



**Fiscal Year 2022-2023
School Board Approved
Budget**

April 13, 2022

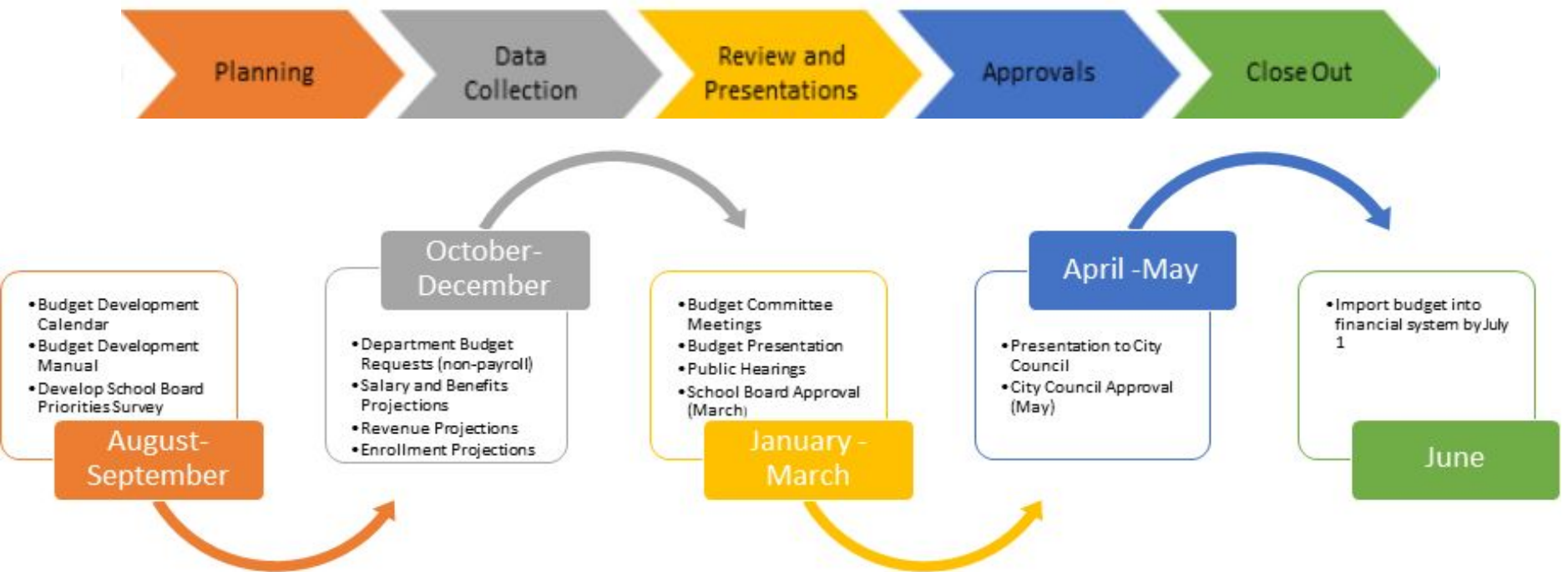


Budget At A Glance

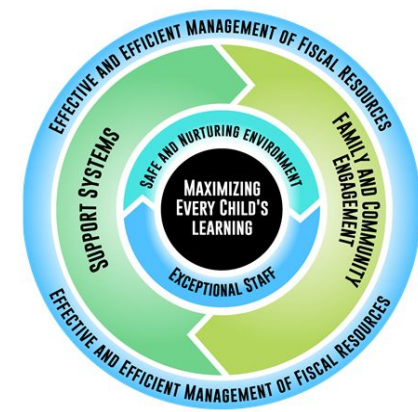
- » 5% compensation increase
- » No increase to employee healthcare premiums
- » Salary adjustments (in addition to the 5% compensation increase) for teachers and select support staff (includes minimum wage increase to \$12)
- » New positions (e.g., teachers, teacher specialists, school security officer)
- » [Link](#) to Budget Information Page



FY 2022-2023 Budget Development Process



School Board Priorities



Maximize Every Child's Learning

- » Academies of Hampton
- » Student achievement
- » Early reading
- » Reducing class sizes
- » Teachers/Instructional Assistants
- » Advanced diploma programs

Attract, Develop, and Retain Exceptional Staff

- » Competitive compensation
- » Recruitment and retention
- » COVID-19 stipends for teachers

Create Safe and Nurturing Environments

- » Facilities and capital improvements
- » Ongoing emphasis on school safety measures

FY 2022-2023 School Board Approved Budget: All Funds

| Fund | FY 2021-2022 Budget | FY 2022-2023 Budget | Change | |
|------------------------------------|------------------------|------------------------|----------------------|---------------|
| | | | \$ | % |
| School Operating | \$ 236,514,205 | \$ 268,115,065 | \$ 31,600,860 | 13.36% |
| Food and Nutrition Services | 10,886,037 | 12,439,975 | 1,553,938 | 14.27% |
| Reimbursable Projects | 53,524,146 | 102,502,994 | 48,978,848 | 91.51% |
| Rental Income | 478,756 | 175,002 | (303,754) | -63.45% |
| Student Activity | 995,506 | 926,536 | (68,970) | -6.93% |
| Athletics | 669,231 | 715,382 | 46,151 | 6.90% |
| HCS Instructional Resource Toolkit | - | 145,650 | 145,650 | 100.00% |
| All Funds | \$ 303,067,881 | \$ 385,020,604 | \$ 81,952,723 | 27.04% |





FY 2022-2023
School Operating Fund
Fund 50

School Operating Fund (Fund 50) Revenues

| Revenue Source | FY 2021-2022 Budget | FY 2022-2023 Budget | \$ INCR (DECR) | % INCR (DECR) |
|----------------------|------------------------|------------------------|----------------------|------------------|
| State Revenue | \$ 127,254,510 | \$ 149,231,032 | \$ 21,976,522 | 17.27 |
| Local Contribution | 80,165,119 | 85,483,984 | 5,318,865 | 6.63 |
| Sales Tax | 23,064,101 | 26,241,196 | 3,177,095 | 13.78 |
| Federal Funds | 758,000 | 460,280 | (297,720) | (39.28) |
| Miscellaneous Funds | 5,272,475 | 6,698,573 | 1,426,098 | 27.05 |
| Total Revenue | \$ 236,514,205 | \$ 268,115,065 | \$ 31,600,860 | 13.36 % |



State Revenue and State Sales Tax

- » Local Composite Index (LCI) is 0.2741 or 27.41%
- » March 31 Average Daily Membership (ADM) increase from 18,813 to 18,870
- » \$175 million estimated total state revenue and state sales tax (\$25 million increase from FY 2022)
 - ◇ \$100 million in Standards of Quality programs (\$4 million increase from FY 2022)
 - ◇ \$26 million in State sales tax (\$3 million increase from FY 2022)
 - ◇ \$18 million in Lottery funded programs (\$3 million increase from FY 2022)
 - ◇ \$31 million in State Incentive and categorical programs (\$15 million increase from FY 2022)
 - ◇ Includes \$10 million of one-time funding (School construction, Grocery tax, and Re-benchmarking hold harmless funds)



Local Support

- » Local support is based on a funding formula which shares 61.83% of all residential taxes (real estate, personal property, and utility taxes) with the school division
- » FY 2023 local support estimate is \$85.5 million



Federal and Miscellaneous Revenue

Federal revenue: \$460,000

- » Federal Impact Aid - \$201,000
 - ◇ Federal assistance for lost revenue from tax-exempt federal property based on annual counts of federally-connected students
- » Junior Reserve Officer Training Corps (JROTC) - \$259,000
 - ◇ Reimbursement of a portion of the minimum instructor's pay as determined by military branch

Miscellaneous revenue: \$6.7 million

- » \$2.2 million Indirect Costs
- » \$2.1 million HCS Pharmacy Center
- » \$1.0 million Medicaid Reimbursement
- » \$1.4 million
 - ◇ Cell Towers
 - ◇ Public Sale of Surplus Goods
 - ◇ Non-remedial summer school
 - ◇ Rebates
 - ◇ HCS Print Shop
 - ◇ Drivers Education

School Operating Fund (Fund 50) Expenditures by Classification

| Classification | FY 2021-2022 Budget | FY 2022-2023 Budget | \$ INCR (DECR) | % INCR (DECR) |
|---------------------------------------|------------------------|------------------------|----------------------|------------------|
| Instruction | \$ 164,825,509 | \$ 180,686,729 | \$ 15,861,220 | 9.62 |
| Administration/Attendance & Health | 13,799,710 | 15,450,225 | 1,650,515 | 11.96 |
| Transportation | 10,855,000 | 15,755,548 | 4,900,548 | 45.15 |
| Operation & Maintenance | 21,094,368 | 29,092,690 | 7,998,322 | 37.92 |
| Non-instructional Operations | 3,345,000 | 3,756,500 | 411,500 | 12.30 |
| Technology | 14,717,336 | 17,863,372 | 3,146,036 | 21.38 |
| Debt and Fund Transfers | 7,877,282 | 5,510,001 | (2,367,281) | (30.05) |
| Total | \$ 236,514,205 | \$ 268,115,065 | \$ 31,600,860 | 13.36% |

School Operating Fund (Fund 50) Expenditures by Object/Type

| Object/Type | FY 2021-2022 Budget | FY 2022-2023 Budget | \$ INCR (DECR) | % INCR/ DECR |
|----------------------------|------------------------|------------------------|---------------------|-----------------|
| Salaries | \$130,581,951 | \$143,160,301 | \$12,578,350 | 9.63 |
| Fringe Benefits | 57,315,387 | 57,247,092 | (68,295) | (0.12) |
| Contract Services | 20,937,477 | 20,846,803 | (90,674) | (0.43) |
| Internal Services | 251,590 | 80,858 | (170,732) | (67.86) |
| Other Charges | 7,395,253 | 8,317,604 | 922,351 | 12.47 |
| Materials & Supplies | 7,736,282 | 9,467,798 | 1,731,516 | 22.38 |
| Payments to Other Agencies | 2,116,043 | 5,724,792 | 3,608,749 | 170.54 |
| Capital | 3,411,391 | 15,968,976 | 12,557,585 | 368.11 |
| Contingencies | 2,642,998 | 3,248,857 | 605,859 | 22.92 |
| Debt Service | 3,200,000 | 2,867,000 | (333,000) | (10.41) |
| Fund Transfers | 925,833 | 1,184,984 | 259,151 | 27.99 |
| Total | \$236,514,205 | \$268,115,065 | \$31,600,860 | 13.36% |



Compensation

- » The budget includes a 5% compensation increase for full and part-time employees* (\$7.9 million)



*Excludes flat rate, temporary positions, as well as some part-time teaching positions



Teacher Salary Scale Adjustments

- » \$2.1 million investment in the teacher salary scale (in addition to 5% compensation increase)
 - ◇ \$5.2 million investment in the teacher salary scale since FY 2017

| | <u>Teacher A</u> |
|---|------------------|
| Teacher Salary FY 2022 (Step 15) | \$53,460 |
| <i>FY 2023 Compensation Recommendations</i> | |
| 5% Compensation Increase | 2,673 |
| Teacher Scale Adjustments | 1,425 |
| Subtotal | 4,098 |
| Teacher Salary FY 2023 (Step 16) | \$57,558 |
| Fringe Benefits | 24,496 |
| Total Teacher Compensation | \$82,054 |

| | <u>Teacher B</u> |
|---|------------------|
| Teacher Salary FY 2022 (Step 25) | \$59,578 |
| <i>FY 2023 Compensation Recommendations</i> | |
| 5% Compensation Increase | 2,979 |
| Teacher Scale Adjustments | 3,200 |
| Subtotal | 6,179 |
| Teacher Salary FY 2023 (Step 26) | \$65,757 |
| Fringe Benefits | 26,695 |
| Total Teacher Compensation | \$92,452 |

Assumptions: Teacher salary scale for Bachelor's and Employee Only healthplan



Minimum Wage and Support Staff Salary Adjustments

- » \$2.8 million investment for support staff salary adjustment and to increase minimum wage to \$12 effective July 1, 2022 (in addition to 5% compensation increase)
- » Salary adjustments include but are not limited to the following positions:
 - ◇ Cafeteria monitors
 - ◇ Trades staff
 - ◇ Office assistants
 - ◇ Bus drivers, auxiliary drivers, bus attendants, lot attendants, route scheduling specialist, transportation dispatchers
 - ◇ School psychologists, occupational and physical therapists, speech language pathologist, social workers
 - ◇ School-based finance staff, finance staff, and Human resources staff
 - ◇ Administrators (e.g., principals, assistant principals)



Reclassifications and Supplements

- » Reclassify select positions due to change in work schedule (impacts 42 employees) - \$1 million
- » Increase coaching and instructional supplements (previously reduced during the recession) by 50% -\$126,000
 - ◇ 100% increase since FY 2022
- » Extra earnings to support Critical Incident Stress Management (CISM) coordination and extra earnings to support professional development for reading specialists prior to the start of the school year - \$17,000
- » Sick leave payout for non-retirees based on HCS years of service- \$145,000



Healthcare Costs

- » Based on medical trends and claims data, a \$1.8 million decrease in healthcare costs is budgeted
- » Recommend no increase to employee premiums



Deferred Compensation (Pension/Retirement)

- » Virginia Retirement System (VRS) - overall decrease to VRS contribution rates for non-professional program only (\$75,000 in savings)

| Program | Teacher/Professional Rates | | Non-Professional Rates | |
|-----------------------------|----------------------------|-----------------------|------------------------|-----------------------|
| | 2020-2022 Biennium | 2022-2024 Biennium | 2020-2022 Biennium | 2022-2024 Biennium |
| VRS Pension | 16.62% | 16.62% | 7.03% | 5.42% |
| VRS Health Insurance Credit | 1.21% | 1.21% | 0.98% | 1.22% |
| VRS Group Life Insurance | 1.34% | 1.19% | 1.34% | 1.34% |

- » Hampton Employee Retirement System (HERS) pension contribution is projected to decrease by \$2.4 million due to adequate funding of plan to cover projected retiree payouts



Position Changes

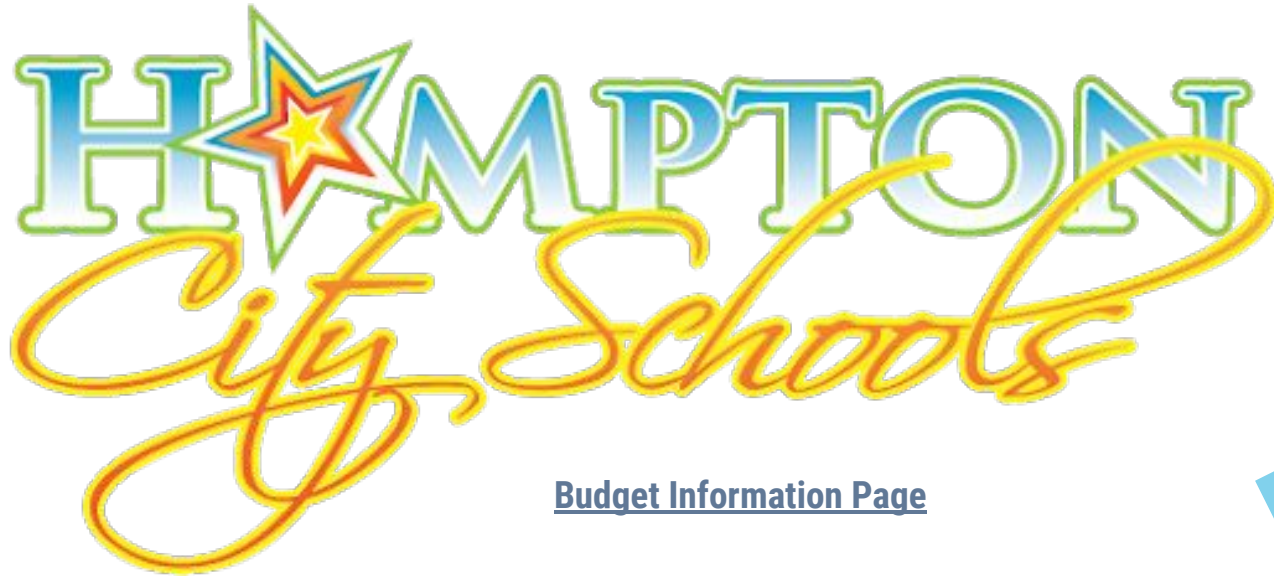
- » Add 33.20 instructional positions
 - ◇ Includes 21.20 teacher and teacher specialist positions
- » Add 4 non-instructional positions
- » A complete list of new positions can be found on the budget information page at this [link](#).

| Classification | FY 2022 Positions | FY 2023 Positions | Change |
|------------------------------------|-------------------|-------------------|--------------|
| Instruction | 2,051.22 | 2,084.42 | 33.20 |
| Administration/Attendance & Health | 147.00 | 148.00 | 1.00 |
| Pupil Transportation | 288.00 | 288.00 | 0.00 |
| Operations & Maintenance | 77.00 | 80.00 | 3.00 |
| Technology | 90.00 | 90.00 | 0.00 |
| GRAND TOTAL | 2,653.22 | 2,690.42 | 37.20 |



Other Highlights of the School Operating Fund

- ◇ Academies of Hampton - \$1.9 million
- ◇ Pharmacy and Wellness Center - \$3.6 million
- ◇ Special Education Regional Program - \$4.1 million
- ◇ Debt service payments - \$3.2 million
 - ◇ PreK-8 schools built in 2010 - \$2 million
 - ◇ Kecoughtan High School science wing (new) - \$876,000
- ◇ School renaming projects - \$175,000
- ◇ Recruitment/Sign-on bonus - \$1.0 million
- ◇ School bus replacement - \$1.0 million
- ◇ Bethel High science wing design - \$1.1 million
- ◇ Nutrient management for athletic field - \$106,500
- ◇ Share 50% of the school grounds maintenance service cost with the city - \$300,000
- ◇ Share 50% of the costs for the Elementary Aquatics program with the city - \$50,000
- ◇ One-time expenditures/school projects - \$13.3 million
 - ◇ School construction funds - \$8.3 million
 - ◇ At-risk funding - \$3.5 million
 - ◇ Contingency budget - \$1.5 million



Budget Information Page