

INTRODUCED: May 26, 2015

AN ORDINANCE No. 2015-128-137

To authorize the Chief Administrative Officer to accept \$125,927 in additional State Shared Sales Tax funds for the purpose of providing additional school funding and to amend Ord. No. 2014-62-99, adopted May 27, 2014, which adopted the Fiscal Year 2014-2015 General Fund Budget, by increasing revenues from State Shared Sales Tax funds by \$125,927, and appropriating the increased revenues to Richmond Public Schools.

\_\_\_\_\_  
Patron – Mayor Jones

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Approved as to form and legality  
by the City Attorney  
\_\_\_\_\_

PUBLIC HEARING: JUNE 8 2015 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That the Chief Administrative Officer, for and on behalf of the City of Richmond, is hereby authorized to accept \$125,927 in additional State Shared Sales Tax funds for the purpose of providing additional school funding.

§ 2. That Ordinance No. 2014-62-99, adopted May 27, 2014, which adopted a General Fund Budget for the fiscal year commencing July 1, 2014, and ending June 30, 2015, is hereby amended by increasing revenues from State Shared Sales Tax funds by \$125,927, and appropriating the increased revenues to Richmond Public Schools.

AYES:            9            NOES:            0            ABSTAIN: \_\_\_\_\_

ADOPTED:    JUNE 8 2015    REJECTED: \_\_\_\_\_    STRICKEN: \_\_\_\_\_

§ 3. This ordinance shall be in force and effect upon adoption.



CITY OF RICHMOND  
INTRACITY CORRESPONDENCE

O & R REQUEST

MAY 14 2015

4-3590

Chief Administration Office  
City of Richmond

RECEIVED

MAY 21 2015

O&R REQUEST

DATE: May 15, 2015

OFFICE OF CITY ATTORNEY EDITION: 1

TO: The Honorable Members of City Council

THROUGH: Dwight C. Jones, Mayor

THROUGH: Chris Beschler, Acting Chief Administrative Officer

THROUGH: Norm Butts, Deputy Chief Administrative Officer for Finance and Administration

THROUGH: Paul Jez, Director of Finance

FROM: Jay A. Brown, Director, Budget and Strategic Planning

RE: FY2015 General Fund Re-appropriation and Schools Budget Amendment

ORD. or RES. No.

PURPOSE:

1. To amend the FY2015 General Fund Budget (Ord. 2014-62-99) by:
  - a. Re-allocating funds between agencies to reflect each agency's projected FY2015 funding needs as determined in the third quarter expenditure forecast.
  - b. Accepting and appropriating additional State Shared Sales Tax revenue, from the Commonwealth of Virginia, in the amount of \$125,927 and appropriating the additional revenue to Richmond Public Schools.
2. To amend the FY2015 Richmond Public School Budget (Ord. 2014-40-75) by:
  - a. Increasing the amount of State Shared Sales Tax revenue to the school division by \$125,927. This amends the total Richmond Public Schools' expenditure limit to \$264,993,777.

**REASON:**

1.

- a. An outcome of the third quarter forecast is a projected snapshot of each agency's total fiscal year expenditure needs. This ordinance adjusts departmental appropriations to reflect projected expenditures using the third quarter forecast as a basis. The forecast will likely be presented to the Finance and Economic Development Committee in May. After adoption of this ordinance there is the possibility that changes in expenditure patterns or unforeseen events could result in additional variances.
- b. State Shared Sales Tax revenue is a direct pass through of revenue from the State to the City that is then appropriated to Richmond Public Schools. Occasionally, the State updates its projections in the amount of State Shared Sales Tax that will be given to localities. A review of the Commonwealth's State Shared Sales tax revenue projections of localities revealed that the State will send an additional \$125,927 in revenue to the City. As a result, the City will need to increase its appropriation to Richmond Public Schools by the \$125,927 as this revenue must be appropriated to the school division.

2.

- a. As a result of the City receiving an additional \$125,927 in State Shared Sales Tax revenue, the City will need to increase the Richmond Public Schools budget ordinance to allow the school division the authority to spend this additional funding.

**RECOMMENDATION:** The Administration recommends adoption of this ordinance.

**BACKGROUND:**

1.

- a. As part of the "Well-managed Government" strategy, the Administration is requesting amendments to more closely align agency budgets with their projected expenditures. In FY12, FY13, and FY14 similar 3<sup>rd</sup> quarter re-appropriation papers were introduced and adopted to adjust various agencies' budgets. Even after adoption of this ordinance, it should be noted that there is still a possibility that changes in expenditure patterns or unforeseen events could result in additional variances.

In May, Council will be provided with a forecast that projects expenditures for each agency and provides explanations for variances. The third quarter projections will combine actual expenditures through the end of the quarter along with a projection of future expenditures through June 30<sup>th</sup>.

In instances where agencies are projected to need additional funds, projected savings from other agencies were used. Where applicable and appropriate, vacancies remained open to provide additional savings provided there was not a critical need to re-hire.

- b. State Shared Sales Tax is a revenue source that must be appropriated to Richmond Public Schools. A recent review of this State revenue source revealed that the State will send to the City an additional \$125,927 in revenue. The City will need to increase its General Fund appropriation to Richmond Public Schools by the additional \$125,927 sent to the City.

**2.**

- a. The Richmond Public Schools FY2015 budget was adopted by City Council on May 14, 2014. This included a revenue source of State Shared Sales Tax in the amount of \$24,951,256. A recent review of the Commonwealth's State Shared Sales tax revenue for localities revealed that the State will send to the City an additional \$125,927 in revenue to the City. As a result, the City will need to increase its General Fund appropriation to Richmond Public Schools as this revenue must go to the school division. Additionally, a commensurate increase of \$125,927 in Richmond Public Schools budget ordinance will be needed. By doing so, this will result in Richmond Public Schools having the authority to spend the additional State Shared Sales Tax funds projected to be distributed by the State.

**FISCAL IMPACT/COST:**

1. This ordinance will amend the FY2014-F2015 general fund budgets of multiple departmental budgets (see attached) and will increase the total general fund budget and local appropriation to Richmond Public Schools by \$125,927.
2. This ordinance will amend the FY2014-2015 Richmond Public School budget. The Richmond Public School budget will increase by \$125,927.

**FISCAL IMPLICATIONS:**

1. The final budgets for various general fund departments would change to reflect their projected obligations and Richmond Public Schools local, general fund appropriation will increase by \$125,927.
2. The budget for Richmond Public Schools would change to reflect the additional revenue needed to support their projected budgeted expenditures. Richmond Public Schools' budget would increase from \$264,867,850 to \$264,993,777, an increase of \$125,927.

**BUDGET AMENDMENT NECESSARY:**

1. Yes. An amendment is needed if funds are to be transferred between general fund departments and to accept and appropriate additional general fund revenue to Richmond Public Schools.
2. Yes. An amendment is needed to adjust the Richmond Public Schools budget.

**REVENUE TO CITY:** Yes, an additional \$125,927

**DESIRED EFFECTIVE DATE:** Upon adoption.

**REQUESTED INTRODUCTION DATE:** May 26, 2015

**CITY COUNCIL PUBLIC HEARING DATE:** June 8, 2015

**REQUESTED AGENDA:** Consent Agenda

**RECOMMENDED COUNCIL COMMITTEE:** Waive

**CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES:** None

**AFFECTED AGENCIES:** All General Fund Agencies, Richmond Public Schools

**RELATIONSHIP TO EXISTING ORD. OR RES.:** Amends 2014-62-99 and 2014-40-75

**REQUIRED CHANGES TO WORK PROGRAM(S):** None

**ATTACHMENTS:**

Supplemental Amendment Ordinance Information GF (Attachment 1)

Supplemental Amendment Ordinance Information Non Departmental (Attachment 2)

Supplemental Amendment Ordinance Information Schools Ordinance RPS (Attachment 3)

**STAFF:**

Jay A. Brown, Director, Department of Budget and Strategic Planning

Paul Jez, Director of Finance

**Virginia Department of Education**  
**Projected FY 2015 and FY 2016 State Payments, Based on Amendments Adopted by the 2015 General Assembly to the Governor's**  
**Introduced 2014-2016 Biennial Budget (HB 1400/SB 800)**

Standards of Quality (SOQ), Incentive, Categorical, and Lottery-Funded Programs in Direct Aid to Public Education As of February 26, 2015

NUM	DIVISION	Projected FY 2015	Projected FY 2015	Projected FY 2015	Projected FY 2016	Projected FY 2016
		Unadjusted ADM <sup>2</sup>	Adjusted ADM <sup>2</sup>	Adjusted ADM <sup>2</sup>	Unadjusted ADM <sup>2</sup>	Adjusted ADM <sup>2</sup>
123	RICHMOND CITY	22,003.40	22,003.40	22,003.40	22,238.80	22,238.80
2014-2016 Composite Index		FY 2015		FY 2016		
0.4636		FY 2015 State Share	FY 2015 Local Share	FY 2016 State Share	FY 2016 Local Share	
<b>Standards of Quality Programs:</b>						
⇨	Basic Aid	51,451,227	44,468,286		52,252,199	45,160,550
⇨	Sales Tax <sup>4</sup>	25,077,183	N/A <sup>1</sup>		24,833,935	N/A <sup>1</sup>
⇨	Textbooks <sup>5</sup> (Split funded - See Lottery section below)	Funded in Lottery in FY 2015			376,237	325,174
⇨	Vocational Education	837,986	724,255		846,951	732,003
⇨	Gifted Education	554,723	479,436		560,658	484,566
⇨	Special Education	11,094,466	9,588,730		11,213,159	9,691,313
⇨	Prevention, Intervention, & Remediation	4,473,194	3,866,084		4,521,050	3,907,455
⇨	VRS Retirement (Includes RHCC) <sup>6</sup>	7,600,890	6,569,300		7,455,558	6,443,692
⇨	Social Security	3,729,629	3,223,445		3,769,530	3,257,931
⇨	Group Life	236,052	204,016		238,578	206,198
⇨	Remedial Summer School <sup>7,9</sup> (Split funded - See Lottery section below)	168,150	N/A <sup>1</sup>		1,521,066	N/A <sup>1</sup>
<b>Subtotal - SOQ Accounts<sup>3</sup></b>		<b>105,223,500</b>	<b>69,123,562</b>		<b>107,588,921</b>	<b>70,208,882</b>
<b>Incentive Programs:</b>						
Compensation Supplement <sup>13</sup>		Not Funded in FY 2015			1,022,880	506,139
Academic Year Governor's School		2,020,275	N/A <sup>1</sup>		2,052,134	N/A <sup>1</sup>
Breakfast After the Bell Initiative/ Expand Existing School Breakfast Program		Not Funded in FY 2015			21,334	N/A <sup>1</sup>
Math/Reading Instructional Specialists		306,058	284,520		308,771	266,865
Early Reading Specialists Initiative		32,648	28,217		181,151	156,565
Technology - VPSA <sup>10</sup>		1,960,000	381,600		1,967,200	383,040
<b>Subtotal - Incentive Accounts<sup>3</sup></b>		<b>4,318,981</b>	<b>674,337</b>		<b>5,553,470</b>	<b>1,312,609</b>
<b>Categorical Programs:</b>						
Adult Education <sup>7</sup>		123,265	N/A <sup>1</sup>		123,265	N/A <sup>1</sup>
Virtual Virginia <sup>7</sup>		0	N/A <sup>1</sup>		0	N/A <sup>1</sup>
American Indian Treaty Commitment <sup>7</sup>		0	N/A <sup>1</sup>		0	N/A <sup>1</sup>
School Lunch <sup>7</sup>		125,336	N/A <sup>1</sup>		125,336	N/A <sup>1</sup>
Special Education - Homebound <sup>7</sup>		130,708	N/A <sup>1</sup>		133,323	N/A <sup>1</sup>
Special Education - State-Operated Programs <sup>7</sup>		4,446,602	N/A <sup>1</sup>		4,580,000	N/A <sup>1</sup>

Special Education - Jails <sup>7</sup>	221,585	N/A <sup>1</sup>	220,014	N/A <sup>1</sup>
Subtotal - Categorical Accounts <sup>3</sup>	5,047,497	0	5,181,938	0
<b>Lottery-Funded Programs</b>				
Foster Care <sup>7</sup>	149,996	N/A <sup>1</sup>	155,882	N/A <sup>1</sup>
Remedial Summer School <sup>7,9</sup> (Split funded - See SOQ Programs above)	1,120,779	N/A <sup>1</sup>	<i>Funded in SOQ in FY 2016</i>	
At-Risk	5,682,822	4,911,552	5,741,260	4,962,058
<i>Virginia Preschool Initiative</i> <sup>11</sup>	2,838,629	2,453,371	3,668,976	3,171,024
⇨ Early Reading Intervention	530,638	458,620	535,740	463,030
Mentor Teacher Program	39,078	N/A <sup>1</sup>	39,078	N/A <sup>1</sup>
<i>K-3 Primary Class Size Reduction</i>	4,532,597	3,917,435	6,295,592	5,441,157
School Breakfast <sup>7</sup>	152,030	N/A <sup>1</sup>	244,295	N/A <sup>1</sup>
⇨ SOL Algebra Readiness	378,550	327,173	382,037	330,187
<i>Alternative Education</i> <sup>7,8</sup>	164,723	N/A <sup>1</sup>	167,789	N/A <sup>1</sup>
ISAEF	47,152	N/A <sup>1</sup>	47,152	N/A <sup>1</sup>
Special Education-Regional Tuition <sup>7,8</sup>	28,350	N/A <sup>1</sup>	38,381	N/A <sup>1</sup>
Career and Technical Education <sup>7,8</sup>	822,183	N/A <sup>1</sup>	822,183	N/A <sup>1</sup>
Supplemental Basic Aid	0	N/A <sup>1</sup>	0	N/A <sup>1</sup>
⇨ English as a Second Language <sup>12</sup>	1,025,759	886,543	1,172,873	1,013,691
⇨ Textbooks <sup>6</sup> (Split funded - See SOQ Programs above)	1,135,648	981,519	771,561	686,845
<b>Subtotal - Lottery-Funded Programs <sup>3</sup></b>	<b>18,648,935</b>	<b>13,936,213</b>	<b>20,082,799</b>	<b>16,047,992</b>
<b>Total State &amp; Local Funds</b>	<b>\$133,238,913</b>	<b>\$83,734,112</b>	<b>\$138,407,128</b>	<b>\$87,569,483</b>

1 "N/A" = no local match required for this program.

2 ADM values shown are based on the March 31 ADM projections used in the General Assembly's adopted budget for FY 2015 and FY 2016.

3 Columns may not add due to rounding.

4 Projected revenue estimate. Semi-monthly payments will be based on actual sales tax receipts. Pursuant to the Appropriation Act, the Basic Aid state payment calculation is based on the appropriated sales tax distribution and is not adjusted for actual sales tax revenues received.

5 In FY 2016, the General Assembly's adopted budget assigns a portion of funding for Textbooks to the Lottery Service Area. Required Local Effort for Textbooks is based on the combined payments in the SOQ and Lottery Service Areas.

6 VRS Retirement includes payments for the Retiree Health Care Credit (RHCC). Please see the Budget Variables tab for the funded RHCC rate.

7 Projected state payment. Final payments will be based on actual expenditures, up to the projected state payment, subject to the availability of funds.

8 Includes state funding for regional vocational, special, and alternative education programs and Academic Year Governor's Schools.

9 Payments for Remedial Summer School are based on actual FY 2015 enrollment and projected FY 2016 enrollment used in the General Assembly's adopted budget.

10 Payments for the VPSA Technology Grants are made from bond proceeds on a reimbursement basis and may begin following each bond issuance. These payments include funding for the school division and the schools for which the division serves as the fiscal agent.

11 Payments for the Virginia Preschool Initiative are based on actual FY 2015 enrollment and projected FY 2016 enrollment used in the General Assembly's adopted budget.

12 Payments for English as a Second Language are based on actual FY 2015 enrollment and projected FY 2016 enrollment used in the General Assembly's adopted budget.

13 The General Assembly's adopted budget calculates the state share of Compensation Supplemental funds based on a 1.5% salary increase effective August 16, 2015, for funded SOQ instructional and support positions. The local match requirement for both instructional and support positions is based on a 1.5% salary increase effective January 1, 2016 (equivalent to 6 months of required local funding), while the state share of funds is calculated based on an effective date of August 16, 2015 (equivalent to approximately 10.5 months of state funding).

NOTE: This is subject to revenue estimates for fiscal year 2015 being met or exceeded.

⇨ = SOQ accounts requiring a local match for purpose of meeting Required Local Effort.



**RICHMOND PUBLIC SCHOOLS - GENERAL FUND AMENDMENT Attachment**

Agency	Current Budget	Total Amendments	Final Budget
Richmond Public Schools	162,044,913	125,927	162,170,840
<b>Total General Fund</b>	<b>162,044,913</b>	<b>125,927</b>	<b>162,170,840</b>