



School Board's Proposed Operating Budget  
2019-2020  
April 10, 2019

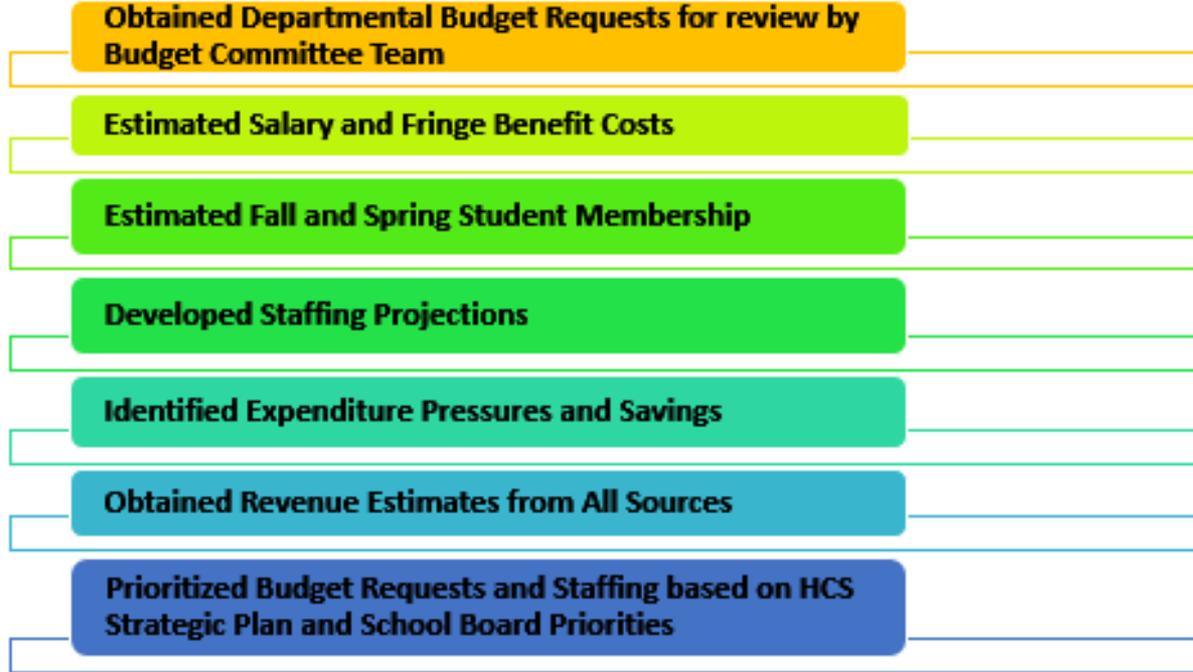
# Objectives

- Fiscal Year (FY) 2019-2020 Budget Development Process
  - Strategic Focus Model
  - FY 2020 School Board Priorities
- FY 2020 Proposed Operating Budget (Fund 50)
  - Proposed Revenues
  - Proposed Expenditures

# Aligning to Our Strategic Plan



# FY 2020 Budget Development Process



# School Board Priorities

## FY 2020 Budget Development

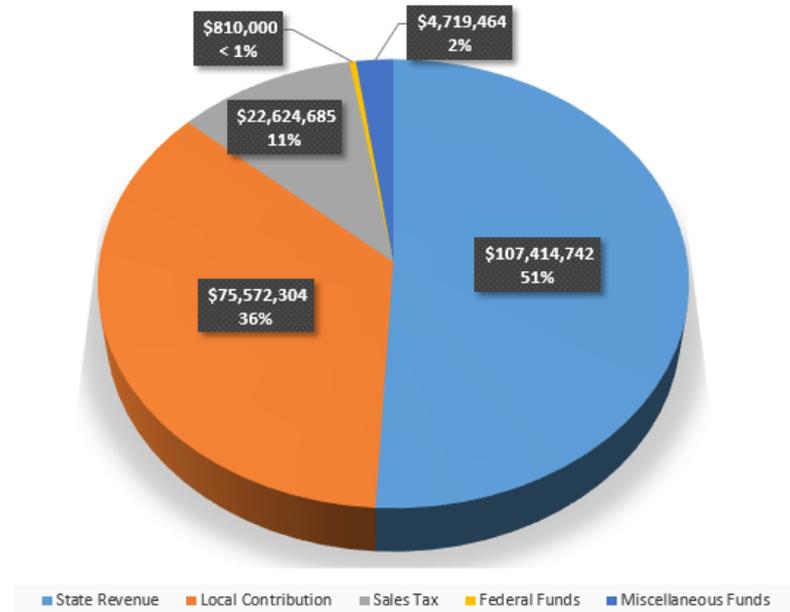
- **Maximize Every Child's Learning**
  - **Attract, Develop, and Retain Exceptional Staff**
  - **Create Safe and Nurturing Schools**
    - Competitive Compensation/Teacher Recruitment and Retention
    - Academies of Hampton PreK-12
    - Facilities/Capital Improvements
  - **Ongoing Areas of Operational Focus**
    - School Safety
    - Increasing Student Achievement
    - Community Relationships
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# **FY 2020 School Operating Fund Proposed Budget**



# FY 2020 Proposed Operating Revenue

Revenue	FY 2019 Approved	FY 2020 Estimates	Difference
State Funds	\$102,994,610	\$107,414,742	\$4,420,132
State Sales Tax	21,800,599	22,624,685	824,086
Local Funds	73,827,042	75,572,304	1,745,262
Federal Funds	940,000	810,000	-130,000
Other/Misc Funds	2,596,000	4,719,464	2,123,464
<b>Total</b>	<b>\$202,158,251</b>	<b>\$211,141,195</b>	<b>\$8,982,944</b>



# State Funds and State Sales Tax

- Second year of 2018-2020 biennium
- Local Composite Index: 0.2741
- March 31 Average Daily Membership (ADM): 18,455
- \$130 million in total including state sales tax (\$5.2 million increase from FY 2019)
  - \$3.6 million Compensation Supplement
  - \$0.8 million increase sales tax funds
  - \$0.7 million increase Special Education Regional Program funds
  - \$0.5 million one time funds for the Academies of Hampton
  - \$1.0 million increase in At-Risk and Supplemental Lottery Funds
  - (\$1.4 million) net decrease in remaining programs (\$1 million related to Basic Aid)
    - Changes to School Counselor Staffing Ratios

# Local Funds

- The City of Hampton provides funding to the school division based on the following formula:
  - 61.83% of all residential related taxes (real estate, personal property, and utility taxes)
- \$75.5 million in estimated local revenue
  - Includes \$350,000 in one time funding for the Academies of Hampton
  - Additional \$1.7 million in local funding compared to FY 2019

# Federal Funds

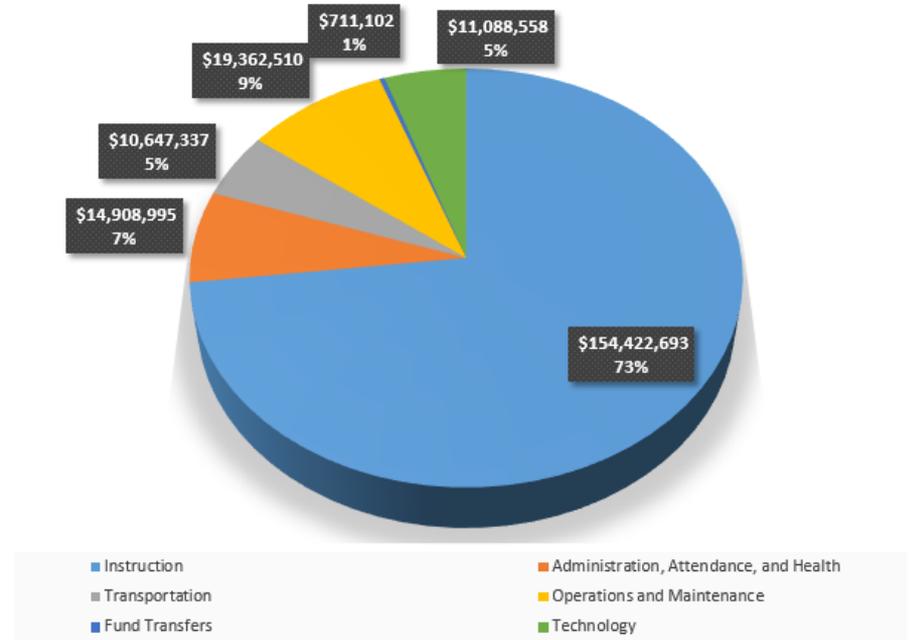
- \$0.8 million in total federal revenue
  - Federal Impact Aid - \$0.5 million
    - Federal assistance for loss revenue from tax-exempt federal property
    - Based on annual counts of federally-connected students
  - Junior Reserve Officer Training Corps (JROTC) - \$0.3 million
    - Required to pay minimum instructor's pay as determined by military branch
    - Reimbursement for a portion of military instructor's pay

# Other/Miscellaneous Funds

- \$4.7 million in total miscellaneous revenue
    - \$1.9 million HCS Pharmacy Center
    - \$0.1 million HCS Print Shop
    - \$1.0 million Medicaid Reimbursement
    - \$0.5 million Cell Tower
    - \$1.0 million Indirect Costs (from Fund 60 and Fund 51)
    - \$0.2 million Public Sale of Surplus Goods
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# FY 2020 Proposed Operating Expenditures

Expenditures	FY 2019	FY 2020	Difference
	Approved	Estimates	
Instruction	\$149,942,858	\$154,422,693	\$4,479,835
Administration, Attendance, and Health	11,572,175	14,908,995	3,336,820
Transportation	9,997,222	10,647,337	650,115
Operations and Maintenance	18,763,326	19,362,510	599,184
Fund Transfers	711,102	711,102	0.00
Technology	11,171,568	11,088,558	-83,010
<b>Total</b>	<b>\$202,158,251</b>	<b>\$211,141,195</b>	<b>\$8,982,944</b>



**Hampton City Schools**  
**FY 2020 Budget Overview**

FY 2019 Approved Budget	\$ 202,158,251
Add Back: FY19 Attrition Savings	1,713,494
FY 2020 Base Budget	<u>\$ 203,871,745</u>
Expenditure Pressures	8,811,440
Budget Additions	1,905,833
Expenditure Savings/Budget Reductions	(1,605,209)
FY20 Attrition Savings	<u>(1,842,614)</u>
FY 2020 Proposed Operating Budget	\$ 211,141,195

# FY 2020 Expenditure Pressures

EXPENDITURE PRESSURES		STRATEGIC PLAN GOALS/FY20 SCHOOL BOARD PRIORITIES
3% Compensation Increase	4,170,000	Attract and Retain Employees: Recruiting, Developing & Retaining Exceptional Staff
Healthcare costs - 9.2% increase	1,387,715	Attract and Retain Employees: Recruiting, Developing & Retaining Exceptional Staff
HCS Pharmacy Center	2,278,450	Attract and Retain Employees: Recruiting, Developing & Retaining Exceptional Staff
HCS Wellness Center	801,376	Attract and Retain Employees: Recruiting, Developing & Retaining Exceptional Staff
New Horizon Tuition	173,899	Maximize Student Achievement: Maximize Every Child's Learning/Student Achievement
<b>TOTAL EXPENDITURE PRESSURES</b>	<b>8,811,440</b>	

# Healthcare Costs

- Based on medical trends and HCS claims data, a 9.2% increase in healthcare costs is projected
- Recommend HCS absorbs the 9.2% increase (\$1.4 million)
- Recommend no increase to employee premium
- Continue funding for the employee pharmacy and wellness center (\$3 million)
  - 61% of costs are offset by Pharmacy revenue (\$1.9 million)
  - Estimated employee/member savings (e.g., copays, prescriptions) is \$0.2 million
  - Projected savings since Pharmacy inception is \$0.4 million (\$442K)
  - Projected cost avoidance/savings on health claims vs. projected claims since Wellness Center inception is \$17.1 million
    - \$2.4 million savings between September 2017- August 2018

# Employee Compensation

- Due to rising healthcare costs, maintaining current employee healthcare benefits remain a priority
- The proposed budget includes a 3% salary increase for full and part-time employees\* (\$4.1 million)
- General Assembly approved funding for a 3% raise and up to an additional 2% raise over the 2018-2020 biennium (up to 5% in total)
  - The General Assembly allows divisions to count raises given in FY 2019 (up to 3%) toward the total 5%
  - HCS gave a 2% raise in FY 2019
  - The proposed 3% raise for FY 2020 will bring the total compensation increase to 5% over the 2018-2020 biennium

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

# FY 2020 Budget Additions

BUDGET ADDITIONS	STRATEGIC PLAN GOALS/FY20 SCHOOL BOARD PRIORITIES
<b>Personnel</b>	
Net 6.25 positions (Salaries and Fringe Benefits)	340,127      Maximize Student Achievement: Maximize Every Child's Learning/Student Achievement; School Safety; Efficient Management of School Operations: Manage fiscal resources effectively and efficiently
Transfer of Cafeteria Monitors from Fund 51	101,000      Creating safe, nurturing environments
<b>Salary Adjustments</b>	
Teacher Scale Adjustments	486,293      Attract and Retain Employees: Recruiting, Developing & Retaining Exceptional Staff
Bus Driver Pay Increase (\$1/hr)	200,000      Attract and Retain Employees: Recruiting, Developing & Retaining Exceptional Staff
School Security Officer - 2 Day Contract increase for mandatory HCS training	16,906      School Safety
School Counselor (only 1 per HS) for AOH work in July for student scheduling	24,279      Academies of Hampton (AOH)
Print Shop Restructure (funded by Print Shop Revenue)	16,635      Enhance family and community engagement and satisfaction
<b>Non-Personnel</b>	
AOH (One time needs funding by state)	500,763      Academies of Hampton (AOH)
Tyler Munis Annual Maintenance	107,000      Efficient Management of School Operations: Manage fiscal resources effectively and efficiently
Operations/Facility Building Services (Security and OSHA)	112,830      School safety/Facility upgrades
<b>TOTAL BUDGET ADDITIONS</b>	<b>1,905,833</b>

# FY 2020 Position Changes

Position Title	Position Classification	New	Eliminated**	Reclassification	Total FTE
Teacher (Full-Time)	Instruction	3	-2		1
Teacher (Part-Time)	Instruction		-2.25		-2.25
Speech Language Pathologists	Instruction	2			2
Instructional Assistants (KG)	Instruction	1.5			1.5
Records Clerk	Administration			1	1
Health Clerk (Full-Time)	Health			1	1
Health Clerk (Part-Time)	Health			-0.5	-0.5
Digital Press Operator (Part-Time)	Administration	0.5			0.5
Bus Driver	Transportation			-1	-1
Bus Attendants (Full-Time)	Transportation			3	3
Bus Attendants (Part-Time)	Transportation			-3	-3
School Security Officers	Operation	3			3
	<b>Total</b>	<b>10</b>	<b>-4.25</b>	<b>0.5</b>	<b>6.25</b>

\*\*Eliminated positions are vacant

# Salary Scale Adjustments

- School Bus Driver Pay
  - Add \$1 per hour
- Teacher Salary Scale Adjustments
  - Change Teacher Salary Scale to 0 to 30 steps (currently 0 to 37)
    - Projected cost \$0.3 million
    - Ability for teachers to earn a higher salary sooner in their careers by condensing the salary scale to 30 steps
  - Add \$300 to steps 15 through 29
- Continue to focus on compensation in subsequent budget development cycle

# Academies of Hampton

- General Assembly approved one time funds of \$500,763 for the Academies of Hampton
    - Funds will support curriculum development, equipment, and on-site visits from other school divisions
  - Summer support for student scheduling at each high school (\$24,279)
  - Total proposed budget (including \$350,000 in one time funds from the city of Hampton) is \$1.3 million
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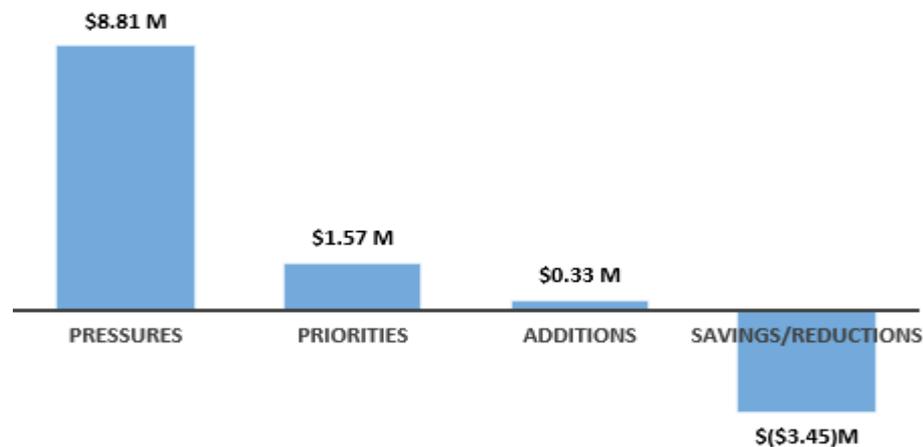
# Expenditure Savings/Budget Reductions

EXPENDITURE SAVINGS/BUDGET REDUCTIONS	
Risk Management	(46,962)
Per Pupil Allocations	(20,084)
Utilities Costs	(96,487)
Payroll savings above budgeted attrition	(1,097,037)
Contingency Budget	(219,716)
Share of utilities cost with Fund 65 (Mallory and Mary Peake)	(46,000)
Professional Services	(78,923)
<b>TOTAL EXPENDITURE SAVINGS/BUDGET REDUCTIONS</b>	<b>(1,605,209)</b>
<b>FY20 Projected Attrition Savings</b>	<b>(1,842,614)</b>

# The Bottom Line

## “Fiscal Stewardship”

- \$8.81 million cost pressures
- \$1.57 million funding priorities
- \$0.33 million operational additions
- (\$3.45) million savings/reductions



# Every Child, Every Day . . . Whatever it Takes!

