

Schools looking at possible hike in state revenue

By Gracie Hart Brooks, Staff Reporter (Reprinted with permission of Gracie Hart Brooks)

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Last Tuesday, Orange County School Board members got a more complete look at the upcoming budget, viewing revenues and possible new expenses.

The good news is—in contrast to the dire times of the past—the school board is looking at an increase in state revenue thanks, in part, to a change in the local composite index (LCI). The LCI, adjusted every two years, is calculated using three indicators with the end result determining a locality's ability to pay education costs. True value of property is weighted 50 percent, adjusted gross income is weighted 40 percent and taxable retail sales are weighted 10 percent. Then each locality's index is adjusted to maintain an overall statewide local share of 45 percent and an overall state share of 55 percent. To make a long story short, Orange County's LCI dropped from .4257 for 2010-2012 to .3842 for 2012-2014.

“When the LCI drops, the local ability to pay has dropped so the local match drops,” director of budget and finance Matt Benefield said. “This is a significant change and a major factor in state funding.”

Because of the LCI change, the school division will see an increase of \$1.03 million in basic aid provided by the state. In total, between standards of quality programs, which include things like how many teachers to students there should be; incentive programs, such as technology; categorical programs like special education initiatives and lottery funded programs, like early reading interventions, the division is looking at an increase in state funds of \$2.3 million, or from \$21,301,892 this year to \$23,620,312 next year.

In the meantime, federal funds are expected to decrease by \$1.1 million, mostly because some grants are being eliminated. Since Gordon-Barbour, Lightfoot and Unionville elementary schools have successfully achieved adequate yearly progress for two consecutive years, their “school improvement grants” will be gone next year. Orange Elementary School will still receive theirs, which will end in fiscal year 2014. The “jobs in education” funding, which provided one-time funds of \$964,461 this year, will not be available next year. Those funds enabled the school division to fund 3.5 full-time positions and provide bonuses to employees. Also ending will be \$125,000 in state fiscal stabilization funds, part of the American Recovery and Reinvestment Act.

For now, local funding is undetermined, but using the same funding as last year of approximately \$17.5 million, the school division is anticipating having revenue and fund balances of \$43.5 million, up from this year's \$42.3 million—an increase of \$1.18 million.

“This is better than it has been,” superintendent Dr. Bob Grimesey said. “This is the first time I've been able to present a revenue picture like that.”

However, while revenues are expected to be better, expenses may not be. Possible expense additions for next year amount to \$5.1 million and include things like the first-year fix to the teacher salary scale problem (\$950,000) and a 5 percent cost of living adjustment for non-teachers (\$875,000). That adjustment would equal the benefit teachers will receive by implementing the first-year fix to the salary scale. There's also a 5 percent increase in the Virginia Retirement Service employer rates (\$1,397,567), and an approximate 8 percent increase in health and dental insurance premiums (\$275,520).

Possible expense reductions amount to \$1.2 million and include a change in the payroll costs from this year's adopted budget (\$156,448), the loss of this year's employee bonus funded through the federal jobs in education grant (\$758,765) and expenses related to expired federal grants (\$180,000).

The total expense additions and reductions, equal \$3.9 million, which compared with the increase in revenue of \$1.18 million, result in a \$2.7 million deficit.

"We're going to be challenged by the increase in the Virginia Retirement Service expense," Grimesey said. "Instead of adding value, we're keeping things from getting worse."

The school board began work this week on whittling down the possible expenses. Grimesey said he expects to introduce a complete budget to the board at its Jan. 31 work session.