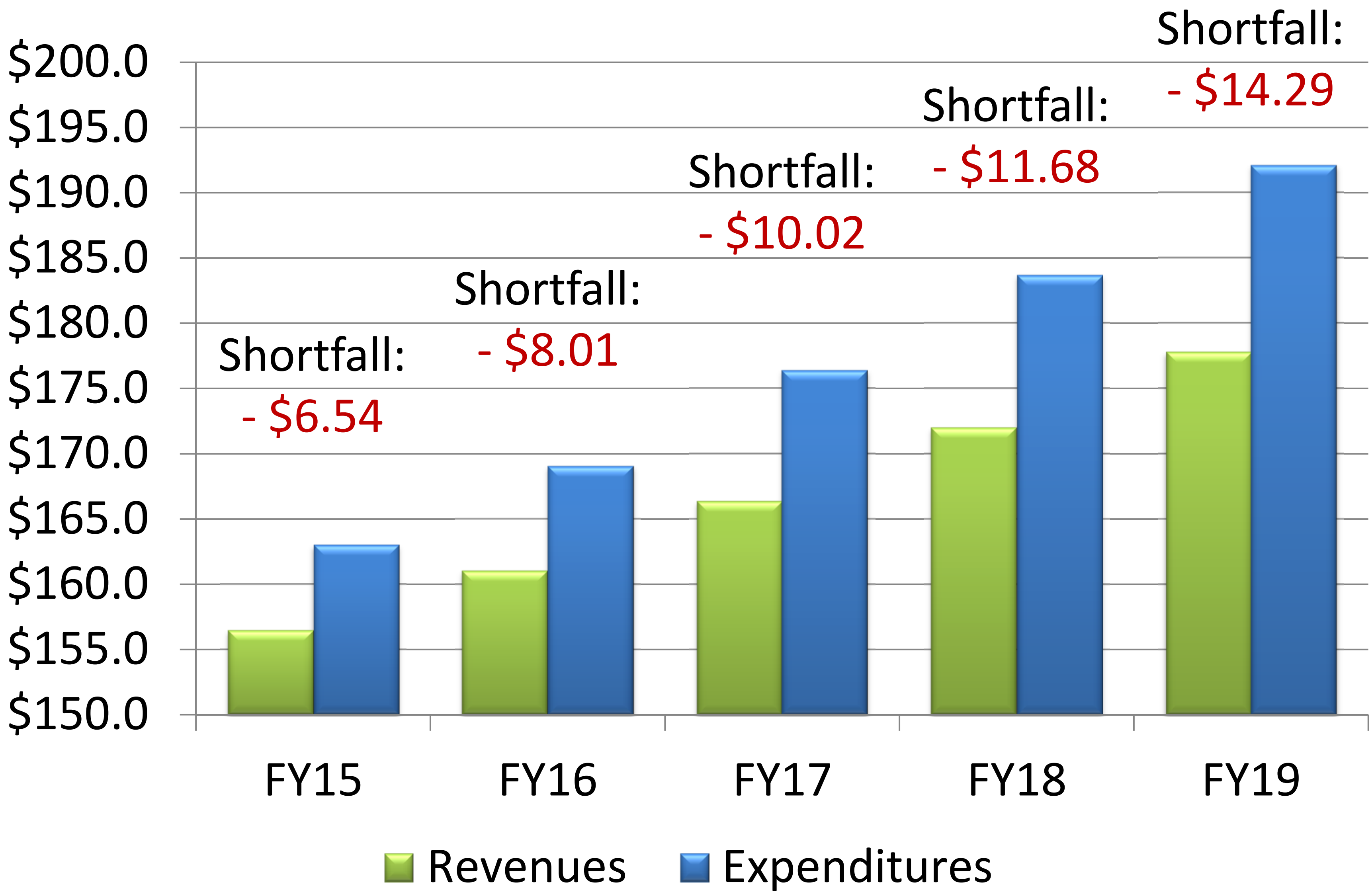
Assumptions: Growth and Operations

Additional Teachers (FTEs)*	
FY15	4.73
FY16	15.42
FY17	6.06
FY18	5.22
FY19	3.06

*Based on enrollment and demographic changes

Operations	
FY15	1.7% Increase
FY16	2.0% Increase
FY17-FY19	2.5% Increase

Projections (in millions)



Take Away

- Substantial mandated expenses exceed projected revenue increases
- Fund balance has been depleted
- No funding included for strategic initiatives