


City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 23, 2011

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: BUDGET MEMO # 22 : REPORT ON THE STATUS OF FEDERAL GRANTS AWARDED TO THE ALEXANDRIA CITY PUBLIC SCHOOLS EXPIRING IN THE NEXT THREE YEARS

This memorandum is a response to a request from Vice Mayor Donley for information regarding the status of federal grants awarded to the Alexandria City Public Schools (ACPS), when they expire, and the potential impact on the ACPS budget. Over the course of the next three years 34.4 FTEs now included in the School Board's FY 2012 Approved Budget will need either to be eliminated or alternative funding sources will need to be identified.

Background:

Over the past two years the federal government has provided nearly \$100 billion for public education to help support state and local school districts nationwide that were facing unprecedented fiscal crises. Since FY 2009 ACPS has received approximately \$9.6 million in new, one-time federal grant funding that will expire during FY 2012. The School's will receive an additional \$7.4 million in one-time grant funding starting in FY 2011 that will expire over the course of FY 2013 and FY 2014. As a result of the one-time nature of these grants, ACPS faces the challenge of determining if and how to continue to fund grant supported programs and positions once grant funds expire. This challenge is often referred to as the "funding cliff." This memo provides a summary of major federal grants that will expire over the next three fiscal years and the estimated impact to the School's operating fund.

ACPS Federal Grants - Non-Recurring Funding Sources	
Grants Expiring in FY 2012	Total Award
American Recovery & Reinvestment Act (ARRA)	\$8,442,999
No Child Left Behind (NCLB) / Other Competitive Non-Recurring Grants	\$1,108,354
<i>Subtotal</i>	\$9,551,353
Grants Expiring in FY 2013 & FY 2014	Total Award
Education Jobs Funds	\$1,382,862
School Improvement Funds (TC Williams PLA Grant)	\$6,000,000
<i>Subtotal</i>	\$7,382,862
Total Expiring Grant Awards	\$16,934,215

Analysis:

On February 1, 2011 ACPS staff presented to the School Board a report on the status of grants ending soon. The report (included as Attachment #1) provides a summary of grant funds awarded through the following sources:

- American Recovery & Reinvestment Act (ARRA);
- No Child Left Behind (NCLB) and other competitive non-recurring grants;
- Education Jobs Funds (passed by Congress in Fall 2010); and
- School Improvement Funds (T.C. Williams Persistently Lowest Achieving grant)

The table below uses information found in Attachment #1 to show the award amounts received by ACPS for the previously listed grants for FY 2010 – FY 2014. Also included in the table is \$582,000 for three fiscal years (FY2012 – FY 2014) as a result of an interfund transfer of Medicaid Fund Balance to the ACPS operating budget.¹ The School’s FY 2012 Approved budget transfers \$1.7 million of Medicaid fund balance over three years to the operating budget to temporarily offset the expiration of one-time grant funds starting in FY 2012. This funding source was included in the following tables even though it is not the result of a grant award because like grant funding, it is one-time in nature.

ACPS FY 2012 Federal Grants and Non-Recurring Funding Sources Expiring by FY 2015

Non-Recurring Funding Sources	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	Total FY 10 - FY 14
American Recovery & Reinvestment Act (ARRA)	\$4,239,100	\$4,203,899	\$0	\$0	\$0	\$8,442,999
No Child Left Behind (NCLB) / Other Competitive Non-Recurring Grants	\$0	\$1,108,354	\$0	\$0	\$0	\$1,108,354
Education Jobs Funds	\$0	\$195,266	\$1,187,596	\$0	\$0	\$1,382,862
School Improvement Funds (TC Williams PLA Grant)	\$0	\$2,000,000	\$2,000,000	\$2,000,000	\$0	\$6,000,000
Medicaid Fund Balance Transfer to Operating Budget*	\$0	\$0	\$582,000	\$582,000	\$582,000	\$1,746,000
Total	\$4,239,100	\$7,507,519	\$3,769,596	\$2,582,000	\$582,000	

*The School Board's FY 2012 Budget transfers \$582,000 of Medicaid Fund Balance to the Operating Budget. A similar transfer is expected to take place in FY 2013 and FY 2014. The planned transfer allows ACPS to continue to fund FTEs supported by one-time grant funds.

The non-recurring funding sources listed above help to support a number of FTEs during FY 2010 – FY 2014 which are shown in the table below.

¹ ACPS routinely receives reimbursements through Medicaid to cover the cost of eligible services provided by the school division. During FY 2010 – 2011 ARRA grant funding covered some of the expenditures normally funded through Medicaid. The use of ARRA funds (which ACPS was required to expend by FY 2011) resulted in a positive balance of Medicaid funds which were held in reserve for future years so ACPS could proactively handle the expiration of these one-time stimulus funds.

ACPS FY 2012 FTEs Supported by Federal Grants and Non-Recurring Funding Sources Expiring by FY 2015

Non-Recurring Funding Sources	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	Non-Duplicative Total FY 10 - FY 14
American Recovery & Reinvestment Act (ARRA)	24.0	24.0	0.0	0.0	0.0	24.0
No Child Left Behind (NCLB) / Other Competitive Non-Recurring Grants	7.5	7.5	0.0	0.0	0.0	7.5
Education Jobs Funds*	0.0	6.0	10.0	0.0	0.0	16.0
School Improvement Funds (TC Williams PLA Grant)	0.0	16.4	16.4	16.4	0.0	16.4
Medicaid Fund Balance Transfer to Operating Budget**	0.0	0.0	8.0	8.0	8.0	8.0
Total	31.5	53.9	34.4	24.4	8.0	

*6.0 FTEs in FY 2011 were hired half-way through the 2010-2011 school year to support new Pre-K programs. The School Board approved funding in the FY 2012 operating budget for 5.0 of these positions which will no longer be supported by grant funds. A temporary clerk position (1.0 FTE) is not funded in FY 2012. 10.0 FTEs in FY 2012 were previously supported by other ARRA grant funds

**The School Board's FY 2012 Budget transfers Medicaid Fund Balance to the Operating Fund to continue fund FTEs previously supported by grant funds. The 8.0 FTEs in FY 2012 - FY 2014 were previously supported by other ARRA grant funds.

On March 14, 2011 ACPS staff provided the School Board with updated information on the FTEs impacted by expiring grant funds (included as Attachment #2). The diagram included as Attachment #3 shows the timeline of expirations for the School's grant and non-recurring revenue sources. The ARRA and NCLB grants awarded during FY 2010 and FY 2011 that support 31.5 FTEs will expire by FY 2012. In the School Board's FY 2012 Approved Budget nearly half of the 31.5 FTEs have been absorbed into the operating budget with the remaining FTEs being supported by other one-time grant sources or eliminated. The expiration of ARRA and NLCB funds is followed by the loss of Education Jobs Funds in FY 2013 which supports 10.0 FTEs previously funded by ARRA money. In FY 2014 the School Improvement Funds for the T.C. Williams transformation will also expire. An alternative funding source for the 16.4 FTEs paid for by the School Improvement Funds will need to be identified at that time or the positions, or others, will have to be eliminated. Finally, the \$1.7 million from Medicaid Fund Balance that will be used to absorb approximately 8.0 FTEs during FY 2012 – FY 2014 will no longer be available after FY 2014.

Conclusion:

Over the course of the next three years 34.4 FTEs now included in the School Board's FY 2012 Approved Budget will need either to be eliminated or alternative funding sources will need to be identified.

Attachment:

1. Supporting Documentation for February 1, 2011 School Board Budget Work Session on Status of Grants Ending Soon (ACPS memo)
2. Board Questions on FY 2012 Proposed Budget – Packet #7 (ACPS memo)
3. Report on the Status of Federal Grants Awarded to ACPS Expiring in the Next Three Years

**Alexandria City Public Schools
FY 2012 Proposed Budget Work Session
Grant Funding Summary**

(Revised February 1, 2011)

**SECTION I: Grants Expiring in FY 2012
ARRA, NCLB, and Other Competitive**

Non-recurring Grant Funding	FY 2010 Award	FY 2011 Award	Total Award	FY 2011 FTE	Expiration Date
ARRA McKinney-Vento	\$ 39,500	\$ -	\$ 39,500		9/30/2011
ARRA Title I Part A ^{1,3}	1,119,027	1,119,027	2,238,054	5.00	9/30/2011
ARRA Title II Part D		80,635	80,635		9/30/2011
ARRA Title II Part D (Competitive)		565,844	565,844		9/30/2011
NCLB Title II Part D - Education Technology Competitive Grant		230,314	230,314		9/30/2011
ARRA IDEA Part B Section 619 Preschool Initiative ¹	44,984	44,984	89,967		9/30/2011
ARRA IDEA Part B Section 611 ¹	1,335,855	1,335,855	2,671,710	16.00	9/30/2011
ARRA State Fiscal Stabilization Basic Aid Replacement ²	802,010	458,188	1,260,198		9/30/2011
ARRA State Fiscal Stabilization	897,724	599,366	1,497,090	3.00	9/30/2011
NCLB School Improvement Funds (ACPS Middle Schools) ³		878,040	878,040	7.50	9/30/2011
Total Funding	4,239,100	5,312,253	9,551,352	31.50	

Note: All ARRA funding is awarded through the state and must be spent by 9/30/2011.

¹Virginia Department of Education ARRA awards for IDEA, IDEA Preschool, and Title I were issued in FY 2010 and allocated in two parts, generally corresponding to fiscal years. However, funds can be used at any time during the award period, through September 30, 2011. Of the 16.0 FTE funded by ARRA IDEA in FY 2011, 2.0 FTE career and transition specialist and 2.0 FTE inclusion facilitator will be funded in FY 2012 using the Education Jobs Fund. The remaining teacher and paraprofessional FTEs are absorbed in the operating fund.

²Basic Aid Replacement funding will be available for use by school divisions through the SFSF obligation deadline of September 30, 2011. The original FY 2010 and FY 2011 Basic Aid amounts allocated by the 2010 General Assembly were reduced by the SFSF amounts shown above and represent a reduction in operating fund revenue for the years shown.

³In FY 2011, all five middle schools received ARRA Title I, Part A and NCLB School Improvement 1003(a) funding (School Improvement funding totals \$175,608 per middle school). For FY 2012, the middle schools will no longer receive these funds. Currently, there are a total of 8.0 FTE filled and funded by these grants (4.0 FTE instructional improvement coach on ARRA Title I, Part A and 4.0 FTE school improvement coach on NCLB 1003(a) funds). ACPS has retained 6.0 FTE using the Education Jobs Fund for FY 2012.

SECTION II: Grants Expiring in FY 2013 and FY 2014

Other ARRA Grant Funding	Total Award	Projected Amount Expiring in FY 2013	FTE Impacted in FY 2013	Projected Amount Expiring in FY 2014	FTE Impacted in FY 2014
ARRA Education Job Funds ¹	1,382,862	1,187,596	10.00		
ARRA School Improvement Funds 1003(g) (TC Williams PLA Grant) ²	6,000,000			2,000,000	16.40
Total Funding		1,187,596	10.00	2,000,000	16.40

¹In FY 2011, ACPS was awarded \$1.4 million in Education Jobs Fund funding through the American Recovery and Reinvestment Act of 2008. This funding is intended to save jobs or create new jobs for teachers and other school staff. A small portion of the funds were used in FY 2011 with the majority of funding reserved for use in FY 2012. As described in Section I above in footnote 1, the Education Jobs Fund will cover 10.0 FTEs in FY 2012. These positions will need to be considered for the operating fund in FY 2013.

²In March 2010, TC Williams high school was designated a PLA High School. As such, TC Williams is projected to receive \$2 million per year for three years beginning in FY 2011. Approximately 16.40 FTE will be impacted by the expiration of this grant and will need to be considered for the operating fund in FY 2014.

Date: March 14, 2011

For ACTION _____
For INFORMATION X
Board Agenda: Yes _____
No X

FROM: Jean Sina, CFO *JES*

THROUGH: Margaret Byess, Deputy Superintendent, Planning and Support Operations *M Byess*
Cathy David, Deputy Superintendent, Instructional Support

TO: Morton Sherman, Ed.D.

COPY: The Honorable Yvonne Folkerts, Chair, and Members of the Alexandria City School Board
Executive Staff

TOPIC: Board Questions on FY 2012 Proposed Budget – Packet #7

BACKGROUND: The attached packet contains responses to 1 budget question from Board members. With this packet 57 of 58 questions have been answered.

CONTACT PERSON: Jean Sina

**FY 2012 Budget Responses – Operating Fund
March 14, 2011
Packet #7**

#B-12-16

Board Member: Sheryl Gorsuch, 2/1/11

Respondent: Stacey Johnson, Director of Budget

Question: Based on the materials provided to the School Board showing the FTEs impacted by expiring grant funds, provide a list of the positions that were not absorbed by the operating fund or any other funding source for FY 2012.

Response: As discussed at the February 1, 2011 budget work session, most of the ARRA funding received by ACPS in the past two years is due to expire on September 30, 2011. The FY 2012 budget development process included a careful review of all positions and activities funded in these expiring grants. The materials for this work session are available on our website and can be found using the following link: <http://www.acps.k12.va.us/board/meetings/2010-2011/20110201sbx.pdf>.

The table below expands on the information provided during this work session and incorporates any updates to the proposed budget as discussed during the March 10, 2011 final add-delete work session.

SECTION I: Grants Expiring in FY 2012				
ARRA, NCLB, and Other Competitive Non-recurring Grant Funding	FY 2011 Budgeted FTE	FY 2011 Filled FTE	FY 2012 Absorbed by Operating or Other Grant Funds	Unabsorbed Positions FY 2012
ARRA McKinney-Vento	-	-	-	NA
ARRA Title II Part D	-	-	-	NA
ARRA Title II Part D (Competitive)	-	-	-	NA
NCLB Title II Part D - Education Technology Competitive Grant	-	-	-	NA
ARRA IDEA Part B Section 619 Preschool Initiative	-	-	-	NA
ARRA IDEA Part B Section 611	16.00	16.00	16.00	All positions have been absorbed in FY 2012.
ARRA State Fiscal Stabilization Basic Aid Replacement	-	-	-	NA
ARRA State Fiscal Stabilization	3.00	3.00	3.00	All positions have been absorbed in FY 2012
ARRA Title I, Part A and NCLB School Improvement Funds (ACPS Middle Schools)	12.50	8.00	6.00	2.00 FTE Middle School Coach
Total FTE	31.50	27.00	25.00	2.00
SECTION II: Grants Expiring in FY 2013 and FY 2014				
	FY 2011 Budgeted FTE	FY 2011 Filled FTE	FY 2012 Absorbed by Operating or Other Grant Funds	Unabsorbed Positions for FY 2012
ARRA Education Jobs Fund	6.00	6.00	5.00	1.00 FTE Temporary General Clerk
Total FTE	6.00	6.00	5.00	1.00
Grand Total FTE	37.50	33.00	30.00	3.00

Report on the Status of Federal Grants Awarded to ACPS Expiring in the Next Three Years

Timeline of Expiring Grants FY 2012 - FY 2014

Note: continuation of funding for FTEs is based on the School Board's FY 2012 Approved Budget

	FY 2011		FY 2012		FY 2013		FY 2014	
American Recovery & Reinvestment Act (ARRA); No Child Left Behind (NLCB); Other Competitive Non-Recurring Grants								
\$	\$5,312,253							
FTEs	31.5							
		<i>In FY 2012: 10.0 FTEs will be supported by ARRA Education Jobs Funds; 8.0 will be funded through FY 2014 with Medicaid Fund Balance transferred to the Operating Budget (see below); 7.0 FTEs will be absorbed by the base Operating Budget; 6.5 FTEs are not funded (eliminated)</i>						
Education Jobs Funds								
\$	\$195,266	\$1,187,596						
FTEs	6.0	10.0						
		<i>In FY 2013: ACPS will need to identify alternative funding sources for the 10.0 FTEs supported by the ARRA Education Jobs Funds</i>						
School Improvement Funds (TC Williams PLA Grant)								
\$	\$2,000,000	\$2,000,000	\$2,000,000					
FTEs	16.4	16.4	16.4					
		<i>In FY 2014: ACPS will need to identify alternative funding sources for the 16.4 FTEs supported by the ARRA School Improvement Funds</i>						
Medicaid Fund Balance Transfer to Operating Fund								
\$	\$0	\$582,000	\$582,000	\$582,000				
FTEs**	0.0	8.0	8.0	8.0				
		<i>In FY 2015: ACPS will need to identify alternative funding sources for the approximately 8.0 FTEs supported in the Operating Budget by Medicaid Fund Balance</i>						
Total \$ and FTEs by Fiscal Year	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015			
\$	\$7,507,519	\$3,769,596	\$2,582,000	\$582,000	\$0			
Total Funded FTEs	53.9	34.4	24.4	8.0	0.0			
FTEs with Alternative Funding Source TBD	0.0	0.0	10.0	16.4	8.0			

*The 6.0 FTEs supported by the Education Jobs Funds in FY 2011 were hired half-way through the 2010-2011 school year to support new Pre-K programs. The School Board approved funding in the FY 2012 operating budget for 5.0 of these positions which will no longer be supported by grant funds. A temporary clerk position (1.0 FTE) is not funded in FY 2012.

**The number of FTEs supported by the transfer of Medicaid Fund Balance to the Operating Fund is approximately 8.0 FTEs. This number may vary slightly depending on the availability of funds and types of positions hired.