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Loudoun County School Board, Presentation of the FY25 Superintendent's Estimate of Needs, Thursday, January 18, 2024

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Place Loudoun County Public Schools / School Board meeting (see BoardDocs / LCPS-TV)
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- Official meeting video (Vimeo / LCPS-TV): <https://player.vimeo.com/video/904222415?rel=0>
- BoardDocs (School Board): <https://go.boarddocs.com/vsba/loudoun/Board.nsf/Public>

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[00:01:18] Good afternoon. I call to order this January 18th, 2024 Loudoun County School Board Work Session for the FY25 Superintendent's Estimate of Needs. We will start with item one on our agenda, 1.02, remote participation.

[00:01:38] I have been notified that Arb and Estreffy would like to remotely participate in tonight's school board meeting. Mr. Estreffy, please state your location and whether this is a medical or personal matter.

[00:01:53] i'm assuming they're there is mr astreffy there oh okay let's um move on from mr astreffy is ann

[00:02:56] donahue there mrs donahue okay we have some technical difficulties and while we get those

[00:03:58] done we'll just go ahead and move on to our disclosures um which is item 2.0 and i will start okay never mind we'll go back to agenda 1.0 too and we'll start with um mr astreffy um i have been i have been notified that uh mr astreffy would like to remotely participate in tonight's school board meeting mr astreffy please state your location and whether this is a medical or personal

[00:04:34] matter hold on i don't think we have audio can you all hear me okay now we have you yes please state your location and whether this is a medical or personal matter? Thank you, Chair Mansfield.

[00:05:04] Yes, I'm at a relative's home. I'm seeking a medical exemption to participate remotely. I'm providing care for a family member due to an unexpected medical circumstance. Is anyone present with you at this location? If so, please state their names. Thank you. I'm at a relative's home. While my relatives are in the house with me, they will not be present with me during this meeting. Therefore, I will entertain a motion that Mr. Estreffi's request to participate remotely be granted is there a motion i move that mr astreffy's request to participate remotely be

[00:05:38] granted thank you is there a second dr deans i second the motion has been properly moved and seconded is there any discussion seeing no we will now vote on the motion to approve mr astreffy's request to participate remotely clerk would you please open the voting board board members please

[00:06:17] record your vote clerk please close and display the vote the motion passes um six yes with i guess three absent oh she's here okay um for the vote though do you want to go ahead and vote for arvin there's a motion for arvin to participate uh remotely yes okay can we do you have your little

[00:06:45] well it was closed did you reopen it yes sir but thank okay let's go ahead and have a re-vote um

[00:07:22] open the vote open the board and board members go ahead and record your vote one more time and let's go have it have a voice vote for the people who want to participate remotely arvin what's your vote yes and what's your vote um if i'm allowed to vote at this time

[00:07:55] yes i vote yes okay go ahead and close the vote okay that motion passes uh seven with two i would

[00:08:26] assume absent for the vote is that correct okay welcome to the meeting arbin okay i've also been notified that miss donahue would like to remotely participate in tonight's school board meeting miss donahue please state your location and whether this is a medical or personal matter thank you madam chair i am in my home in the leesburg area and i am requesting a a medical reason to participate remotely because I have been sick with COVID since Monday and I am

[00:09:04] isolating in my home. Is anyone present with you at this location? And if so, please state their names. My spouse and two minor children are in the home, but they will not be here in the meeting with me. Therefore, I'll entertain a motion that Mrs. Donahue's request to participate remotely be granted. Is there a motion? I move that Ms. Donahue's remote participation for medical reasons

[00:09:35] be granted. We have a motion. Is there a second? April? Second. The motion has been properly moved and seconded. Is there any discussion? Seeing none, we will now vote on the motion to approve Ms. Donahue's request to participate remotely. Kirk, would you please open the vote? Board members, please record your vote. And then Arben, the remote participant, will you now please state

[00:10:06] your vote yes okay clerk please close and display the vote that motion passes with a total of eight yes and one absent for the vote mrs donahue welcome to the meeting mrs donahue thank you all right i will move on to item two for disclosures and i will start as a member of the loudon county school board i make the following disclosure to the school board and to the general

[00:10:43] public in connection with the item on tonight's agenda regarding the budget and or health insurance and related benefits and any other discussion that may include or affect benefits for LCPS

employees. Specifically, as a school board member, I am eligible to receive health insurance and related benefits as an LCPS employee. These benefits, however, affect thousands of employees while in excess of the statutory three employees whose interests may also be affected, of which I am included. I can and will participate fairly, objectively, and in the public interest.

[00:11:18] This disclosure will be reflected in the public records of the clerk of the school board for five years. Ms. Chandler. As a member of the Loudoun County School Board, I make the following disclosure to the school board and to the general public in connection with the item on tonight's agenda regarding the budget and or health insurance and related benefits and any other discussion that may include or affect benefits for LCPS employees.

[00:11:45] Specifically, as a school board member, I am eligible to receive health insurance and related benefits as an LCPS employee. These benefits, however, affect thousands of employees well in excess of the statutory three employees whose interests may also be affected, of which I am included.

[00:12:03] I can and will participate fairly, objectively, and in the public interest. This disclosure will be reflected in the public record of the clerk of the school board for five years. Thank you. Ms. Donahue? As a member of the Loudoun County School Board, I make the following disclosure to the school board and to the general public in connection with the item on tonight's agenda regarding employee salaries, the budget, and or health insurance, and any other discussion that may include or affect salary and benefits for LCPS employees.

[00:12:38] Specifically, my spouse and I are eligible to enroll in and plan to enroll in LCPS health insurance that may be affected by any potential changes to employee salaries, the budget, and or health insurance. additionally my sister-in-law is an lcps employee who does not reside with me and is not dependent on me these subjects include thousands of employees while in excess of the statutory three employees whose interests may be affected of which my spouse my siblings my my sister-in-law and i am included i can and will participate fairly objectively and in the public interest this disclosure will be reflected in the public records of the clerk of the school board for five

[00:13:17] years. Thank you. Mrs. Griffiths. As a member of the Loudoun County School Board, I make the following disclosure to the school board and to the general public in connection with the item on tonight's agenda regarding the budget and our health insurance and related benefits and other discussion that may include or affect benefits for LCPS employees. Specifically, as a school board member, I am eligible to receive health insurance and related benefits as an LCPS employee. These benefits, however affect thousands of employees well in excess of the statutory three employees whose

[00:13:55] interests may be affected of which i am included i can and will participate fairly objectively and in public interest this disclosure will be reflected in the public records of the school i'm sorry records of the clerk of the school board for five years thank you thank you mrs labelle as a member of the Loudoun County School Board i make the following disclosure to the school board and to the general public in connection with the item on tonight's agenda regarding the budget and or health insurance and related benefits and any other discussion that

[00:14:33] may include or affect benefits for the LCPS employees. Specifically, as a school board member, I am eligible to receive health insurance and related benefits as an LCPS employee. These benefits however affect thousands of employees well in excess of the statutory three employees whose interest

may also be affected of which I am included I can and will participate fairly objectively and in the public interest this school this disclosure will be reflected in the public records

[00:15:07] of the clerk of the school board for five years thank you miss Chernoff as a member of the Loudoun County School Board I make the following disclosure to the school board and to the general public in connection with the item on tonight's agenda regarding the budget and/or health insurance and related benefits and any other discussion that may include or affect benefits for LCPS employees specifically as a school board member I am eligible to receive health insurance and related benefits as an LCPS employee these benefits however affect thousands of employees well in excess of the three of the statutory three employees whose interests may also be effective of which I am included I

[00:15:44] I can and will participate fairly, objectively, and in the public interest. This disclosure will be reflected in the public records of the Clerk of the School Board for five years. Thank you. We will now move on to Agenda Item 3.01, the presentation of the FY25 Superintendent's Estimate of Needs.

[00:16:04] Dr. Spence. Yes, thank you, Madam Chair, members of the School Board. I am excited to be able to bring to you tonight my first Superintendent's Estimate of Needs for Loudoun County Public Schools. The superintendent's estimate of needs, or the SEON, is considered the kickoff to the board's customary budget development process, but also it is truly a culmination of months of discussion and collaboration between our budget team, division and school leadership and staff, and of course the school board.

[00:16:33] Over the next month, the board will engage in a conversation about this proposed budget with administration and with the community, And we look forward to supporting this process as we work towards submitting the final budget for the 2024-25 school year to the Board of Supervisors in February for their consideration.

[00:16:50] I have several slides highlighting estimated needs for fiscal year 25, projected revenues to support those requests, and next steps. Virginia Code 22.1-92 states that it shall be the duty of each division superintendent to prepare with the approval of the school board and submit to the governing body or bodies appropriating funds for the school division the 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.

[00:17:21] Developing the SEON is a multi-step process. It encompasses several months. A comprehensive analysis is conducted of each department's base budget based on historical trends and pricing to identify any needed changes. Departments submit prioritized budget requests based on identified needs and feedback from their areas of responsibility and schools.

[00:17:41] New department requests, stakeholder priorities, and school board priorities are then considered for inclusion in the SEON based on revenue projections for the upcoming year. When analysis is complete, there are two ways to develop the CION. The first is to prepare a true estimate of needs irrespective of funding constraints.

[00:18:01] The second way is to develop a budget that tries to balance the resource and supports needed to move forward with our one LCPS strategic plan objectives with what is anticipated to be available funding from the federal, state, and local level. The CION I'm presenting to you this evening is based on the second method.

[00:18:21] The reason we are on such firm financial ground today as a school division and why we are able to continue pushing forward towards the strategic goals is thanks to our award-winning budget and finance staff and to you, our school board, as well as our board of supervisors and, of course, our community.

[00:18:38] It is not lost on me how lucky we are in Loudoun County to have a school board and a board of supervisors and a community with both the commitment and the ability to fund public education at a high level. I think it's important to note that the Board of Supervisors is charged each year with closing the gap in education funding at the local level, and each year they answered the call.

[00:19:01] That said, I also think it's appropriate now to say that they should not have to do this alone. As you know, the state has a constitutional requirement to fund public education in the Commonwealth. According to a recent joint legislative audit and review commission report on funding in K-12 education, Virginia school divisions receive less K-12 funding per student than the 50 state average, the regional average, and three of Virginia's five bordering states.

[00:19:31] School divisions in other states receive 14% more per student than school divisions in Virginia on average after normalizing for differences in cost of labor amongst the states. This equals about \$1,900 more per student than Virginia, which equals about \$160 million loss for Loudoun County Public Schools every year.

[00:19:54] Virginia was also named as one of nine states that are poorly funded, inequitable, and with low funding effort in the 2023 report by the Education Law Center. So I point all that out simply to say it's incumbent upon us as a community to continue to advocate at the state level for education funding as outlined in the state constitution.

[00:20:13] institution, and I do look forward to working with our local delegation as they consider bills this session intended to make the Commonwealth more competitive in this regard. All of that said, and despite these budget challenges, know that we will continue to push forward to ensure that we are meeting our goals of having empowered students, an exemplary staff, an enriched division, and an engaged community.

[00:20:35] Those goals embedded in our one LCPS strategic plan drive the three priorities I established to guide the development of the fiscal year 25 budget those priorities as you can see on the screen are students at the center staff recruitment and retention and reallocations for new and ongoing initiatives i'm going to provide more information on what's included in each of these three areas as we move through the presentation the various funds that make up our school division budget are listed here to provide you a comprehensive all funds view of the entire budget

[00:21:09] Know that my presentation this evening is focused specifically on the operating fund. The other funds will be presented separately during our upcoming work sessions. As you'll see tonight, the vast majority of this operating fund is related to salary and benefits for our employees.

[00:21:27] This proposed operating budget includes 13,053 FTE or full-time equivalent employee positions. The estimate of needs for the Fiscal Year 25 Operating Fund is \$1,824,770,892, which represents a \$156,432,713 increase or 9.4% increase.

[00:21:56] Specifically, the SEON is projecting an increase in state revenues and a county request of \$131 million. Expenditures in the SEON are categorized into personnel operating in capital expenditures with

\$146 million of additional recruitment and retention initiatives encompassing the majority of the fiscal year 25 budget increase.

[00:22:20] Operating accounts show a modest decrease, which is associated with actual reductions and a realignment of some budget items from being classified as operating to capital outlay to meet new accounting requirements, and therefore you'll see an increase in capital outlay.

[00:22:36] I'm going to provide more information on what's in the cion starting with the needs of the division know that these expenses are categorized based on my priorities as aligned with the strategic plan so starting with students at the center this category includes ongoing costs associated with student enrollment changes and with the opening of new schools of two new schools of the total budget increase 24.7 million is attributed to this category and represents 16 of the increase Since this category is focused on student enrollment, before I get into the specific details of that,

[00:23:15] I think it is important to highlight an ongoing budget discussion regarding why you can't tie enrollment growth directly to budget growth. In other words, often we get asked, if you have no enrollment growth, why does your budget grow? School divisions, to include LCPS, may experience slow enrollment growth, but expenses will increase.

[00:23:36] And this slide provides a few examples, such as personnel expenses and inflation-driven increases. For LCPS, providing a basic annual step increase in our salary scales costs roughly \$26 million by itself.

[00:23:51] There can also be increases that are mandated, such as VRS rate changes or tax withholding changes. Inflation, also especially recently, can impact base operating costs. And in addition, there are typically increases in benefits costs as health care becomes more expensive.

[00:24:09] And within the budget, there are other fixed costs that grow despite level or declining enrollments, things like fuel, utility, and construction costs that we do not control. This concept is important to understand as it directly relates to LCPS for fiscal year 25.

[00:24:26] Looking at our enrollment projection for fiscal year 25, you'll see that it's 83,038. That is 23 students less than this year's budgeted projection. However, compared to the actual student count for this year, the projection of 83,038 shows a 1.1% growth.

[00:24:44] In fiscal year 24, our budget enrollment has been 83,061. The actual enrollment is 82,129. And again, our projected enrollment is 83,038 for fiscal year 25.

[00:25:01] Despite what is then relatively flat budgeted enrollment, we will also be opening two new schools. Those new schools will require additional resources. Some of our teachers will follow the students from other schools that will see a reduction in enrollment, but all of that is dependent on the distribution of the students who are moving from school to school.

[00:25:21] Based on the projected enrollments for next school year, as we're looking at that, we understand there will be a net increase of a needed 60 positions related to the opening of these two new schools. In addition, our student body continues to change.

[00:25:39] Despite relatively flat enrollment growth, our student body continues to change with students who require additional resources, which continue to outpace division growth. For example, the English

learner population is projected to increase by 6.4% in the fiscal year 25, the special education population 4.1%, and our economically disadvantaged population by 1.8%.

[00:26:04] The table on this slide outlines the additional resources which are included in the SEON to directly support these students. Specifically, 114.3 additional teachers and teacher assistants are included, and that represents almost 40% of the total new positions added in this budget.

[00:26:24] The SEON keeps additional staffing resources focused on students. Of the total increase of FTEs in the SEON, 92.1% are school-based. to summarize that 60 positions are added to staff new elementary and middle school in the fall over 100 positions are added to directly support our students that require the additional resources just mentioned and 72.8 positions are added that will be school-based to support new initiatives we'll get into those in a minute but things like establishing a new alternative school beginning the transition of the step program to full day providing additional student support specialists and providing some flexible staffing for our schools.

[00:27:02] And then finally, 26 positions are added to provide needed non-school-based support, which includes support for investigations in our Title IX office, digital security and technology support positions, and positions in DEIA focused on supporting the division as it implements new state evaluation standards for educators around cultural competency.

[00:27:22] Regionally, we have comparative data for school-based versus non-school-based positions based on the Washington Area Board of Education's guide, also known as the WABY guide. For the current year, Loudoun is the second highest in school-based positions when compared to four of our neighbors, and for fiscal year 25, we are projected to increase our school-based staff to 92.1%. This is largely due to the additions mentioned earlier for new schools and support for special education and ESL students. As a reminder, non-school-based employees include positions such as enterprise support specialists, human resources and talent development recruiters, accountants,

[00:27:59] payroll specialists, clerical staff, amongst many others. Every year that I have been in education, I have also heard conversations about whether or not school divisions are appropriately staffed at the administrative level, and I think being clear about this matters because I have stated with my team and continue to state my intention to ensure that staffing in LCPS remains focused on students.

[00:28:23] With that, I do think it is important to note here that of the non-school-based staffing, supervisors and above make up a very small percentage of our overall FTE. Historically, the percentage of LCPS staff who are non-school-based administrators has been below 1.5% with fiscal year 25 at 1.46%.

[00:28:43] Similarly, the costs associated with these positions represent only 2.48% of the total school operating budget. Moving to the next category, which is recruitment and retention, staff compensation represents 74% of the total fiscal year 25 budget increase.

[00:29:04] As you see on this next slide, personnel costs comprise 90% of the total school operating budget. And so with that, as you might imagine, it does not take much to impact our budget. You may recall, as I mentioned a moment ago, how a step increase alone is equivalent to about \$26 million in the budget.

[00:29:26] But this SEAN not only includes step increases, it also includes top-of-scale payments and a 4% COLA or cost-of-living adjustment for the universal and auxiliary scales and an average 4% strategic teacher-scale adjustment.

[00:29:42] Also included is the governor's proposed initiative for a one-time 1% bonus payment to all eligible full-time employees. This budget continues to fund the ongoing classification reviews performed by human resources and talent development, as well as a projected 8% health premium increase.

[00:30:00] More detail to support these compensation items and new initiatives will be presented later, both in this presentation and in future presentations with our departments. This last category is for new or ongoing and expanded initiatives.

[00:30:16] So know that my budget direction was for departments to focus on finding reallocations and saving opportunities to fund these initiatives. Our departments and the budget team were diligent in reviewing their accounts across the division. Analysis was performed, as noted earlier, on historical spending patterns, projected inflationary impacts, and the need to identify reallocation and saving opportunities.

[00:30:38] As a result, over \$4 million was identified to reallocate towards CION priorities. With that, the net increase of the budget for new and expanded initiatives is reduced to \$12.9 million. This school board had the opportunity to provide us with valuable feedback in November on some of the new and ongoing initiatives that you'll see talked about here.

[00:30:58] For example, some of the ongoing or expanded school board supported initiatives include the next phase of the dual language immersion program and expansion of middle school intramural sports to all middle schools. The Sion also includes resources to launch the Health and Medical Sciences Academy and to continue making our substitute teacher rates more competitive.

[00:31:20] And again, more detail on these items will be provided in upcoming department presentations. Additional highlights amongst new initiatives include the introduction and proposal of a new alternative program to be located at the North Star School. You'll hear about this new model during the Department of Student Services and Department of School Leadership budget presentations.

[00:31:40] The STEP program is also slated to begin transitioning to full day in fiscal year 25. And we've also recognized the need for increased digital security, and the Department of Digital Innovation will share the additional resources they have included to address that significant concern for the school division.

[00:31:59] I've also heard from schools and principals that they need more staffing flexibility to address their student needs as we continue to address the impact of interrupted learning during the COVID pandemic. This SEAN includes additional resources directed to this gap. In our compensation presentation from HRTD, you'll hear about a new recruitment signing bonus LCPS proposes to launch to help fill needed teacher positions.

[00:32:22] And then finally, a new school extracurricular allotment is included to provide funding support for student clubs and extracurricular activities. This allotment supports the Board of Supervisors and prior school board priority of reducing and or eliminating student fees. These are just some of the broader highlights. As each department presents its budget, you will again hear more detail on these and any other initiatives.

[00:32:47] So now I've shared what LCPS needs. Let's talk about the funding needed to support the superintendent's estimate of needs. LCPS funding, again, comes from three main categories, federal and other revenue streams, which, as you can see, is the smallest part of our budget.

[00:33:05] State funding, which, as you can see, is just over a quarter of our budget, and then by far the largest percentage of our budget from the local county transfer. The CION projects no change in LCPS's federal or other revenue streams.

[00:33:21] Examples of specific federal sources include Medicaid reimbursements for certain special education services. The budget carryover is the designated current year projected surplus funds that will carry over to the following budget year. Historically, this has been \$12 million and remains at \$12 million for fiscal year 25.

[00:33:41] The other category includes charges and fees such as facility rental charges, AP testing fees, and other program charges like adult education and driver's ed. The second category is state funding, and the SEON includes a net increase of \$25.4 million.

[00:33:58] This is based on the governor's proposed budget. It's important to note during the budget process that the General Assembly may make changes to this budget that could impact lcps funding and expenditures and we'll go over the timeline for that a little bit later at this time however the cion is based solely on the governor's proposed budget and any state changes will be brought forward to the school board for consideration as needed as well as communicated to the board of supervisors as they deliberate on this budget there are over 30 state revenue streams and four examples are provided here the largest funding

[00:34:34] streams for the school division are basic aid and sales tax funding. Basic aid essentially is the state's share of public education. Other funding streams are more aligned with specific functions such as English learner support, the mentor teacher program, and SOL algebra readiness funding. And those are just a few examples of specific line item funding the division receives. As mentioned earlier, when referencing the JLARC study, the state continues to underfund public education.

[00:35:04] I mentioned a report from the Education Law Center talking about Virginia as one of nine states that are poorly funded. They further noted that Virginia falls well below the national average in an overall funding ranked 36 out of 51 when that includes the District of Columbia. It will be important for the school board to continue to advocate through the legislative process for additional state funding to support our schools, our families, our students, and our educators.

[00:35:29] With that said, the governor's proposed budget included increased funding to support benchmarking basic aid funding for schools, funding for a one-time 1% bonus, and fully funding the staffing requirements for the Literacy Act. The increases in these areas were offset by reductions in state revenue from updated sales projections and the elimination of the grocery sales tax hold harmless payments.

[00:35:54] Should the final state budget include some of the JLARC recommendations, it could provide additional funding to LCPS. For example, one short-term recommendation is to remove the support cap on support positions, which was instituted during the 2008-2009 school year as a part of recession savings and has not yet been restored. If this was enacted, LCPS would receive about \$26 million in additional funding. Another short-term recommendation would generate \$13 million in in additional funding, if the cost of competing adjustment, which is, again, a cost to compete

[00:36:30] against other non-public entities here in Northern Virginia, if that were a return to its full rate, that would generate \$13 million in additional funding. The state's budget timeline is depicted here. This is

outlining the steps it takes to adopt the state budget. The General Assembly convened last week and is in the process of deliberating on the governor's proposed budget.

[00:36:54] You'll be hearing about proposed budget amendments coming out of both the House and the Senate before they go into crossover and caucus on that budget and conference on that budget. Last year, it is worth noting that the budget was not finalized until September, which, as you can see, is off of this timeline because our hope is that the state follows the more traditional timeline and adopts the final budget by May, thus giving us ample time to prepare for the start of the new fiscal year.

[00:37:27] LCPS typically receives about two-thirds of its funding from the county, and so this CION includes a request of \$131 million to fully fund our estimate of needs. LCPS does not have a revenue-sharing agreement, but the funding formula that has generally been used is depicted on this slide along with a new deduction.

[00:37:48] The formula begins with new local tax funding from property and personal property taxes. Next, any increases for county and school debt service and capital projects are deducted. Then a deduction for the county's affordable housing fund is made to keep that fund at a prescribed amount.

[00:38:06] New for fiscal year 25 is the introduction of a deduction for the county revenue stabilization fund, which results in an amount of net new local tax funding that would then be split with 60% to LCPS and 40% to the county, assuming a similar split from last year will be used again this year.

[00:38:24] The county will create the new revenue stabilization fund in fiscal year 25, and they're funding it with \$15 million from their fund balance and \$40 million from new projected local tax funding. As a result of this deduction in the proposed local revenue formula, LCPS will see a reduction of what would have been \$24 million available, or 60% of that \$40 million.

[00:38:46] While the reduction is large for fiscal year 25, since the county is establishing the fund, we do believe going forward the deduction should be considerably less as they maintain a certain level of funding in that project. The county is establishing this fund to address fluctuations in its personal property tax stream, specifically from the data centers.

[00:39:07] Historically, they have experienced swings from actual compared to their projections, and the fund is intended to minimize revenue challenges when the projections are off. Ultimately, with that, LCPS would benefit from having stable revenue streams. However, it was important to share with you this new deduction, as it does have some impact on LCPS.

[00:39:29] On January 10th, 2024, the county administrator transmitted a letter providing budget funding guidance of \$121 million based on the current real property tax rate of 0.875 cents. The county administrator also shared information based on an equalized rate of 83 cents that would provide only \$98 million of funding to LCPS.

[00:39:52] The CION requests funding that is \$10 million above the county budget guidance. To fully fund the fiscal year 25CN would require just over a penny more in the county-recommended tax rate. One factor for requesting above-budget guidance is considering the \$24 million impact from the establishment of the new revenue stabilization fund.

[00:40:12] And another factor is that a final state-approved budget may provide additional funding to LCPS. If this were to occur, the administration would recommend that LCPS requests any unencumbered

state funding be recognized to offset county funding. Historically, the County Board of Supervisors has reduced the real property tax rate going back to fiscal year 16.

[00:40:35] While there are other variables to consider, such as increased property valuation, the tax rate reduction is important for the school board to be aware of. And because you are a new board, we're just providing some additional context as you weigh this request in the Estimate of Needs.

[00:40:51] It is important context to understand that Loudoun County does have the lowest real property tax rate when compared to our neighbors. I want to thank you for your attention regarding this overview of the fiscal year '25 superintendent's estimate of needs.

[00:41:10] I'd like to now provide a recap of information and review next steps. So again, as initially shared, the SEON was developed to balance budget needs as much as possible with limited resources versus developing a full needs-based budget. Recognizing that, let me just highlight a few of the priorities that are also delayed to future years.

[00:41:30] For example, the next phase of the IB expansion is pushed to fiscal year 25 and will now align with a broader expansion for LCPS. The step transition to full day has been phased over two years versus all in one year. Various positions throughout the organization have not been included in this budget, along with reduced amounts to address recruitment and retention.

[00:41:51] So these are just a few of the decisions we needed to make when developing this estimate of needs. good for context to recognize that LCPS is in the middle when compared to our neighbors in its cost per pupil. For fiscal year 25, this amount will increase to 21,789, which again represents about a 9.5 percent increase. Again, factors increasing our cost per pupil are the opening of two new schools and a significant investment employee compensation. So we have shared a great deal of high-level information with you. The key takeaways are captured here on this slide. Again, the CION

[00:42:29] budget is 156.4 million or 9.4 percent above the fiscal year 24 budget county transfer request is 131 million or 11.3 percent above the fiscal year county transfer and again the state budget deliberation is ongoing and we will provide any updates in addition to the high level information that's been provided i do want to point out that the estimate of needs book is available to you on the dais and will be available to our public on the budget website and I certainly recognize that there is a lot of information there for you to digest and so we'll talk about next steps here in

[00:43:08] just a moment but before we do I think it's important we do talk about at least briefly what the budget supports despite some of the challenges that we've we've talked about it is also worth saying that LCPS continues to thrive and that is because of the support we receive again from the school board the board of supervisors in our community here's just a few of many lcps accomplishments over the last year lcps achieved an overall graduation rate for all students of 97 17 lcps high schools had a graduation rate at or above the state average

[00:43:42] of 91.9 all 16 of our lcps high schools are ranked in the of our eligible high schools are ranked in the annual u.s news best high schools report which were ranked on these six factors college readiness state assessment proficiency and performance underserved student performance college curriculum breadth and graduation rate lcps also earned the 2023 energy star partner of the year award for sustained excellence from the u.s environmental protection agency and the u.s department of energy for the 12th year it's one of 74 organizations to receive this award for energy

[00:44:17] management and the only school system with 12 years as a sustained excellence partner all 17 of our lcps middle schools have received the schools to watch designation from the national forum to accelerate middle school reform our new dual language immersion program launched serving kindergarteners at sanders corner and potomac elementary schools in a 50 50 model with spanish as the partner language and heritage and loudon valley high schools are now authorized international baccalaureate world schools offering the diploma programs there are of course many others and we We could celebrate them all, but we also want to be mindful of our time this evening.

[00:44:56] So we do know, as I said, again, this is a great deal of information. I want to thank you for taking the time to learn a little bit more about our budget process tonight. But again, you've got the book. It's quite a bit to go through, and so we know that as you go through, you will have questions. The procedure for asking those questions is listed here as we get into this process.

[00:45:17] And so first, we would ask that you email questions to Sharon Willoughby, our chief financial officer, who will then reach out to the appropriate department to ensure those are answered. Time-intensive questions or costing requests will be brought to the school board during our budget work sessions to talk about consensus on whether or not to proceed.

[00:45:37] And as I mentioned, budget work sessions, as a reminder, the LCPS budget calendar is not the norm for school divisions. Our process is extremely early based on the county's budget timeline. we develop our date from the county's timeline which is based off of the spring tax bills when the new tax rate is approved for the upcoming budget the tax rates are effective for that spring additionally the state timeline that you saw earlier is shown on the bottom and that highlights how the county will often adopt its budget before the final state budget is adopted and of course this typically means additional adjustments will be required after the school board and board of

[00:46:15] supervisors have considered this request and those will be brought forward once the final budget comes to us from the state. The budget work sessions for our budget process are listed on this slide concluding with the school board adoption on February the 6th. You'll note the adjustments and dates and time based on the need to compress the departments on some of the dates given some of our issues with the weather. Once the school board adopts its budget the county administrator will then kick off the county's public budget process and the school board will

[00:46:50] get this information to you again but on february 22nd at 6 p.m the school board will be asked to present its fiscal year 25 adopted budget to the board of supervisors typically the school board and lcps staff will also attend one additional board of supervisors budget work session in the march and april time frame to respond to any questions that the supervisors may have board members we look forward to going through this important process with you and we look forward to collaborating with you on how to best serve our students our staff and our families in LCPS as you can see we remain more committed than ever to providing the best possible experience to meet the needs of our LCPS community we're grateful to the school board and our board of supervisors

[00:47:29] and to the staff parents and citizens of Loudoun County for their ongoing support of those efforts and with that madam chair I turn it back over to you thank you so much for your overview Dr. Spence. This is our very first budget for our brand new school board and our first budget presentation from our new superintendent Dr. Spence. So school board members please remember that we're going to

have quite a few work sessions particularly on January 25th throughout January to give us the opportunity to dig deeper into all aspects of the budget by department.

[00:48:05] I'm certain that during this process and weeks to come when we dig further into the different departments, there'll be a lot of questions. If you have questions about specific programs or initiatives that relate to a department, please write them down and send them to Ms. Willoughby. My understanding is after this high-level presentation, there aren't typically questions because we're just putting our eyes on the very large budget book. However, if you have general questions about overall budget process, philosophy, and the general information that was presented by Dr. Spence, I think we can go ahead and ask those questions this evening. As a side

[00:48:40] note i would personally like to thank staff once again for the 40 plus hours of training to help us prepare for this process i'm grateful and with that board members do you have any questions about the high level overview of the f-125 superintendent estimate of needs yes miss shurnoff i have a question to staff when would you um ideally like those questions in advance i see our first session is on the 25th. So what would be appropriate in terms of getting that information to you so that

[00:49:17] you can get the work done and get the appropriate information back to us? So really on a rolling basis, as quickly as you can get them to us, what we will endeavor to do is get them turned around as quickly as possible, present back to you as many as we can during the work sessions. If one may go past that given time implications for trying to do the research on it, it would be presented at a at another work session um and so as fast as you can think of them and get them to mrs willoughby we will endeavor to get them back to you um and of course those those are compiled

[00:49:54] and presented to the school board and then posted also on our budget information page thank you any more questions arvin and no no well if there are no more questions the january 18th 2024 loudon County School Board work session is adjourned. Please stay warm and drive home safely. Thank you.



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