TO: The Honorable Mayor and Members of the Alexandria City Council
The Honorable Chair and Members of the Alexandria City School Board

FROM: City Budget and Fiscal Affairs Advisory Committee (BFAAC)
School Board Budget Advisory Committee (BAC)

DATE: July 15, 2026

RE: BFAAC-BAC Joint Memo on City Approach to ACPS Funding Appropriation

CC: Jim Parajon, City Manager; Dr. Melanie Kay Wyatt, ACPS Superintendent; Dr. Grace Taylor, Superintendent Designee; Morgan Routt, Director, City Office of Management & Budget; Dominic Turner, ACPS Chief Financial Officer; Meghan McGrane, Budget & Management Analyst, City Office of Management & Budget; Robert Easley, ACPS Director, Budget & Financial Systems

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1. Introduction and Objectives

In March 2026, the Alexandria City Council ("Council") unanimously adopted a resolution ("resolution") stating its intention to appropriate funding to Alexandria City Public Schools ("ACPS") by major classification as set forth in VA Code Section § 22.1-94 beginning in fiscal year 2028 ("FY28"). The Council subsequently supported a proposal by the City's Budget and Fiscal Affairs Advisory Committee ("BFAAC") that it prepare a memorandum in partnership with the Alexandria School Board ("School Board") Budget Advisory Committee ("BAC") to further explore the resolution's practical implications and to inform future joint discussions about the process for its implementation. In light of its existing resolution, Council did not intend nor direct BFAAC and BAC to make an independent recommendation about whether or not Council should make this appropriation change. The memo is intended to benefit the understanding of Council and School Board members, City and ACPS staff, and members of the public.

A BFAAC-BAC subcommittee[1] was then established that engaged in discussions with elected and staff leaders and conducted independent research to develop this memo and its recommendations, which were adopted by each body. BFAAC and BAC's objectives in developing this memorandum were to:

- describe the context and background of the resolution;

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[1] We would like to acknowledge the contributions of the subcommittee members: BFAAC Vice Chair Randall Williams (Vice Mayor Bagley's designee); BFAAC Member Nancy Drane (School Board designee); BAC Chair Christina Hildebidle (Community Member); and BAC Member Benjamin Bryant (Community Member).

- share the experience of other Virginia jurisdictions that employ a classification-based school funding approach;
- identify the practical implications of a shift to a classification-based school funding approach in Alexandria;
- address how this shift might impact the public's understanding of and ability to engage in school funding decisions; and
- develop a list of outstanding issues and/or recommendations that Council, the School Board, and City and ACPS staff should address between now and FY28 implementation.

BFAAC and BAC are grateful for the opportunity to share the resulting work that follows. We extend our thanks to City and ACPS staff who consulted with us to improve our understanding of the resolution and its implications. We welcome the opportunity to meet with the Council, the School Board, and/or City and ACPS staff to discuss our analysis and recommendations.

2. Executive Summary

Productive engagement and collaboration between Council, the School Board, and their respective staff is critical to ensure the fiscal health of our public schools. Public participation is also important – which is why BFAAC and BAC are pleased to offer this memo to explore Council's recent school funding appropriation resolution.

The Council's intent to shift from a lump-sum to a classification-based school funding appropriation presents a significant change to the fiscal relationship between the City and ACPS. While ACPS already presents its proposed operating fund budget broken down by classification categories, these categories have not previously been used to frame Council or public discussion of the budget. This could be because the classification categories, in practice, do not neatly align with school budget priorities that commonly arise during the budget process; a single priority (*i.e.*, staff compensation) or a single activity (*i.e.*, pupil transportation) often cuts across multiple classification categories. Council is not currently involved in the hundreds of transfers across classification categories that ACPS processes each year to ensure it meets student needs, adheres to legal obligations, and maximizes its use of available resources. Introducing the classification categories into the appropriation process will require additional time and heightened information sharing between Council and the School Board and their respective staff throughout the entire fiscal year, not just during the budget process.

The experience of the few jurisdictions we spoke with that employ this approach suggests that a shift to a classification-based school funding appropriation does engage the appropriating body in a different way and presents the operating transfer with a heightened sense of specificity but has had limited practical impact. In practice, appropriating bodies have not appeared to make independent changes other than to the total amount of the operating transfer; they largely rely on the expertise of school staff to recommend and then calculate the amounts for each classification category, and most if not all transfer requests presented throughout the year are approved with no changes and many without any discussion. No jurisdiction reported any meaningful or improved public engagement as a result of this new funding approach. At the same time, appropriating body staff reported considerable administrative and staff effort to operationalize the process; one said that after three years they are "still working the kinks out." Others were blunt in questioning the efficacy of the approach ("it really is a lot of work and changes nothing").

Before finalizing this change, BFAAC and BAC urge the Council, School Board, and their respective staff to work jointly to identify and develop the process changes that will be required for implementation and to do so proactively and in advance to avoid the type of "guesswork" and "frustration" experienced by several of the jurisdictions at initial implementation. This will require a realistic assessment of what additional staff capacity at both the City and ACPS will be required to implement the change - and whether key stages of the budget process, like the School Board's public consideration of and final adoption of the ACPS budget post-City appropriation, might be undermined by this new approach.

A critical component of this planning should be the establishment of clear goals and objectives for pursuing this appropriation change to manage both Council's and the public's expectations and ultimately to measure whether they have been met. Council and the public will need to be educated on how the classification categories function within ACPS and the limitations in how that translates to a lay person's understanding of ACPS activities and budget priorities. Council should be clear about the limitations to its role in designating funds for specific school budget priorities even through a classification-based approach, especially with the public. As a former Councilmember said, "the categories don't get you there" for many of the changes urged by the public. While "transparency" was a consistent stated goal in making this change, it will be important for each body to define what they mean by transparency and understand what that means in practice.

Finally, as set out in our recommendations, BFAAC and BAC urge Council to consider some of the approaches other jurisdictions have taken to streamline the process and minimize burden and risk – like the establishment of transfer thresholds, a 'fast-track' approval process, and/or contingency funds for emergency requests. As detailed below, ACPS transfers are often related to services that are federally mandated where time is of the essence, and the process will have to address this to avoid risk. Alongside these functional changes, we heard repeatedly that to work, the process requires a culture of teamwork, ongoing collaboration, and mutual respect between the appropriating body and the schools – something that could be modeled here by the planning process itself. BFAAC and BAC stand ready to provide whatever additional support would be helpful as Council and the School Board continue to explore this proposed operational change.

3. Council Resolution, School Board Reaction, Historical Context

On March 10, 2026, the Council considered and ultimately adopted a resolution [*Appendix A*] expressing an intent to shift from a lump-sum school funding appropriation to a classification-based school funding appropriation. The resolution states:

> [T]he Alexandria City Council intends to appropriate operational funds to the Alexandria City Public Schools for FY2028 based on the major classifications as listed in Code of Virginia § 22.1-115 which are as follows: (i) instruction, (ii) administration, attendance and health, (iii) pupil transportation, (iv) operation and maintenance, (v) school food services and other noninstructional operations, (vi) facilities, (vii) debt and fund transfers, (viii) technology, and (ix) contingency reserves.

The resolution went on to resolve that: (1) ACPS submit an estimate of the amount of money deemed to be needed for FY2028 for each classification as delineated by VA Code § 22.1-115, pursuant to VA Code § 22.1-92 and City Charter § 6.03; (2) ACPS submit a report of all its expenditures and such information as may be deemed advisable in preparation of the FY2028 budget, pursuant to VA Code §§ 22.1-90, 15.2-2508; and (3) reiterates Council's intention to appropriate ACPS funding for FY28 based on the major classifications delineated by VA Code § 22.1-115.

In explaining the timing of the resolution's adoption, Mayor Gaskins indicated a desire to be open about the Council's intent for the next budget year, with time to discuss its implementation with members of the public, City staff, to work with ACPS on what the process would entail, and to potentially learn more about the experience of other jurisdictions with a similar approach.[2] Council also underscored that this new approach would only apply to ACPS operating funding and that capital ("CIP") funds would remain as a lump sum appropriation, per Virginia state code.[3]

Council discussion reflected the resolution's plain language that "the Alexandria City Council wishes to increase transparency and greater detail in the budgeting and appropriation of funds from the governing body to the schools." Several Councilmembers expressed a desire for more transparency and Council oversight over ACPS budget changes that came during the course of the budget year, after the Council's and then School Board's

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[2] City of Alexandria, City Council Meeting of March 10, 2026, video and transcript *available at* https://alexandria.granicus.com/player/clip/6800?view_id=53&redirect=true (discussion of resolution begins at 2:04:40); *see also id*. at 2:06:26 ("The idea would be that this would signal intent for FY28, leaving time to bring the public up to speed, time for us to work with various city departments as well as work with ACPS on kind of what this process would look like. Additionally, we've even talked about continuing to research and reach out to other jurisdictions on the things that have worked or did not work.")

[3] *Id*. at 2:08:35

budget adoption,[4] including an opportunity to share in real time with both Council and the public where ACPS budget challenges or opportunities emerge during the budget year. Councilmembers also expressed hope that this change would help the public better understand the Council's deliberations on the ACPS budget in the context of their public advocacy to the Council on school funding issues and priorities.[5]

On March 9, 2026, the School Board reached out to Council by letter, asking Council to delay consideration of the then proposed resolution to provide more time for discussion, and expressing concern that a resolution requiring Council approval for any mid-year budget adjustment that crosses classification categories would present legal constraints on the School Board's ability to promptly respond to operational needs.[6] The School Board expressed, it was "open to discussing fiscal transparency and accountability practices; however, we have concerns about introducing legal constraints and operational rigidity that a classification-based appropriation imposes."[7]

In its discussion with BFAAC, Council members expressed an interest in learning more about past consideration of this approach in Alexandria. An *Alexandria Times* article published on April 2, 2026, authored by former School Board member Mark Eaton, described a time in the 1990s when a classification-based funding approach was considered to both address general Council concerns about ACPS decision-making and push implementation of a particular ACPS program.[8] Eaton quoted a former Councilmember who explained that the then-Council did not pursue the classification-based funding approach because "using funding by classification to change a specific program or staffing arrangement did not work because 'categories don't get you there.'" There was also concern at that time, and later in the early 2000s, that adopting this approach could increase "finger-pointing" between the elected bodies and a sense that Council had "tied the hands" of ACPS. As Eaton stated, "[t]he Council's appropriation of funds by major classification may compound the inherent conflict in a system where authority – the School Board's duty to set policy and oversee the public schools – is detached from the responsibility to fund the schools."

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[4] *Id*. at 2:10:37 ("It's a matter of being able to say, 'okay, well, if you want this money for collective bargaining, are you actually putting it into that category, or are you shifting that money into a different category?'")
[5] *Id*. at 2:08:45
[6] Alexandria City School Board Letter to Mayor Gaskins and Members of the Alexandria City Council (dated March 9, 2026) *available at* https://www.acpsschoolboard.com/post/03-09-26-letter-from-school-board-to-city-council; *see also* statement from School Board Member Kelly Carmichael Booz, *available at* https://www.kellycarmichaelbooz.com/post/booz-statement-on-classification-based-appropriation
[7] *Id*.
[8] Mark Eaton, *The Uncertain Effects of Major Classification Funding*, THE ALEXANDRIA TIMES (April 2, 2026) *available at* https://aboutalexandria.substack.com/p/the-uncertain-effects-of-major-classification

4. **Overview of Current ACPS Budget Formulation**

ACPS currently incorporates the classification categories delineated in VA Code § 22.1-115 into its proposed and adopted Operating Fund budget, which includes the City appropriation *plus* other Local, State, and Federal revenue.[9] The ACPS Operating Fund is distributed across these classification categories in the budget book that accompanies the Superintendent's initial proposed budget (typically in January) and the ultimate budget adopted by the School Board following the City's final appropriation (typically in June), but there is not typically a recalculation based on any revisions that follow the School Board's adoption of the Superintendent's proposal (typically in February). ACPS also submits an annual audit to the State of Virginia Department of Education, per state requirement, that contains actual expenditures across these classification categories.[10]

What falls under each classification category is defined by the Virginia Department of Education.[11] [The relevant definitions are listed in *Appendix D,* and the equivalent ACPS Function Codes are included in the ACPS Chart of Accounts, available at *Appendix E*]. The distribution of ACPS expenditures across these classification categories is not necessarily intuitive based on a lay person's understanding of day-to-day school activities. In understanding how the classification categories practically impact ACPS budgeting, a few points are critical:

- Student-facing and central office-based positions are represented in multiple categories and not labeled as such. For example, student-facing staff are not limited to Instruction; central office positions are not limited to Administration or Operations; an expenditure for a single FTE might be distributed across several classification categories.
- Most ACPS activities or programs are funded across multiple classification categories. For example, expenditures that support large programs like Pupil Transportation can be found in several classification categories based on the line-item expenditure (*i.e.*, expenses can be categorized under Administration, Pupil Transportation, Operation & Maintenance Services, and Instruction (for Summer School activities)). This can occur with smaller programs as well.

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[9] *See*, *e.g*., ACPS FY27 Proposed Budget Book at p. 123 ("Operating Fund: Budget & Positions by Function") *available at* https://www.acps.k12.va.us/departments/financial-services/budget/fy-2027-budget; *see also id*. at p. 39 (chart showing that Operating Fund is comprised of City appropriation (79.1%), State funds (20.5%), Local funds (0.3%), and Federal funds (0.1%))

[10] *See, e.g*., ACPS Annual Comprehensive Financial Report (year ending June 30, 2025) at p. 27 *available at* https://resources.finalsite.net/images/v1771608070/acpsk12vaus/woh7fpb9qyhj5axauu56/WebCopyJune2025.pdf

[11] Superintendent's Annual Report, Table 13 ("Distribution by Division") *available at* https://www.doe.virginia.gov/data-policy-funding/data-reports/statistics-reports/superintendent-s-annual-report. (The definitions are contained as footnotes in the table.)

- Even individuals performing similar functions could fall under different classification categories. For example, expenditures for an individual delivering a certain type of classroom instruction might depend on whether that staff is permanent or temporary or whether that employee is ACPS staff versus contracted staff.
- Technology classified costs are, by definition, expenditures that advance six other classified activities (*e.g.*, "Technology" could include costs related to Instruction, Administration, etc.).

5. Legal Obligations for School Funding

ACPS, like all Local Education Agencies in the U.S., is bound by federal requirements. Federal education requirements primarily influence local school divisions through funding conditions and civil rights protections, establishing critical baselines for student equity and accountability. Under the Every Student Succeeds Act (ESSA)[12], local jurisdictions must implement standardized testing frameworks and accountability systems to qualify for federal formula grants like Title I. While the federal government does not dictate specific day-to-day curricula, it firmly binds its financial support to strict compliance with these reporting metrics. For local elected bodies, this means that strategic plans and local appropriations must continually adapt to absorb the administrative and operational costs required to meet these federal benchmarks.

Beyond performance accountability, the federal government establishes legally binding mandates designed to protect vulnerable student populations, which local jurisdictions are strictly required to fund and enforce. A critical example is the McKinney-Vento Homeless Assistance Act[13], which requires school districts to provide stable school placement, and reliable transportation for students experiencing housing instability. Combined with civil rights laws like the Individuals with Disabilities Education Act (IDEA)[14] [15], these statutes mandate comprehensive, specialized services for students.

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[12] https://www.asha.org/advocacy/schoolfundadv/overview-of-funding-for-pre-k-12-education/?srsltid=AfmBOooGAm96zZ9_PNMvFZ0_H-eURvFSfnr5X6KoNLyufxQn83nRyaeX

[13] https://nche.ed.gov/wp-content/uploads/2026/01/NCHE_CYEH_Intro_to_the_Issues_2025.pdf

[14] https://exceptionalchildren.org/sites/default/files/2025-03/Policy%20Fact%20Sheets%20-%20IDEA%20and%20Federal%20Funding.pdf?srsltid=AfmBOoo7fCiMkOc81hKEpu8TDgNv35gnwz_vCW8vRPzR9aC2WDKN3BnM

[15] https://www.nea.org/resource-library/individual-disabilities-education-act-idea-funding-gaps-school-district

One critical point to emphasize is that federal funding received by a local jurisdiction typically covers only a small fraction of the actual cost to implement these services or comply with these mandates, such as the high cost of cross-district transportation or specialized staffing. Thus, the local governing body must bridge the substantial fiscal gap to maintain full legal compliance with local, operating funds.

Grounding the federal requirements into an ACPS requirement, we offer two examples. First, when an Alexandria family abruptly becomes unhoused, state and local systems act to place them in a temporary shelter. Families are given temporary housing that is not always inside the City limits and sometimes not even close by. Per McKinney Vento, ACPS is legally required to transport children in that family to school if that child wishes to remain at ACPS. Second, when a student new to ACPS at any age or grade is in need of specialized instruction, or newly identified as such, IDEA legally requires a free and appropriate public education.[16] Costs associated with this can be considerable, and could include tuition, transportation, a dedicated aide, additional services, or other needs. If the student's assigned school in ACPS is not resourced appropriately, the law requires student replacement to either another ACPS school or to a specialized non-public school placement funded by ACPS that is able to provide the services required in that child's IEP.

In the examples above, ACPS is legally obligated to act and must work internally, including with ACPS Finance, to explore the implications. Currently, if operational needs require an adjustment of funds either within or between classification categories, ACPS engages in an internal process to evaluate, vet, and approve those transfers.[17] Expenditures that require transfers between classification categories that arise attendant to legal or other obligations are time sensitive.[18] This suggests that the approval process needs to be flexible and efficient enough to avoid operational or even legal risk.

Our analysis of the ACPS transfer records reported to VDOE through their annual audit found that since the beginning of the current fiscal year, ACPS processed approximately 264 transfers between classification categories (*e.g.*, Instruction →

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[16] https://www.ed.gov/laws-and-policy/civil-rights-laws/disability-discrimination/disability-discrimination-key-issues/disability-discrimination-providing-free-appropriate-public-education-fape

[17] For an example of a monthly ACPS Budget Transfer report (month ending April 30, 2026) *see* https://go.boarddocs.com/va/acps/Board.nsf/files/DUYQV66A9A5A/$file/260612_Budget_Transfer_Report_April_v1.pdf. Note that only those transfers that indicate *different* "Function Groups" implicate a transfer *between* classification categories.

[18] Under the Virginia Prompt Payment Act, a municipality that fails to pay on time must use taxpayer funds to pay mandatory interest penalties, currently set at a statutory rate of 1% per month on unpaid balances. This financial delinquency severely damages the city's reputation, deterring qualified contractors from bidding on future public projects and inflating procurement costs. Consequently, frustrated suppliers will deprioritize municipal orders, leading to critical service disruptions and delayed deliveries of essential community resources during emergencies.

Administration, Attendance, and Health). This represents about 32% of the total transfers during that period. (The remainder were transfers within classification categories, *e.g.*, Instruction → Instruction.) Only eight of these transfers were over $100,000; 90% of them were less than $25,000.

In addition to the legal requirements illustrated in the section above, a range of circumstances may require ACPS to transfer funds between classification categories:

- an influx of new students requiring teachers, bus routes, and meal service simultaneously – arrival of Afghan refugee families being a recent example;
- a burst pipe that damages a classroom requiring repairs from one classification and device replacement from another; or
- federal funding disruptions.

Having the flexibility to shift funds between classification categories allows ACPS to maximize the utilization of its available funding within its means. If, for example, there is projected to be surplus in one account due to unplanned circumstances (*e.g.*, vacancies) those funds can be repurposed to cover projected expenditures or additional needs in other classification categories. Similarly, funding can be reprioritized to account for an unanticipated need while keeping within the total funds available. With the diminished flexibility afforded ACPS when such a high percentage of funding is devoted to staff compensation (approximately 87%), this flexibility is particularly critical to meet operational needs when unanticipated developments occur and to ensure public dollars are fully utilized to avoid surplus.

6. **High Level Overview – Current Board, Council Budget Process**

To best understand the impact of this shift in funding appropriation, we first highlight key aspects of the current City-ACPS budget process as it relates to the operating budget – also captured in a graphic created by City and ACPS budget staff. [*Appendix B*]

ACPS' own internal budget formulation process begins almost as soon as the last budget process ends. Throughout the summer and fall, ACPS staff work on developing the budget in anticipation of the Superintendent's proposal to the School Board. Budget is also a topic covered during the City Manager's and Superintendent's regular meetings, but these discussions are typically high-level and not grounded in the classification categories.

The City Manager typically sends ACPS a letter in the early fall (along with other City departments) with guidance for his budget development. For example, the City Manager's October 6, 2026 budget guidance asked ACPS to limit its operating transfer request to a 1.5% increase, citing constrained City revenue.

School Board and ACPS leaders have an opportunity to discuss the forthcoming budget process with Council during a one hour segment of its three-and-a-half-hour annual budget retreat, typically held in early November (this year, November 1).[19] The retreat is intended to inform the issuance of Council's annual budget guidance and process resolution. This resolution provides guidance to the City Manager on his own proposed budget and often contains language related to ACPS. For example, the FY27 resolution adopted by the Council on November 12, 2025 requested that ACPS submit a budget proposal that indicated the level of service to be provided at the City Manager's target operating transfer increase of no more than 1.5% and to then articulate in general categories and prioritize any appropriation requests above the 1.5%.

The Superintendent typically submits her proposed budget to the School Board in January (this year January 22), followed by a series of School Board work sessions, public hearings, and add/delete work session(s) where the School Board can (and typically does) make changes to the Superintendent's proposed budget. This work culminates in a budget adoption vote in February (this year February 19). This is typically only a few days before the City Manager proposes his budget to Council (this year February 24) – which includes the ACPS Operating Fund transfer.[20] Again, the Superintendent and City Manager meet frequently during this time period and discuss the budget among other topics, but formal budget documents (including the Superintendent's proposed breakdown of the Operating Fund by classification category) are not released to the City Manager until the Superintendent releases them to the School Board.

Council then holds a series of work sessions and public hearings following the City Manager's budget proposal. There are typically one to two joint City-School Board work sessions during this period (this year on March 4). The Council then holds add/delete session(s) to make changes to the City Manager's proposed budget, culminating in a budget adoption vote in April (this year on April 29). This adopted budget includes the final operating transfer to ACPS, historically in a lump sum. There is no formal City involvement in the ACPS operating budget after this point.

Once the City's final operating transfer is known, ACPS and the School Board engage in a second budget process to make any needed adjustments to the School Board's prior adopted budget to ensure operating expenditures fall within the total revenue available

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[19] City Council Budget Retreat (November 1, 2025) agenda *available at* https://www.alexandriava.gov/sites/default/files/2025-10/council_retreat_agenda_-_fy2027_final.pdf

[20] It is important to note that over the years, considerable effort has been dedicated to revising the City and ACPS budget calendars – including ensuring that this School Board vote occurs before the City Manager's proposal (which had not always happened). BFAAC-BAC have developed past memos on this topic, explaining the timing constraints and other factors facing both ACPS and the City that have led to the current budget schedule. We would suggest Council consider this past analysis if considering further changes to the budget calendar.

(including the City's operating transfer). Over a six-week period, the School Board holds work sessions, public hearings, and add/delete session(s), culminating in another budget adoption in June (this year on June 11). As discussed above, any budget adjustments that occur after this budget adoption are handled internally between ACPS and the School Board, with no City involvement.

7. **Funding Approach Across Virginia School Divisions**

A comprehensive listing of which Virginia jurisdictions utilize a classification-based school funding appropriation was not publicly available,[21] but independent research revealed a limited number of jurisdictions that currently utilize this approach including Lynchburg City, Spotsylvania County, Caroline County, Chesterfield County, Louisa County, Culpepper County, and King George County.[22] We also identified at least one jurisdiction (Virginia Beach) that had utilized, but no longer utilizes, this funding approach. Recurring language in the Virginia Appropriation Act and related commentary that "localities are encouraged to provide increased flexibility to school boards by appropriating state and local funds for public education by lump sum"[23] could account for the relatively small number of jurisdictions that use this approach.

BFAAC and BAC identified Chesterfield County, Lynchburg City, and Spotsylvania County as the most appropriate jurisdictions to explore to best support our analysis,[24] with emphasis on how each jurisdiction came to adopt a classification-based school funding approach, what processes and roles were established in response, and – if available – the impact of this approach. Process points captured include whether the appropriating body provides any discretion to the school district to make changes within classification categories without approval and whether the school district has a collective bargaining agreement ("CBA") in place and any implications thereto. A key distinction between Alexandria and the other three compared jurisdictions is that the state's school funding formula requires Alexandria to fund its schools at 80% whereas Chesterfield, Lynchburg, and Spotsylvania are only required to provide between 35% and 40%. Thus, the effect of this change on ACPS will be greater than the change to the others because it impacts a much larger portion of the actual Operating Fund.

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[21] https://www.doe.virginia.gov/data-policy-funding/school-finance/budget-grants-management

[22] https://www.spotsylvania.va.us/DocumentCenter/View/40224/29—Neighboring-Funding-for-School-Board-Budget?bidId=

[23] Language found at https://budget.lis.virginia.gov/item/2026/1/SB30/Introduced/1/125/

[24] Research was validated against primary sources, including BoardDocs memos, County budget documents, and VPM news coverage (Chesterfield); City budget documents, Cardinal News and WSET coverage (Lynchburg); and County records and Fredericksburg.com coverage (Spotsylvania); and also through interviews with respective City/Council budget staff.

Table 1. General Factors

Factor	Alexandria	Chesterfield	Lynchburg	Spotsylvania
Jurisdiction Type	Independent City	County	Independent City	County
Appropriating Body	City Council (7)	Board of Supervisors (5)	City Council (7)	Board of Supervisors (7)
School Board Selection	Elected	Elected	Appointed	Elected
Approx. Students	~16,000	~64,000	~6,800	~24,000
Approx. School Operating Budget	~$369.44M[25]	~$1.035B[26]	~$127.96M[27]	~$426M[28]
Approx. City/County Transfer	~$286.62M	~$419.2M	~$44.9M	~$176M
Collective Bargaining?	YES	NO	NO	NO
Local Composite Index	.80	.3564	.3974	.3783

Table 2. Implementation Experience of Other Jurisdictions

Factor	Chesterfield	Lynchburg	Spotsylvania
Budget Formulation Process	Schools submit budget with proposed classification breakdown; final County appropriations resolution lists local transfer to schools broken down by	Schools submit budget with proposed classification breakdown; per staff, after the first year (when "guesswork" proved problematic)	Schools submit budget with proposed classifications; once amt. of local transfer finalized, County gives Schools approx. 2 weeks to recalculate

[25] https://go.boarddocs.com/va/acps/Board.nsf/files/DUXN4D5E119E/$file/260611_Att2_FY%202027%20CF_Fund%20Statements_v1.pdf

[26] https://go.boarddocs.com/vsba/chesterfield/Board.nsf/files/DTUMHP5ADCF9/$file/Attachment%20C%20-%20School%20Board%E2%80%99s%20FY2027%20Operating%20Budget.pdf

[27] https://cardinalnews.org/2026/05/28/lynchburg-city-council-approves-2027-budget-with-no-cuts-or-tax-hikes/?utm_source=copilot.com

[28] https://www.spotsylvania.k12.va.us/o/scps/page/fy2027-budget-information

	classification; resolution delegates to the schools the authority to make revenue and expenditure transfers up to $500K[29]	City has largely relied on the Schools proposal without substantive changes	the classification amounts during time between County's tentative budget adoption and vote on final budget resolution
Discretion to Approve Inter-Classification Transfer w/out Appropriating Body Approval	YES < $50K (Superintendent) $50K-$499K (School Board)[30] NO – anything above $500K[31]	YES < $100K (School Board) NO – over $100K	NO Transfer Authority (all transfers require Board of Supervisors approval)
Process to Make Mid-Year Inter-Classification Transfers	Routine transfers involve proposal from Schools finance staff to Superintendent for approval; if between $50-499K, also goes to School Board; if $500K+ a transfer memo is prepared, presentations made to both School Board and then County for approval; transfers requiring County approval can take up to 2-3 months from initiation to final approval	Schools write a memo to City Manager who then enters the request into the Council docket for the next session	Operational transfers require proposal by School staff, approval by the School Board, and then subsequent approval by Board of Supervisors through resolution (typically on the consent calendar); Board of Supervisors and County staff rely on Schools staff to be present at Board of Supervisors meeting to advise on the substance of the transfer request

[29] FY2027 Proposed Budget and FY2027-FY2031 Capital Improvement Program, FY2027Appropriations Resolution at p. 337 (appropriation by classification category) and p. 339 (delegation language).

[30] *See, e.g.*, Chesterfield School Board June 3, 2025 Memo (citing the ability to approve transfers under $500,000 without appropriating body approval) *available at* https://www.boarddocs.com/vsba/chesterfield/Board.nsf/files/DH3MQA5C518C/$file/Memo%20%23088-25%20-%20FY2025%20-%20Transfer%20Across%20Appropriation%20Categories.pdf

[31] An example is when the Chesterfield County Board of Supervisors approved a $2 million transfer of excess debt service funds to support the purchase of 12 buses in January 2025. The Chesterfield County School Board adopted a resolution on January 15 requesting the transfer, which was then entertained by the Board of Supervisors in its consent agenda on January 22.

Staff Impact	Feedback from appropriating body/County staff was that thresholds were developed to remedy/decrease significant administrative burden; current staff impact is not as high as other jurisdictions because there are limited transfers above $500K where County approval triggered; strong City-Schools staff relationships are essential to making this work smoothly	Feedback from appropriating body/City staff was that the considerable effort ("lot of work") required to implement this approach has limited if any return ("means nothing"; can feel like a "waste of time and effort")	Feedback from appropriating body/County staff was that this approach "creates more work for both sides of the house" and can be "stressful" for Schools staff especially during budget formulation; required work to create new tracking mechanisms on both sides to continuously monitor changes throughout the year and additional staff time to information share and collaborate; Schools staff need to attend every Board of Supervisors meeting where transfers are on the agenda because County staff relies on Schools to answer Board questions

Conclusions

There is no exact match to Alexandria's structure and dynamics. The jurisdictions that use a classification-based appropriation differ from Alexandria in meaningful ways, and the jurisdictions closest in structure may not necessarily serve as the best or most successful model. While their experiences are still instructive, differentiation is important to keep in mind.

Transparency impact is unclear in all three jurisdictions. While each jurisdiction produced a budget with separate appropriations per classification category and in some cases used this as a framework for discussion, rarely did the appropriating body make changes to what the schools had proposed and - to the extent a recalculation was needed - relied on the schools to do it. There was some evidence that the transfer process was an opportunity to highlight shifting school budget needs during the budget year if they were significant enough, but only on the margins. Each jurisdiction reported that the change in funding appropriation did little to impact public engagement; the public continued to be interested in budget priorities like teacher pay but not on how that impacted specific classification amounts; engagement in the transfer process was described as virtually nonexistent.

Operational flexibility universally declines under a classification-based approach and creates real barriers and challenges. Each jurisdiction experienced a decrease in operational flexibility and increase in administrative and staff burden. Some developed strategies to mitigate this result, but could not completely eliminate it. Chesterfield was more successful by incorporating approaches like discretionary thresholds to minimize ongoing County involvement in transfers, but this did not fully resolve the flexibility challenges – a transfer still can take 2-3 months to process. Spotsylvania developed a fast track system of County approval that bypassed some normal processes (*i.e.*, a Board Finance Committee review) but it still required considerable staff time to process. In contrast, the administrative gridlock created by locked funding silos demonstrably slowed Lynchburg's ability to respond to instructional needs during a time of severe academic performance decline. Staff that we spoke with (including staff from the appropriating body) suggested that there was minimal return for the additional staff time required to execute, with most appropriating bodies ultimately deferring to the Schools on budget formulation and rarely (if ever) disapproving transfer requests.

8. Analysis: Process Implications of Shift to Classification Funding Approach

To understand the potential implications of the resolution in Alexandria, we begin with the observation that shifting to a classification-based school funding appropriation is more than a change in how the ACPS budget is presented to Council and the public. Rather, it presents substantive and procedural changes – and challenges – to the fiscal relationship between the City and ACPS. It will require new workflows layered onto the current budget process that will ensure Council has the information it needs to set classification amounts and/or consider transfer requests in an environment where ACPS' legal or other obligations may require timely action by Council. BFAAC and BAC urge Council to set clear expectations with the public about what this change will require, what opportunities it will provide to Council and the public, but also its limitations. And it will be imperative for Council, the School Board, and their respective staffs to work together to proactively develop new protocols and procedures to ensure their respective roles and responsibilities are clear at the outset.

Transparency

While the ACPS Operating Fund budget and annual audit reports currently present planned operational fund expenditures by the major classifications delineated by VA Code § 22.1-115, these classifications are not typically a part of the dialogue between City and

ACPS and with the public during the budget formulation process. Any shift to a classification-based school funding appropriation will require a significant investment in educating Council, City staff, and the public about each classification category and its practical implications – with the nuances described above in so far as the classifications may not intuitively capture school-related activities and/or neatly in one classification category.

It will also be important for the public to understand the limitations of Council's role to appropriate by classification. The public will need to understand that funding decisions within classification categories (*e.g.*, how to allocate Instructional dollars across individual schools or programs) remain squarely within the jurisdiction of the School Board without Council involvement and that the School Board is still the most relevant forum to provide feedback on those decisions. In pursuing this change, Council will need to adopt a communications strategy that mitigates the risk that adopting this new approach will further confuse the public about the roles and responsibilities of each body - leaving the public potentially frustrated resulting from unreasonable expectations. We also note below that in some ways, this approach may actually decrease transparency if it eliminates the School Board's normal process for reviewing and reprioritizing budget expenditures after the Council determines the amount of its operating transfer, without time for the typical public hearing, add/delete process that occurs at this stage.

We urge those considering the implementation of this change to define what is meant by 'transparency' and how Council will measure whether it has improved under this new funding approach - for themselves and also for members of the public. In addition, it may be that other approaches could be taken to achieve a higher level of transparency – short of this funding approach – without the additional administrative burdens attendant to this change.

Classifications at Budget Adoption

The first change we consider is the incorporation of this new funding approach into the annual budget adoption process. The challenge we see here is in ensuring Council has the appropriate information to make reasoned, data-driven decisions that are transparent and digestible for the public. The complexities in the application of ACPS expenditures to the classification categories may make it difficult to calculate (or re-calculate) until the total amount of the City's operating transfer is finalized. Unless City budget staff become experts on the ACPS budget, Council will need consistent and heightened engagement with ACPS and the School Board throughout its budget process to receive information and feedback about how the classification categories function and what the implications of changes to the total amount of the operating transfer – or to specific amounts appropriated for each classification category – may have on ACPS operations. An additional recalculation by ACPS after the final local operating transfer is determined would seem prudent to provide the most reasoned approach to any final Council appropriation and is consistent with the approaches of other jurisdictions - but will require additional time and process to incorporate into the Council budget calendar.

One could analogize this to the process the School Board currently undertakes to make changes to the budget after the City's budget adoption – after it knows what the total City appropriation will be. To make these changes responsibly and transparently – and to allow for public input – the School Board engages in a 6-week process where ACPS staff recalculate the budget and present it to the School Board, that then holds a series of work sessions and public hearings to explore the implications of the recalculation, culminating in an add/delete work session and then budget adoption. This is not just about shifting around funds – but rather about setting priorities and making sometimes difficult choices among the resources available.

It is unclear how Council could incorporate this type of process into the current budget timeline to appropriate whatever total amount it determines will be the City appropriation into sub-classifications. Even if Council were to make a preliminary appropriation with dollar amounts for each classification knowing that ACPS would come back to it with proposed changes that might mirror its typical post-City appropriation process – it is unclear how Council could make even a preliminary proposal of classification appropriations without the type of robust analysis described above. Even if making small changes (like a modest increase to support a discrete program) – Council will need feedback from ACPS about how the expenditures related to that discrete program apply to the various classification categories (and at what dollar amounts). One jurisdiction's experience was that during the first year, the appropriating body used "guesswork" to determine the amounts appropriated in each category; this is something Council will have to proactively work to avoid.

In our recommendations, we also flag information that is currently not available that Council may need to request to aid in its decision-making. Again, we note that requiring this additional information – and then the subsequent deliberations that will follow – will require additional Council, School Board, and City and ACPS staff positions and/or staff time.

Classification Adjustments During Budget Year

By far, the most significant change in the City-ACPS budget relationship will involve transfers between classification categories during the budget year. Even though transfers are only required when total expenditures within a classification category exceed the budgeted amount, based on our review (264 such transfers already this fiscal year) the additional administrative burden could prove significant and time-sensitive. As we flagged in our discussion of ACPS' current practices, the nature of some of these transfers involve legal obligations or are otherwise urgent, which will require Council and ACPS to establish a clear and efficient processes to execute them to avoid risk.

Several jurisdictions that we explored established internal transfer thresholds before or concurrent with classification adoption, and this is something we recommend below. Without a defined threshold, hundreds of cross-classification transfers – regardless of size – would technically require Council consent under VA Code Section § 22.1-89. Each transfer – after full vetting by ACPS staff and the School Board – would require additional City staff time to vet, likely a memorandum to be drafted to Council, and then a draft resolution to be drafted and then adopted by Council. To achieve Council's objectives in transparency, this might also include an opportunity for public review and/or comment. At Alexandria's scale, this process could paralyze routine operations within months if done for every classification transfer (recalling the 264 transfers thus far this fiscal year referenced earlier).

Impact on Collective Bargaining Agreement

We note that the presence of an active Collective Bargaining Agreement ("CBA") with two ACPS staff units may create additional challenges for Council, the School Board, and their respective staff to work through in planning for implementation of this change. For example, if Council were to unilaterally reduce the amount appropriated in the Instruction classification but CBA obligations require spending above that amount, a conflict may emerge between the Council's appropriation authority and the School Board's duty to honor a lawfully negotiated agreement. We would urge Council and the School Board to ask its legal teams to explore the implications of any shift to classification-based appropriation in a collective bargaining environment before adopting this approach.

New Roles and Responsibilities

Finally, we observe that classification-based appropriation fundamentally restructures the working relationship between the appropriating body and the school system. The table captured in *Appendix C* identifies the new roles and responsibilities that emerged or were formalized across peer jurisdictions.

9. **Public Engagement**

As we stated above, a goal Council articulated in making this change was to help the public understand its own budget deliberations, and Mayor Gaskins named public education on the change itself an implementation priority. In our view, it will take considerable effort to educate the public with enough depth for it to strengthen public understanding on Council's role in school funding or to inform public advocacy – certainly with respect to the Council's development of specific appropriation amounts or shifts among classification categories. We can't help but note that our two bodies – quite familiar with the City and ACPS budget process – found this change challenging to navigate conceptually after learning more about the practical operations of classification categories.

For example, parents advocating for increased pay for ACPS staff couldn't simply say "increase the Instruction classification amount" because staff compensation runs across multiple classification categories. A parent advocating for "reducing central office funding" couldn't just say "reduce Administration, Attendance, and Health" as central office positions sit in other classification categories (and that Administration, Attendance, and Health line includes student-facing positions). Even advocacy to increase a particular program would likely implicate multiple classification categories. These advocacy positions could still be taken, but Council and City staff would have to do the work to determine how any classification appropriation changes would advance them. We are also mindful of advocacy this past year from the ACHS PTSA around additional staff needs at the high school. Here, Council's authority would not extend to directing a specific staffing shift within a classification category, like Instruction. It will be important for Council to set the public's expectations about what this change will – and will not –mean, and what level of understanding the public will need to engage at this level of granularity.

Jurisdictions that use this approach universally reported that while the categories may frame public discussion to a certain degree, in their experience the public does not engage in the classification discussion at budget formulation and never at the transfer level - that these are more "behind the scenes" mechanics worked out between the staff and elected bodies.

10. **Implementation Recommendations**

BFAAC and BAC urge Council, the School Board, and City and ACPS staff together to develop a joint implementation plan for this anticipated change. This joint work will serve as a model for what, in our view, will be required to make this transition successful in the long term. We suggest an early fall joint work session to explore this change in more detail. We also suggest that, after the creation of processes to implement this rule, Council should identify costs (*e.g.*, direct labor) dedicated to this new process along with iterative process improvement efforts every 6 to 12 months to reduce those costs over the first 2 years.

We've included below some recommendations for some of the elements of any joint implementation plan - these are not presented in order of importance:

<u>Ensure the Budget Process Allows for Sufficient Information Sharing and Discussion to Implement this New Approach</u>

It will be imperative for additional layers of information sharing and discussion to be worked into the current budget process, with attention to when and how to best add to the current process without requiring extra or duplicative staff work. We also advise a realistic assessment of what additional staff capacity will be needed to implement this change and whether there is sufficient current City and ACPS staff capacity to meet it. All jurisdictions we spoke with reported increased demand on staff time to implement these changes, whether in advising their respective bodies or in developing collaborative tools to monitor the budget throughout the year. In one County, Schools staff attend every meeting of the appropriating body where a transfer is on the agenda (even if on the consent agenda) - something we suggest could be quite frequent.

Council will benefit from ACPS' assessment of how the City's appropriation should be applied to the classification categories – at the very least as something to react to. Currently, ACPS does these calculations for the Operating Fund within the Superintendent's proposed budget (and for the full Operating Fund, not limited to the City appropriation) – but not for the School Board's adopted budget. It might be useful for ACPS to prepare a classification breakdown for the City appropriation portion of the Operating Fund (which as a reminder includes City, Local, State, and Federal revenue) for both the Superintendent's proposed budget and the School Board's adopted budget as an initial information source for Council as it begins its own budget deliberations.

If Council wishes to appropriate a total amount or classification breakdown different than any scenario ACPS has prepared, it will be extremely challenging for Council or City staff to do that calculation independently. We suggest that the City and ACPS finance teams will need to meet in advance to discuss how they will share information and collaborate to support this appropriation change - anticipating various approaches Council might take. There is a difference between Council, for example, settling on a specific dollar amount for the City appropriation and needing ACPS to recalculate the classification breakdown based on that number and Council saying, "we want ACPS to increase funding for Specialized Instruction" and asking ACPS to recalculate the classification breakdown based on that request (which would involve making changes to the multiple classification categories that support Specialized Instruction and flagging what other expenditures would need to be cut to accommodate that increase). In either scenario, it may require not only a recalculation but potentially reprioritization of expenditures based on the total funds available – *i.e.*, the process that ACPS typically undertakes after the City appropriation is final - or an assessment to ensure that a recalculation doesn't put at risk ACPS' compliance with VDOE or other State and/or Federal requirements.

We caution an approach that requires ACPS to continually calculate these classification breakdowns in real time as Council's assessment of the total appropriation amount may evolve throughout the budget process. It could be that incorporating a process *after* the City has finalized its appropriation amount to solicit an ACPS proposal would be wise. But this is something that should be explored and determined in advance to aid City and ACPS staff planning for what documents or materials will need to be prepared, again keeping in mind finance and budget staff capacity at an already busy time.

Similarly, Alexandria should be intentional about developing a budget calendar that allows for productive discussion between Council/City staff and the School Board/ACPS staff during the budget process. The current cadence and number of joint work sessions is likely insufficient to facilitate a successful implementation of this new model. We urge the bodies to think about when and how this type of joint discussion will be most useful. We suggest that at least three work sessions may be required: an initial work session to be oriented to the classification categories generally and the process itself (to be held in the fall), another one after the School Board adopts its budget to understand the School Board's budget and any differences between that and the City Manager's proposed budget (post City Manager budget proposal), and potentially a third to explore the implications of any Council-desired changes to the total operating transfer or classification breakdown (ideally before Council's add/delete process). Finding additional time to receive and process this information will be challenging in an already compressed budget calendar.

Negotiate Transfer Thresholds

Before the FY2028 classification appropriation takes effect, we recommend the establishment of tiered transfer thresholds, as we saw in other jurisdictions. In our view, these thresholds are mutually beneficial; they provide schools with the flexibility to process more customary, less significant budget changes, while also focusing the appropriating body on larger transfers that may have more significant policy or fiscal impact that deserve heightened transparency – while not bogging them down.

We included analysis above on the volume and dollar value of current transfers and suggest a more longitudinal analysis may be needed to inform the development of an appropriate and realistic threshold. It might be helpful to ask ACPS to run actual mid-year budget adjustments from FY2023, FY2024, and FY2025 through the new classification model to show how many would have triggered a mandatory Council vote and at what amount. This empirical data will help Council, the School Board, and City and ACPS staff both understand the implications of this appropriation change and set reasonable thresholds as described above.

Develop a "Fast Track" Process for Classification Transfers

The most significant cautionary tale from other jurisdictions was the potential for this process to create real operational or other risk for schools when classification transfers are needed to meet legal or other obligations. Layering another process (or processes) on top of the existing ACPS approach to handling classification transfers creates real capacity challenges for both bodies and their respective staff. We highly recommend that "fast track" processes are created to both vet internally and then deliberate on classification transfers on both sides – within ACPS/School Board and then City Staff/Council. Other jurisdictions have used the consent calendar or a comparable process to move these through with relative speed following regular staff-level check-ins to ensure these are flagged and prioritized in real time. This type of ongoing engagement might also include more intentional Council or City staff review of monthly or quarterly financial reports that ACPS already makes publicly available. We suggest this is a high priority for Alexandria to establish.

Consider Funding a Contingency Reserves Classification

Some jurisdictions have established a contingency reserve to allow the schools to absorb any small classification transfers without appropriating body approval, recognizing that "Contingency Reserves" is one of the classifications included in VA Code § 22.1-94. This could be an additional or alternative to the threshold approach suggested above – although our view is that the threshold approach may offer a greater level of transparency and functionality.

Solicit Further Legal Analysis on the Interplay Between a CBA and Council Classification Changes

As we referenced above, we would urge Council and the School Board to ask their legal teams to explore the implications of any shift to classification-based appropriation in a collective bargaining environment. It will be important for both bodies to understand the legal and practical rules of engagement here and their respective roles and responsibilities, limitations, and the consequences that flow from them.

11. Conclusion

BFAAC and BAC are grateful for the opportunity to provide our research and analysis of the Council resolution expressing an intent to shift to a classification-based school funding appropriation. We hope that what we have provided here will inform ongoing and future discussions about the feasibility of implementing this desired change. If we can be of further support as that process continues or if a briefing would be useful, please let us know.

Appendix A. Alexandria City Council Resolution 3368 (March 10, 2026)

RESOLUTION 3368

Resolution of Intent to Appropriate Funding to Alexandria City Public Schools by Major Classification Beginning FY 2028

WHEREAS it is the responsibility of the Alexandria City Council to approve and direct the City's fiscal plan; and

WHEREAS Code of Virginia § 22.1-94 authorizes the governing body to appropriate funds for the operation and capital outlay of the public schools by total only or major classification; and

WHEREAS Code of Virginia § 22.1-92 requires the superintendent to prepare, with the approval of the school board, and submit to the governing body an estimate of the amount of money deemed to be needed during the next fiscal year for the support of the public schools of the school division set up for each major classification prescribed by the Board of Education and such other headings or items as may be necessary; and

WHEREAS Code of Virginia § 22.1-90 requires every school board to submit at least once each year to the governing body appropriating funds to the school board a report of all its expenditures; and

WHEREAS Alexandria City Charter § 6.03 requires the school board to file with the City Manager an estimate of revenue and expenditures for the ensuring fiscal year and supply all the information which the City Manager may require to be submitted; and

WHEREAS the Alexandria City Council has previously appropriated funds to the Alexandria City Public Schools for operations and capital outlays in lump sum amounts; and

WHEREAS the Alexandria City Council wishes to increase transparency and greater detail in the budgeting and appropriation of funds from the governing body to the schools; and

WHEREAS the Alexandria City Council intends to appropriate operational funds to the Alexandria City Public Schools for FY2028 based on the major classifications as listed in Code of Virginia § 22.1-115 which are as follows: (i) instruction, (ii) administration, attendance and health, (iii) pupil transportation, (iv) operation and maintenance, (v) school food services and other noninstructional operations, (vi) facilities, (vii) debt and fund transfers, (viii) technology, and (ix) contingency reserves; and

WHEREAS the Alexandria City Council seeks to provide direction for staff and the Alexandria City Public Schools to prepare and submit a budget for FY2028 on the appropriation of funds for FY2028; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF ALEXANDRIA VIRGINIA THAT:

1. Pursuant to Code of Virginia § 22.1-92 and City Charter § 6.03, the Alexandria City Council directs the Alexandria City Public Schools to submit an estimate of the amount of money deemed to be needed for FY2028 for each major classification as delineated by the Code of Virginia § 22.1-115.

2. Pursuant to Code of Virginia §§ 22.1-90 and 15.2-2508, the Alexandria City Council directs the Alexandria City Public Schools to submit a report of all its expenditures and such information as may be deemed advisable in preparation of the FY2028 budget.

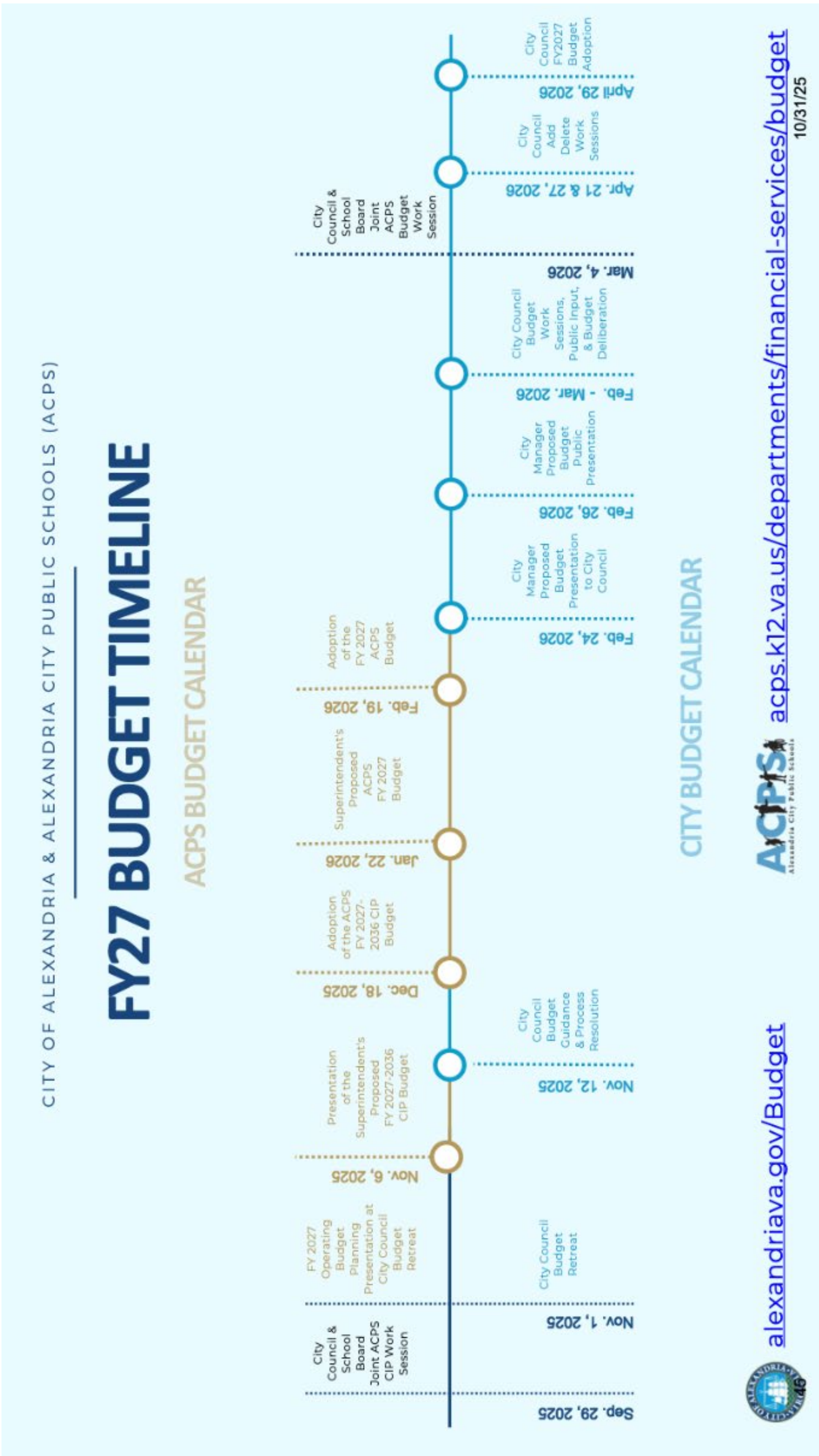
3. In accordance with Code of Virginia § 22.1-94, the Alexandria City Council intends to appropriate the Alexandria City Public Schools (School Board) funding for FY2028 based on the major classifications as delineated by the Code of Virginia § 22.1-115.

Adopted: March 10, 2026

ALYIA GASKINS MAYOR

Gloria A Sitton, CMC City Clerk

Appendix B. Sample Budget Timeline



Appendix C: Roles and Responsibilities

Role / Responsibility	What It Requires	New for Alexandria Specifically
City Council: Micro-Approvers	Council members must review and vote on individual operational transfers crossing classification lines. Cannot pass a budget in the Spring and disengage. Must understand school programmatic operations in enough detail to make informed decisions and/or approvals.	Significant new burden for a Council that currently operates at macro-policy level. Requires staff-level education on school budget structure before classifications take effect.
ACPS Finance Team: Predictive Modeler and Classification Compliance Officers	Must shift to real-time predictive modeling to avoid operational risk. Must detect classification overages months before the classification ceiling zeroes out legally under VA Code § 22.1-89. Every budget adjustment must be classified, justified, and documented for potential external review. Staff must draft formal board memos and resolution language for any cross-classification transfer.	In a dynamic school environment, ACPS Finance staff must work even more closely with operational staff to flag and predict changes that might implicate classification transfers, including potential internal training to ensure staff appreciate when operational changes might implicate this new process. Issues like modeling substitute teacher costs or overtime, anticipating otherwise unpredictable transportation needs, facility emergencies, and the like will be required – likely increasing staff time and/or requiring broader financial training.
School Board: Burden-of-Proof Presenters	ACPS staff and the School Board must adopt a different posture when facing fiscal fluctuations that are sometimes customary. Every mid-year adjustment requires detailed public memos and impact statements to convince an external political body to authorize the change.	Psychologically significant shift for a School Board accustomed to operational autonomy.

Joint Staff Working Group	To work well, cross-communication, information sharing, and planning will be required. Lynchburg model: bi-weekly or monthly staff-level meeting between City Finance and School Finance to review classification balances before they become flashpoints.	ACPS might need to establish more robust joint City/ACPS Finance working groups to catch compliance issues before they reach Council. Advance staff work may reduce adversarial dynamics by making issues routine rather than political crises, but will require additional or more targeted capacity.

Appendix D. Classification Categories as Delineated in VA Code, as defined by the Virginia Department of Education

[*See also, e.g*., **Appendix E**, ACPS Chart of Accounts, May 2025 (Function Codes at pp. 61-74)]

(i) Instruction ("Represents expenditures for classroom instruction, guidance services, social work services, homebound instruction, improvement of instruction, media services, and office of the principal.")

(ii) Administration, attendance and health
   a. Administration ("Represents expenditures for activities related to establishing and administering policy for division operations including board services, executive administration, information services, personnel, planning services, fiscal services, purchasing, and reprographics")
   b. Attendance and health ("Represents expenditures for activities that promote and improve attendance at school and those activities relating to health services for public school students and employees. Medical, dental, psychological, psychiatric, and nursing services are included in this category.")

(iii) Pupil transportation ("Represents expenditures related to conveying students between home and school, and to and from school activities, as provided by state and federal law. Costs related to vehicle maintenance and the management and monitoring of the transportation process are included in this category.") What is important here is that this funding classification includes standard day-to-day transportation for general education students and transportation spending for students who, by Federal law, require transportation-related accommodations based on their disability status and those students who fall under McKinney Vento protections by virtue of their "homeless" status. Costs associated with the latter categories can be quite costly on an individual basis and materialize without warning (*i.e.*, a child who is identified as requiring accommodations or who moves out of the jurisdiction mid-year).

(iv) Operation and maintenance ("Represents expenditures incurred to keep grounds, buildings, and equipment safe for use and in effective working condition. Costs related to operations management are included in this category.")

(v) School food services and other Noninstructional operations
   a. school food services ("Represents expenditures for providing food to students and staff, including preparing and serving meals for school-related activities.")
   b. other educational programs ("Represents expenditures for activities sponsored by the school division that do not involve the delivery of instruction or other ancillary activities for grades K-12 students (excluding pre-kindergarten programs). These activities also include enterprise operations, community service programs, and other non-LEA programs")

(vi) Facilities ("Represents facilities-related expenditures including acquiring land and buildings, remodeling and constructing buildings, initially installing or extending service systems and other build-in equipment, and improving sites.")

(vii) Debt and fund transfers ("Represents expenditures related to paying the school division's debt, including payments of both principal and interest. This column includes transactions that account for transfers between funds or local government entities")
(viii) Technology ("Includes expenditures incurred for technology-related activities, as well as . software, hardware, and infrastructure purchases, for this category")
(ix) Contingency reserves (undefined)

Appendix E. ACPS Chart of Accounts, May 2025 – Function Codes at pp. 61-74 (the full ACPS Chart of Accounts is available at https://www.acps.k12.va.us/departments/financial-services/budget)

Alexandria City Public Schools

Chart of Accounts

Revised May 2025

Mission:
ACPS ensures success by inspiring students
and addressing barriers to learning

Financial Services
Department
Budget Office
703-619-8040

Chart of Accounts

ACPS
Alexandria City Public Schools

Financial Services Department

1340 Braddock Place
Alexandria, Virginia 22314
703-619-8040

Dominic Turner
Chief Financial Officer
703-619-8141
dominic.turner@acps.k12.va.us

Budget Office

Robert Easley
Director, Budget and Financial Systems
703-619-8149
robert.easley@acps.k12.va.us

Lauren Walker
Assistant Director, Budget
703-619-8137
lauren.walker@acps.k12.va.us

Shelly S. Tsuda
Budget Management Analyst
703-619-8144
shelly.sikhammountry.tsuda@acps.k12.va.us

Denise Moye
Budget Management Analyst
703-619-8147
deborah.moye@acps.k12.va.us

Jessica DeLeon
Budget Management Analyst
703-619-8488
jessica.deleon@acps.k12.va.us

Accounting Office

Michael Covington
Director II, Accounting
703-619-8145
michael.covington@acps.k12.va.us

Michael Barclay
Senior Accountant
703-619-8174
charles.michael.barclay@acps.k12.va.us

Farah Afrasiabi
Senior Accontant
703-619-8143
farahnaz.afrasiabi@acps.k12.va.us

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Function Codes

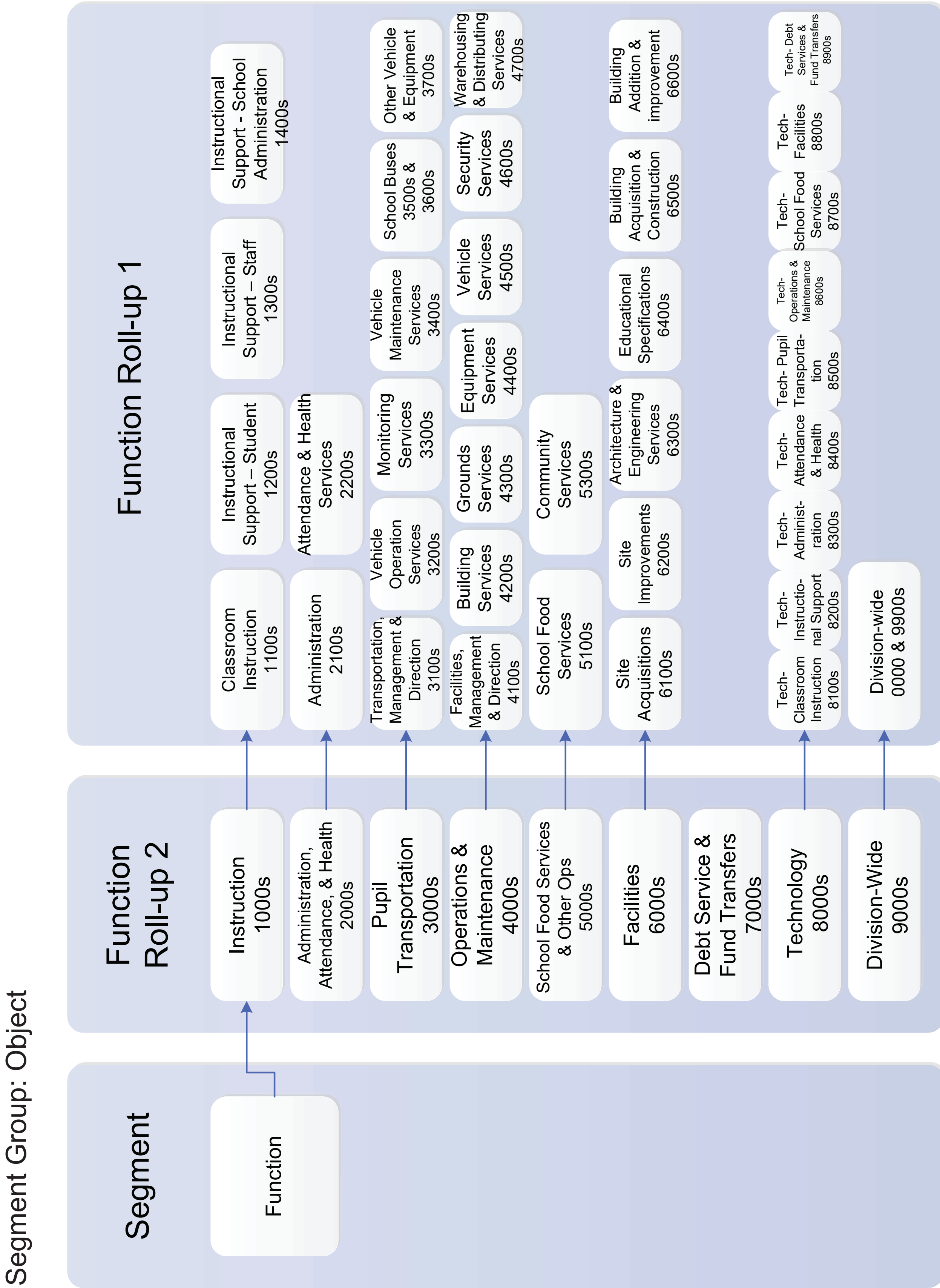
Note: Always use the “lowest level” of codes available.

_ _ _ _ - _ _ _ _ _ - _ _ _ _ _ _ _ - _ _ _ _ _ - **X X X X** - _ _ - _

Fund | School or Dept | Object | Program | **Function** | Site | Cost Center

Function Codes

Note: Always use the “lowest level” of codes available.



Function Codes

Note: Always use the “lowest level” of codes available.

Major Group	Function Group	Function Code	Function Title and Definition

1000 Instruction

Instruction includes the activities that deal directly with the interaction between teachers, aides, or classroom assistants and students. Instruction may be provided for students in a school classroom, in another location such as a home or hospital, or in other learning situations such as those involving co-curricular activities. Instruction may also be provided through another approved medium such as television, internet, radio, telephone, or correspondence. The activities of aides or classroom assistants of any type (clerks, graders, etc.) that assist in the instructional process are included in this category. Technology related expenditures related to instruction should be reported under function 8000.

1-11 Classroom Instruction

1100 Classroom Instruction
All activities related to regular day schools, grades K-12, should be included in this section regardless of the source of funds (local, state, federal, other).

1-12 Instructional Support - Students

Activities designed to assess and improve the well-being of students and to supplement the teaching process.

1210 Guidance Services
Activities involving counseling students and parents, consulting with other staff members on learning problems, evaluating the abilities of students, assisting students as they make educational and career plans, assisting students with personal and social development, providing referral assistance, and working with other staff members in planning and conducting guidance programs for students.

1220 School Social Worker Services
Activities designed to improve student attendance at school and that attempt to prevent or solve student problems involving the home, the school, and the community.

1230 Homebound Instruction
Activities designed to meet the educational needs of students who are unable to attend regular school because of illness, emotional disturbance, or accident, etc.

Function Codes

Note: Always use the "lowest level" of codes available.

Major Group	Function Group	Function Code	Function Title and Definition

1-13 Instructional Support - Staff

Activities associated with assisting instructional staff with the content and process of instructing students.

1310 Improvement of Instruction

Activities that assist instructional staff in planning, developing, and evaluating the process of providing learning experiences for students. These activities include curriculum development, techniques of instruction, child development, staff training, etc.

1320 Library and Media Services

Activities concerned with the use of all teaching and learning resources. Educational media are defined as any devices, content materials, methods, or experiences used for teaching and learning purposes.

1-14 Instructional Support - School Administration

Activities concerned with the overall administration of a school.

1410 Office of the Principal

Activities concerned with directing and managing the operation of a particular school. This includes the activities performed by the principal, assistant principals, and other assistants while they supervise the operations of the school, evaluate the staff members of the school, assign duties to staff members, supervise and maintain the records of the school, and coordinate school instructional activities with those of the local education agency (LEA). These activities also include the work of clerical staff that supports teaching and administrative duties.

2000 Administration, Attendance and Health

Activities concerned with establishing and administering policy for Administration and Attendance and Health.

2-10 Administration

Activities concerned with establishing and administering policy for operating the LEA.

2110 Board Services

Activities of the elected/appointed body that has been created according to state law and vested with responsibility for educational activities in a given administrative unit.

Function Codes

Note: Always use the “lowest level” of codes available.

Major Group	Function Group	Function Code	Function Title and Definition
		2120	Executive Administration Activities associated with the overall general administration of, or executive responsibility for, the LEA, including the Superintendent, Assistant Superintendent and other staff who report directly to the Superintendent.
		2130	Information Services Activities concerned with writing, editing, and other preparation necessary to disseminate educational and administrative information to students, staff, managers, and the public through direct mailing, the various news media, or personal contact.
		2140	Personnel Services Activities concerned with maintaining the school system’s staff. This includes such activities as recruiting and placement, staff transfers, in-service training, health services, and staff accounting.
		2150	Planning Services Activities, other than general administration, that support each of the other instructional and supporting service programs. These activities include planning, research, development, evaluation, and information. Such activities include government relations services that exist to achieve the legislative goals of the School Board and promote positive leadership regarding education policy and financing.
		2160	Fiscal Services function includes budgeting, receiving and disbursing, financial and property accounting, payroll, inventory control, internal auditing and managing funds.
		2170	Purchasing Services Activities concerned with purchasing supplies, furniture, equipment, and materials used in schools or school system operations.
		2180	Reprographics Activities such as printing and publishing administrative publications such as annual reports, school directories, and manuals. Activities also include centralized services for duplicating school materials and instruments such as school bulletins, newsletters, and notices.
		2199	General Administration Include general expenditures that directly support activities concerned with establishing and administering policy for operating the LEA.

Function Codes

Note: Always use the "lowest level" of codes available.

Major Group	Function Group	Function Code	Function Title and Definition

2-21 Attendance Services

Activities whose primary purpose is the promotion and improvement of children's attendance at school. This consists of various activities in the field of physical and mental health, such as medicine, dentistry, psychology, psychiatry, and nursing services, as well as activities in student attendance services. Expenditures for all health services for public school students and employed personnel should be recorded here.

2210 Attendance Services

Activities such as identifying non-attendance patterns, promoting improved attitudes toward attendance, analyzing causes of non-attendance, acting on non-attendance problems, registration activities for adult education programs, and enforcing compulsory attendance laws.

2-22 Health Services

2220 Health Services

Activities associated with physical and mental health services that are not related to direct instruction. Include activities that provide students with appropriate medical, dental, and nursing services.

2-23 Psychological Testing and Services

2230 Psychological Services

Activities concerned with administering psychological tests and interpreting the results, gathering and interpreting information about student behavior, working with other staff members in planning school programs that meet the special needs of students as indicated by psychological tests and behavioral evaluation, and planning and managing programs provided by psychological services, including psychological counseling for students, staff, and parents.

2-24 Speech/Audiology Services

2240 Speech/Audiology Services

Activities that identify, assess, and treat children with hearing impairments. Audiologists should be reported here. Speech Language Pathologists and those providing this service should be reported under instruction regardless of the type of pay scale, even if the position is itinerant, or even if the service is contracted.

Function Codes

Note: Always use the "lowest level" of codes available.

Major Group	Function Group	Function Code	Function Title and Definition

3000 Pupil Transportation

Activities concerned with transporting students to and from school, as provided by state and federal law. This includes trips between home and school, and trips to and from school activities.

3-10 Management and Direction

Activities that pertain to directing and managing student transportation services.

3100 Pupil Transportation Management

3-20 Vehicle Operation Services

Activities involved in operating vehicles for student transportation, from the time the vehicles leave the point of storage until they return to the point of storage.

3200 Pupil Transportation Operations

3-30 Monitoring Services

Activities concerned with supervising students in the process of being transported between home and school and between school and school activities. Such supervision can occur while students are in transit, while they are loaded and unloaded, and in directing traffic at the loading stations. Include school bus aides/attendants who assist drivers.

3300 Pupil Transportation Monitoring

3-40 Vehicle Maintenance Services

Activities involved with maintaining student transportation vehicles. This includes repairing vehicle parts, replacing vehicle parts, cleaning, painting, fueling, and inspecting vehicles for safety.

3400 Pupil Transportation Maintenance

3-50 School Buses - Regular Purchase

Activities involved in the regular purchase of school buses (do not include buses under lease-purchase agreements).

3500 School Buses- Regular Purchases

3-60 School Buses - Lease Purchase

Include only the expenditures for the current year made for lease-purchases of school buses.

3600 School Buses- Lease Purchases

3-70 Other Transportation Vehicle and Equipment

Activities involved with purchasing vehicles and equipment, excluding school buses. Any vehicles, activity buses, or equipment purchased to support pupil transportation not reported in activities 3100 – 3600 should be reported in 3700. Vehicles and equipment purchased in support of other functions should be reported under the appropriate function (i.e., vehicles purchased to support operations and maintenance services should be reported under Operations and Maintenance - 4000).

3700 Other Transportation Vehicle and Equipment Purchases

4000 Operation and Maintenance

Activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in effective working condition. This includes the activities of maintaining safety in buildings, on the grounds, and in the vicinity of schools.

4-10 Management and Direction

Activities involved in directing, managing, and supervising the operation and maintenance of school plant facilities.

4100 Educational Facilities Management

4110 Insurance and Risk Management

4-20 Building Services

Activities concerned with keeping the physical plant clean and ready for daily use. Include operating the heating, lighting, and ventilating systems, and repairing and replacing facilities and equipment. Also, include the costs of building rental and property insurance.

4200 Educational Facilities Building

4-30 Grounds Services

Activities involved in maintaining and improving the land (but not the buildings). Include snow removal, landscaping, grounds maintenance, etc.

4300 Educational Facilities Grounds

Major Group	Function Group	Function Code	Function Title and Definition

4-40 Equipment Services

Activities involved in maintaining equipment owned or used by the LEA. Include such activities as servicing and repairing furniture, machines, and movable equipment.

4400 Educational Facilities Equipment

4-50 Vehicle Services (Other than Pupil Transportation Vehicles)

Activities involved in maintaining general-purpose vehicles such as trucks, tractors, graders, and staff vehicles. Include such preventive maintenance activities as repairing vehicles, replacing vehicle parts, cleaning, painting, greasing, fueling, and inspecting vehicles for safety.

4500 Educational Facilities Vehicle

4-60 Security Services

Activities concerned with maintaining order and safety in school buildings, on the grounds, and in the vicinity of schools at all times. Include police activities for school functions, traffic control on the grounds and in the vicinity of schools, building alarm systems, hall monitoring services, School Resource Officers (SRO) paid directly by school divisions.

4600 Educational Facilities Security

4-70 Warehousing and Distributing Services

Activities such as receiving, storing, and distributing supplies, furniture, equipment, materials, and mail.

4700 Warehousing and Distribution

5000 School Nutrition Services and Other Non-Instructional Operations

Activities concerned with providing non-instructional services to students, staff, or the community.

5-10 School Nutrition Services

Activities concerned with providing food to students and staff in a school or LEA. Include preparing and serving regular and incidental meals, lunches, or snacks in connection with school activities and food delivery.

5100 School Nutrition Services

Function Codes

Note: Always use the “lowest level” of codes available.

Major Group	Function Group	Function Code	Function Title and Definition

5-30 Community Services

Activities concerned with providing community services to students, staff, or other community participants. Examples include the operation of a community swimming pool, recreation programs for the elderly, childcare centers for working parents, etc.

5300 Community Services

6000 Facilities

Activities concerned with acquiring land and buildings, remodeling buildings, constructing buildings and additions to buildings, installing or extending service systems and other built-in equipment, and improving sites.

6-10 Site Acquisitions

Activities concerned with acquiring and improving new sites.

6100 Capital Site Acquisitions

6-20 Site Improvements

Activities concerned with improving existing sites and with maintaining existing site improvements.

6200 Capital Site Improvements

6-30 Architecture and Engineering Services

Include the activities of architects and engineers related to acquiring and improving sites and improving buildings. Include charges in this function only for those preliminary activities that may or may not result in additions to the LEA’s property.

6300 Capital Planning and Design

6-40 Educational Specifications

Activities concerned with preparing and interpreting descriptions of specific space requirements for the various learning experiences of students to be accommodated in a building. The architects and engineers interpret these specifications in the early stages of blueprint development.

6400 Capital Educational Specifications

6-50 Building Acquisition and Construction Services

Activities concerned with buying or constructing buildings.

6500 Capital Building Acquisition and Construction Service

Major Group	Function Group	Function Code	Function Title and Definition

6-60 Building Addition and Improvement Services

Activities concerned with building additions and with installing or extending service systems and other built-in equipment.

6600 Capital Building Addition and Improvement Service

7000 Debt Service and Fund Transfers

A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These include debt service payments (principal and interest) and certain transfers of monies from one fund to another. These accounts are not used with proprietary funds.

7-20 Intra-agency Fund Transfers

Include transactions that withdraw money from one fund and place it in another without recourse within an LEA. For example, transfer of funds to an escrow account or a textbook fund.

7200 Intra-agency Fund Transfers

8000 Technology

This function captures technology-related expenditures as required by the General Assembly. All technology-related expenditures should be reported under this function using the sub-functions described below. Any services (i.e., distance learning) involving the use of technology for instructional, public information, administration, or any other use should be recorded exclusively in this function and not reported in other functional areas.

8-10 Classroom Instruction

Include technology expenditures directly related to the delivery of classroom instruction and the interaction between students and teachers, including actual instruction in technology.

8100 Tech Classroom Instruction

8-20 Instructional Support

Include technology expenditures related to instructional support services for students, staff, and school administration. Include technology expenditures in the areas of Guidance Services, School Social Worker Services, Homebound Instruction, Improvement of Instruction, Media Services, Office of the Principal, as well as for instructional technology resource positions that provide staff development and technology support positions that provide technical support but do not teach students.

8200 Technology Instructional Support

Function Codes

Note: Always use the "lowest level" of codes available.

Major Group	Function Group	Function Code	Function Title and Definition

8-30 Administration

Include technology-related expenditures that directly support activities concerned with establishing and administering policy for operating the LEA.

8300 Technology Management and Administration

8-40 Attendance and Health

Include technology-related expenditures that directly support activities whose primary purpose is the promotion and improvement of students' attendance at school through various student attendance and health services.

8400 Technology Attendance and Health

8-50 Pupil Transportation

Include technology-related expenditures that directly support activities concerned with transporting students to and from school.

8500 Technology Pupil Transportation

8-60 Operation and Maintenance

Include technology-related expenditures that directly support activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in effective working condition.

8600 Technology Operations and Maintenance

8-70 School Nutrition Services and Other Non-Instructional Operations

Include technology-related expenditures that directly support non-instructional services for students, staff, or the community, such as school food services, enterprise operations, and community services.

8700 Technology Food and Nutrition Service

8-80 Facilities

Include technology-related expenditures that directly support activities concerned with acquiring land and buildings, remodeling buildings, constructing buildings and additions to buildings, installing or extending service systems and other built-in equipment, and improving sites.

8800 Technology Facilities

Function Codes

Note: Always use the “lowest level” of codes available.

Major Group	Function Group	Function Code	Function Title and Definition

8-90 Debt Service and Fund Transfers

Include technology-related expenditures that directly support activities concerned with managing outlays of governmental funds for debt service payments and fund transfers.

8900 Technology Debt Service and Fund Transfer

9-90 System-Wide

9999 Division-Wide

0000 Non Function