

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 11, 2005

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: BUDGET MEMO #31 : SCHOOL SHARE OF LOCALLY RAISED REVENUE

At the April 6 work session some information was presented that showed comparisons of the rates of growth in the City and the Schools budgets and the relative share of the City's budget devoted to the Schools. I wanted to share with City Council and School Board members a more complete analysis of this subject that was prepared by the Office of Management and Budget last fall in response to a request from the School's Budget Advisory Committee and first presented last December to that group. It is updated here to reflect the City Manager's proposed fiscal year 2006 Operating Budget and Capital Improvement Program.

Chart 1 (attached) shows the relative share of locally raised revenues devoted to the Schools.

- "Locally raised revenues" are composed of City taxes, licenses, permits, fees, fines, charges for services, and return on investments. It does not include general fund intergovernmental revenue from the federal or state government and special revenues from grants, charges or donations for special projects or activities.
- The bottom line on chart 1 shows the share of locally raised revenues received by the Schools going back to fiscal year 1985. In FY 2006, under the City Manager's proposed budget, the Schools would receive as part of their operating budget a City appropriation equal to 33.0% of all locally raised revenues.
- The top line on chart 1 shows the Schools share of locally raised revenues reflecting the additional funds devoted to School CIP projects through debt service costs of borrowing and cash capital pay-as-you-go financing. That share would be 37.4 percent in FY 2006 under the City Manager's proposed budget.

Analysis of Chart 1:

- Although there are ups and downs, the City share of locally raised revenues over this extended time period has generally increased whether or not one includes the share of funds devoted to School capital projects.
- Beginning in FY 2000, the City has devoted a significant increased share of locally raised resources to School capital projects.

1007

Chart 2 (attached) overlays the trend in school enrollment with the percentage of resources devoted both to the Schools through the operating and CIP budgets.

Analysis of Chart 2:

- The growth in the share of locally raised City resources received by the Schools for both capital and operating costs to some degree tracks the pattern of decline and growth in enrollment.

Chart 3 (attached) compares the percentage of the total population that is enrolled in the Alexandria public schools with the percentage of locally raised revenues that are devoted to both the schools operating budget and CIP projects. This chart was prepared to provide some context to the simple chart shown on April 6th in the School's presentation that compared Alexandria's share of the budget devoted to the schools in comparison to Arlington, Fairfax and Prince William's experience.

Analysis of Chart 3:

- The School's share of locally raised resources has increased since FY 2005 even though the percentage of the City's total population enrolled in the Schools has declined during that period.

Overall Conclusions:

- A simple, formulaic approach to funding the needs of the Schools over the last 20 years would not have been able to respond to changes in the number and demographics of the School enrollment, the imposition of state and federal unfunded mandates, and the necessity of meeting critical capital infrastructure needs for both current and future students.
- The City of Alexandria has been generous in funding the needs of the Schools – particularly in the last ten years as a response to those factors outlined immediately above.
- The Schools should continue to do the hard work of assessing the needs of the Schools for limited City resources on a line-by-line, school-by-school, program-by-program, and project-by-project basis.
- The City and the Schools should continue our collaborative process to find joint opportunities for efficiencies.

cc: Chairman and Members of the School Board
Rebecca Perry, Superintendent, Alexandria City Public Schools

Attachments

Chart1

Schools' Budget as % of Locally Raised Revenues

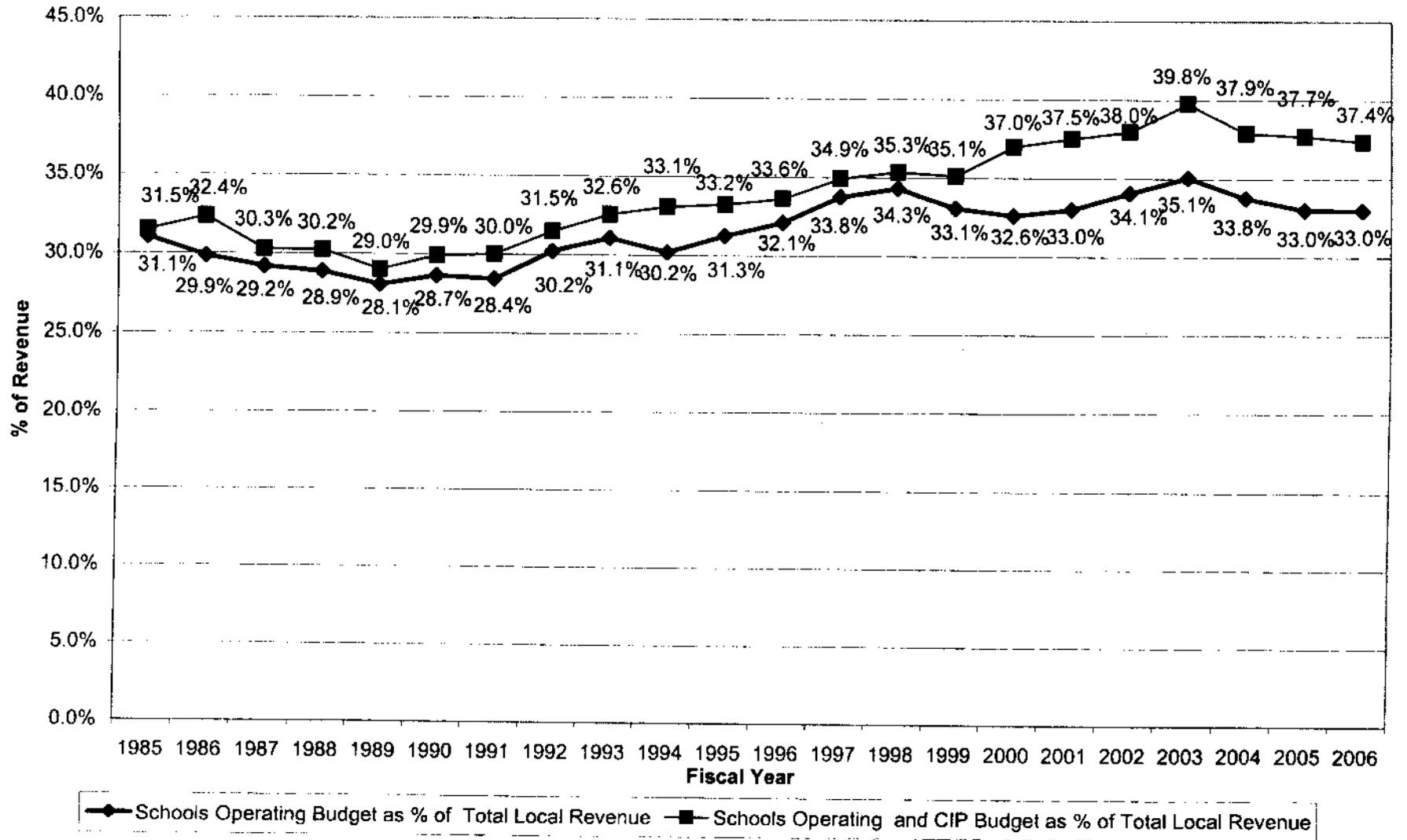


Chart2

School Enrollment and School Share of Locally Raised Revenues

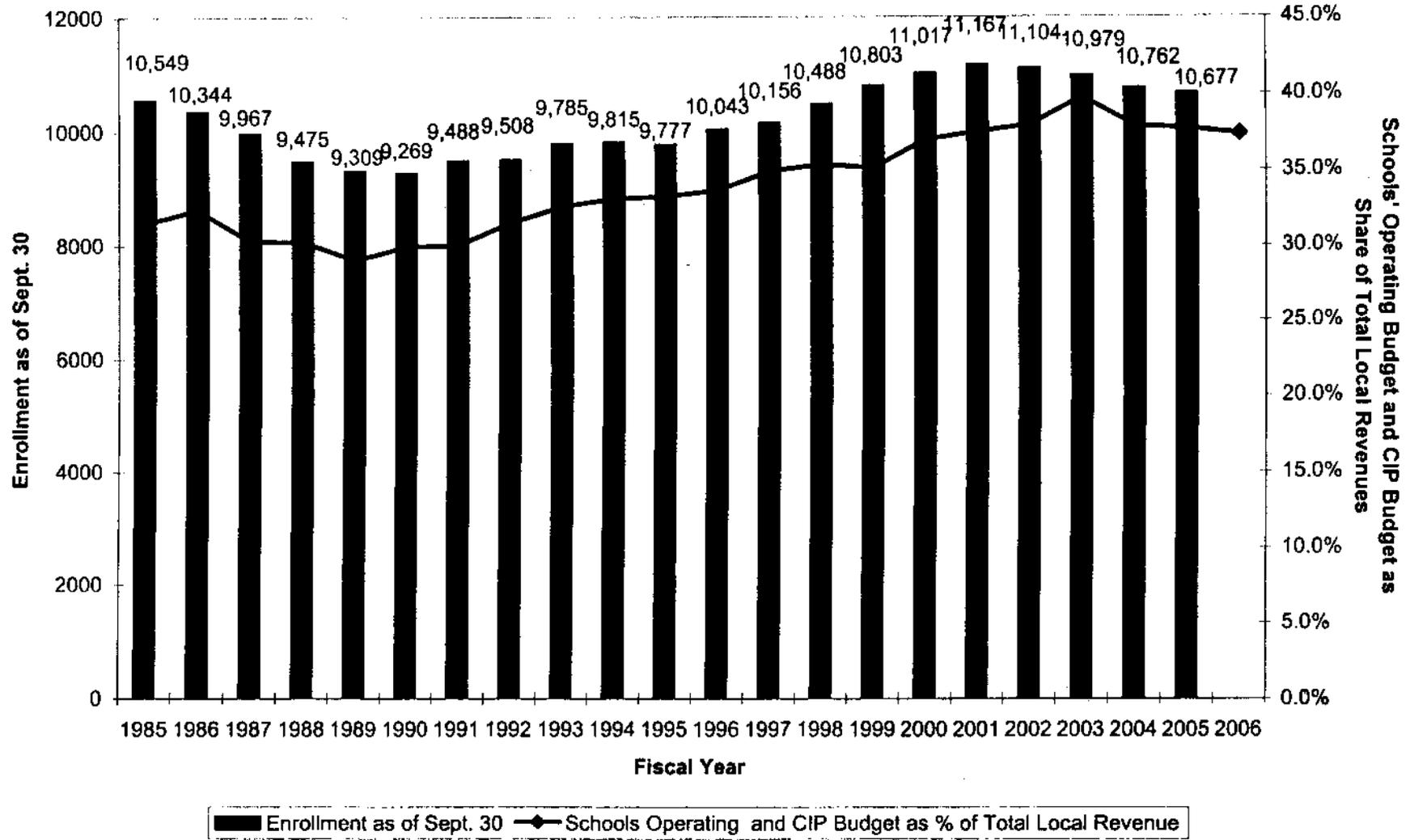


Chart3

Comparison of Relative School Shares of Budget and Population

