



Education Compact Quarterly Meeting

FEBRUARY 6, 2019



Welcome

MAYOR STONEY



AGENDA

- Welcome
- Update: School Facilities
- Update: Richmond Children's Cabinet
- Update: State Advocacy
- Update: Revenue Projections
- Presentation & Discussion: Richmond Public Schools' Budget
- Closing and Next Steps



UPDATE: School Facilities



Triple Groundbreaking

December 19, 2018



**NEW
George Mason
Elementary School**



**NEW
Greene Elementary
School**



**NEW Middle School on
Hull Street**

February 6, 2019



Multi-Year School Capital Funding Plan

DAVID P. ROSE, DAVENPORT & COMPANY

Multi-Year School Capital Funding Plan



Period	RPS Facilities Report Needs	Debt Capacity Allocated to Schools	Debt Capacity Allocated to General Fund	Total
FY 2019-2023	\$225.0	1 \$150.0	\$122.8	\$272.8
FY 2024-2028	209.0	2 200.0	200.1	400.1
FY 2029-2033	189.0	2 212.2	212.3	424.4
FY 2034-2038	177.0	2 237.8	238.5	476.3
Total	\$800.0	\$800.0	\$773.6	\$1,573.6

Amounts in \$millions.

1 Initial funding amount completed.

2 Approximately 50% of projected Debt Capacity allocated to Schools. These monies are actually available in total to the City/RPS at the beginning of each 5 year interval (i.e. \$200.0 Million is available in FY 2024, etc.)

Source: Richmond Debt Capacity Model



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UPDATE:

Richmond Children's Cabinet



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UPDATE: State Advocacy

MAYOR STONEY

DR. SHADAE HARRIS, RPS CHIEF
ENGAGEMENT OFFICER

MATTHEW STANLEY, RPS DIRECTOR OF
ADVOCACY AND OUTREACH





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Five-Year Forecast

JAY BROWN, DIRECTOR OF BUDGET AND STRATEGIC PLANNING



Overview

- Per City Code 12-15.1, City staff are required to submit and present a five-year plan to City Council by January 31 each year
- Projections...
 - Begin in late September
 - Are estimates that are subject to change
 - Serve as the basis for upcoming budgets
 - Help guide decision-making



Revenue Forecast Methodology

1. Reviewed current year (FY19) projections
2. Compiled prior-year results over five years
3. Monitored trends in prior-year data
4. Reviewed local, state and national trends
5. Obtained feedback from departments

➤ *Assumed no tax or fee increases*



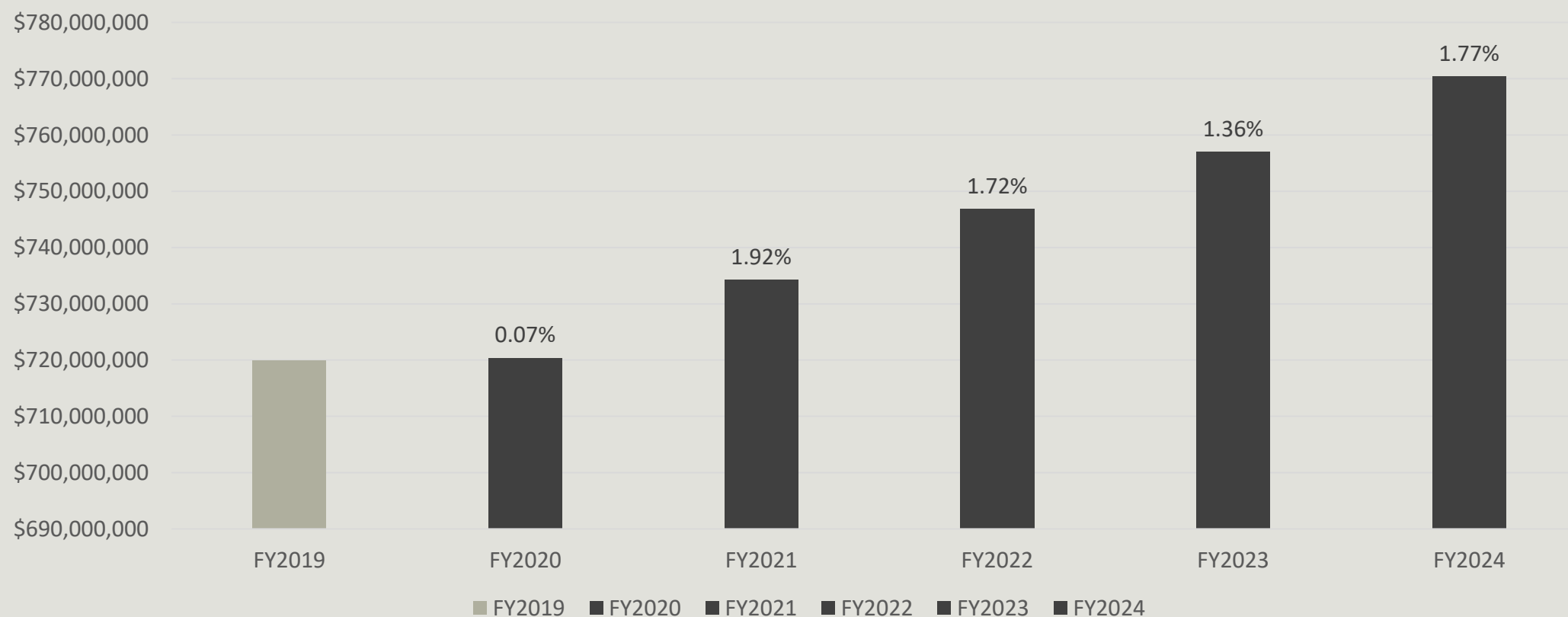
General Fund Revenue Forecast

2019 Adopted	2020 Approved	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast
719,902,219	713,189,118	720,403,819	734,237,532	746,898,894	757,052,205	770,421,924

All figures are estimates and subject to change.



Future Revenue Projections



All figures are estimates and subject to change.



Revenue Highlights

Local Taxes

- Real Estate: Projected *increase*
- Lodging: Projected *increase*
- Machinery and Tools: Projected *decrease*
- Prepared Food/Meals: Projected *increase*



Revenue Highlights

Intergovernmental

- Sheriff: Projected *increase*

Payment in Lieu of Taxes (PILOT)

- Utilities: Projected *decrease*, with ultimate elimination of this revenue by 2024



Revenue Highlights

One-Time Resources from FY19

- Removal of \$17.5 million in one-time funding
 - RPS: \$12.5 million
 - Retirement system: \$2 million
 - Electric utility: \$3 million
- *Revenue was already excluded from the FY20 approved budget*



Expenditure Forecast Methodology

1. Used FY2020 Approved Budget as the base
2. Added known, non-discretionary items to the base
3. Removed known, one-time items/funding from the base
4. Added known obligations to the base
5. Included some prospective expenditures that still need review and approval



Expenditure Overview

- Historically, general fund expenditures have grown at a slow rate
- Future general fund expenditures are projected to grow at a slow rate



General Fund Expenditure Forecast

2019 Adopted	2020 Approved	2020 Forecast	2021 Forecast	2022 Forecast	2023 Forecast	2024 Forecast
719,902,219	713,189,118	735,544,121	748,286,142	759,108,577	770,883,380	778,873,017

All figures are estimates and subject to change.



Expenditure Forecast Assumptions

Personnel Highlights

- Assumes vacancy levels from FY2019 Adopted Budget
- Increases overtime costs back to levels from FY2019 Adopted Budget
- Estimates costs for step and salary increases for public safety recruits (already factored into the biennial budget)
- Proposes a 1% salary increase for each year of the forecast

All figures are estimates and subject to change.



Expenditure Forecast Assumptions

Operating Highlights

- Projects a decrease in debt service in FY2020, but increases each year beyond due to the payment schedule of recent CIP projections
- Assumes no significant changes in non-departmental allocations

All figures are estimates and subject to change.



Expenditure Forecast Assumptions

Operating Highlights: Richmond Public Schools

- Includes an estimated increase of **\$5 million** in local funding, each year of the forecast
 - Estimates are based on today's projected growth within general property tax revenues
 - Forecast assumes RPS will receive about half of annual growth in general fund revenue (\$9.5 million annually)

All figures are estimates and subject to change.



Expenditure Forecast Assumptions

Other Items Included in Projections

- COLA (retirees)
- Contractual obligations
- Life/health/safety and other non-discretionary items

All figures are estimates and subject to change.



Expenditure Forecast Assumptions

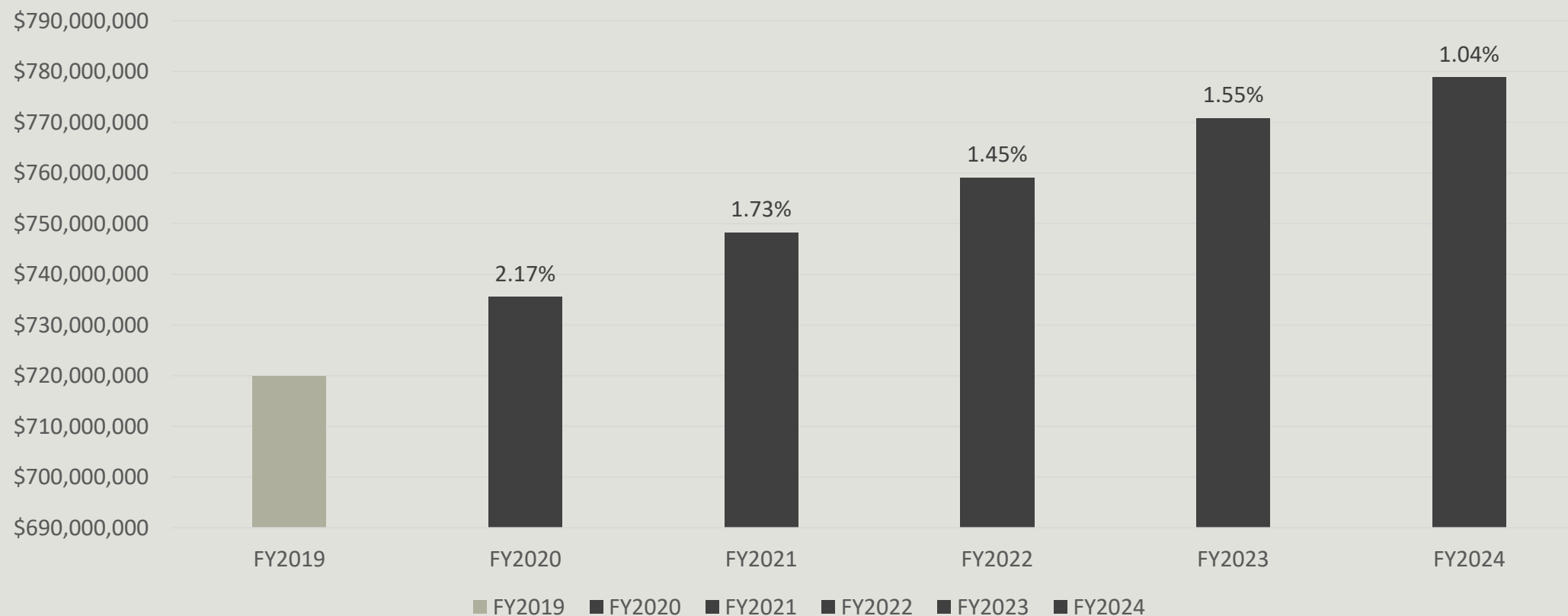
Other Items Not Included in Projections

- Any added costs that result from changes to the state budget
- Other departmental requests for enhancements
- Cost estimates necessary to bring all City staff salaries up to market rate

All figures are estimates and subject to change.

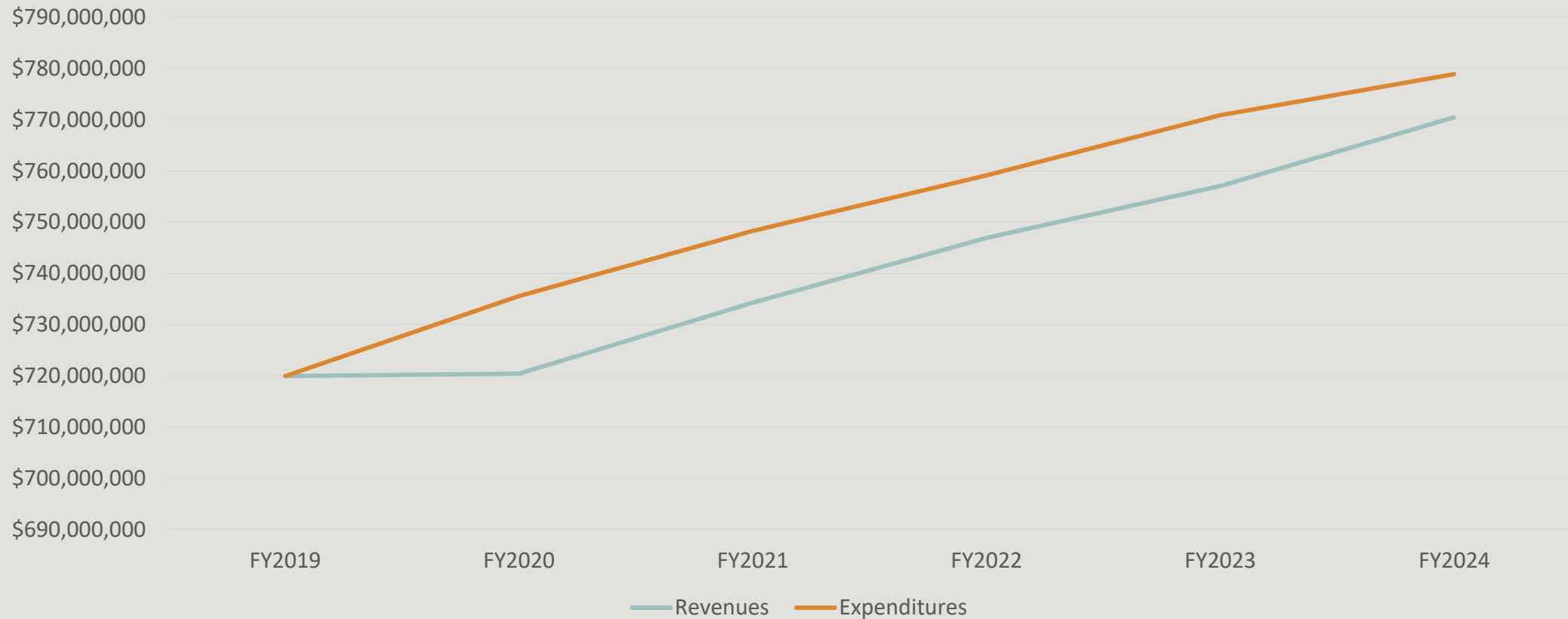


Future Expenditure Projections



All figures are estimates and subject to change.

Preliminary Base Forecast Revenue & Expenditures FY20-24



All figures are estimates and subject to change.

Preliminary Base Forecast Revenue & Expenditures FY20-24



	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Revenues	\$719,902,219	\$720,403,819	\$734,237,532	\$746,898,894	\$757,052,205	\$770,421,924
Expenditures	\$719,902,219	\$735,544,121	\$748,286,142	\$759,108,577	\$770,883,380	\$778,873,017
Difference		-\$15,140,302	-\$14,048,610	-\$12,209,683	-\$13,831,175	-\$8,451,092

All figures are estimates and subject to change.



Final Thoughts

- Revenue growth projections are healthy, but insufficient to meet projected expenditure growth, which outpaces revenue in all years of the forecast
- Non-discretionary items (“budget drivers”) will take priority in upcoming year
- Budget & Strategic Planning is working closely with the Mayor, CAO and department heads to present a structurally balanced budget in March

All figures are estimates and subject to change.



FY19 Meals Tax Projections

- Budget included \$9.1 million in prepared food (meals) tax revenue projections
- As of December 31, \$3.42 million has been collected
 - This is approximately five months' worth of taxes
- Current projections estimate that total revenue will top \$9.3 million for FY19



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PRESENTATION:

Richmond Public Schools Budget

SUPERINTENDENT JASON KAMRAS



Q&A:

Richmond Public Schools Budget



DISCUSSION:

Richmond Public Schools Budget



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CLOSING & NEXT STEPS

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