THE CITY OF LYNCHBURG

CITY COUNCIL

Tuesday, May 2, 2023 | 4:00 PM
2nd Floor Training Room - City Hall
900 Church Street
Lynchburg, VA 24504

BUDGET WORK SESSION AGENDA

I. Welcome — *Stephanie T. Reed, Mayor*

II. Budget Work Session Agenda Overview — *Wynter C. Benda, City Manager*

III. Budget Work Session Agenda Items — *Wynter C. Benda, City Manager*

III.1. FY 2024 Proposed Budget Reconciliation

BUDGET RECONCILIATION

Budget Work Session
May 2, 2023

BASELINE ASSUMPTIONS FOR TODAY'S RECONCILIATION

- Local contribution to Lynchburg City Schools (LCS) set at FY 2023 Level of $40.8M

- BPOL License requirements waived for all businesses with gross receipts of $200K and less
  - Reduces City revenue by $75K
  - Previously assumed $650K in revenue reduction to exempt all gross receipts under $150K from taxation
  - $575K in budget savings used to offset department/service level cuts

SERVICES PROPOSED FOR RESTORATION

Restored Services

- Close Templeton Senior Center
- Close Collections Teller Window permanently
- Reduce funding for demolition
- Reduce contracted services for right-of-way mowing
- Reduce funding for on-site citywide training
- Reduce funding for occupational health
- Reduce staffing for youth and adult library programming
- Reduce staffing and hours for Museums

Remaining Service Cuts

- Eliminate hanging of banners/holiday decorations
- Eliminate contribution for Lynchburg Regional Business Alliance (LRBA)
- Eliminate State of the City event
- Reduce funding and contracted services for Snow Removal
- Reduce contracted services for tree cutting
- Reduce funding for event public relations and contracted services for camera operators
- Reduce funding for Miller Park Pool – season shortened by 10 days
- Miscellaneous reductions to operating line items

WHAT'S IN AT $0.89

- Full public safety package as outlined in City Manager's Proposed Budget
  - Public safety employees targeted pay progression/compression
  - New LPD positions and operational support
  - Other new public safety positions and operational support including cyber security positions
  - New Constitutional Officer positions and operational support
  - New LPD take home car program
- Five percent general wage increase for non-sworn general employees
- Level funding of local contribution to LCS at $40.8M

HOW WE GET THERE

- Budget updates - $1,007,186
  - Update Social Services Reimbursement Revenue - $600,000
  - Update Blue Ridge Regional Jail Funding - $407,186

- Reduced budget flexibility - $4,600,000
  - Budget for vacant positions - $2,000,000
  - Replace ongoing fleet replacement funds with one-time funds - $2,600,000

- Budget cuts/service level reductions - $851,095
  - Department budget/service level reductions - $743,036
  - Eliminate City Council salaries - $77,508
  - Eliminate funding to discretionary external service providers - $30,551

BUDGET OPTIONS AT DIFFERENT TAX RATES

- Unprecedented investment in Public Safety
- Competitive wage increase for City employees

$0.89

+ Eliminate Budget Cuts
+ $2.1M Increase to LCS Local Contribution from FY 2023 level

$0.93

+ Eliminate Budget Cuts
+ $2.1M Increase to LCS Local Contribution
+ $4.6M Increase Budget Flexibility

$0.99

FY2024 LCS Operating Budget (Expenditures)

	Actual FY 2022	Agency Amended FY 2023	Agency Submitted FY 2024	Agency Inc/(Dec) Amended from Submitted	***FY 2024 Funding Proposal***
FACILITIES					
Personnel Services	$2,108	$17,500	$17,500	$0	$17,500
Employee Benefits	180	2,730	2,730	0	2,730
Capital Outlay	2,259	19,980	4,980	(15,000)	4,980
TOTAL FACILITIES	**$4,547**	**$40,210**	**$25,210**	**$(15,000)**	**$25,210**
OTHER NON-INSTRUCTIONAL OPERATIONS					
Personnel Services	$8,386	$14,185	$22,663	$8,478	$22,663
Employee Benefits	2,454	2,854	5,297	2,443	5,297
Purchased Services	0	9,463	7,715	-1748	7715
Internal Services	555	500	500	0	500
Other Charges	3,000	1,299	1,300	1	1,300
Materials and Supplies	5,116	6,664	4,670	(1,994)	4,670
TOTAL OTHER NON-INSTRUCTIONAL OPERATIONS	**$19,511**	**$34,965**	**$42,145**	**$7,180**	**$42,145**

FY2024 LCS Operating Budget (Expenditures)

	Actual FY 2022	Agency Amended FY 2023	Agency Submitted FY 2024	Agency Inc/(Dec) Amended from Submitted	***FY 2024 Funding Proposal***
PUPIL TRANSPORTATION					
Personnel Services	$3,077,975	$3,294,872	$3,626,786	$331,914	$3,626,786
Employee Benefits	1,069,104	1,243,315	1,338,948	95,633	1,338,948
Purchased Services	325,749	152,348	252,348	100000	252348
Internal Services	18	2,498	2,500	2	2,500
Other Charges	375,434	435,132	510,959	75,827	510,959
Materials and Supplies	810,761	1,006,301	865,301	141,000	865,301
Capital Outlay	672,459	0	2,500	2,500	2,500
TOTAL PUPIL TRANSPORTATION	**$6,331,500**	**$6,134,466**	**$6,599,342**	**$746,876**	**$6,599,342**

FY2024 LCS Operating Budget (Expenditures)

	Actual FY 2022	Agency Amended FY 2023	Agency Submitted FY 2024	Agency Inc/(Dec) Amended from Submitted	***FY 2024 Funding Proposal***
OPERATION AND MAINTENANCE					
Personnel Services	$4,149,590	$4,823,045	$5,282,196	$459,151	$5,064,197
Employee Benefits	1,642,653	2,004,928	2,137,222	132,294	2,049,018
Purchased Services	1,310,038	776,752	776,752	0	776,752
Other Charges	3,555,232	3,371,644	3,380,232	8,588	3,380,232
Materials and Supplies	881,531	558,563	511,908	(46,655)	511,908
Capital Outlay	930,385	828,060	630,000	(198,060)	630,000
TOTAL OPERATION AND MAINTENANCE	**$12,469,429**	**$12,362,992**	**$12,718,310**	**$355,318**	**$12,412,107**

FY2024 LCS Operating Budget (Expenditures)

	Actual FY 2022	Agency Amended FY 2023	Agency Submitted FY 2024	Agency Inc/(Dec) Amended from Submitted	*FY 2024 Funding Proposal*
TECHNOLOGY					
Personnel Services	$1,833,073	$2,035,753	$2,215,532	$179,779	$2,137,541
Employee Benefits	830,420	798,682	830,686	32,004	801,444
Purchased Services	1,304,423	1,140,637	1,215,148	74511	1,215,148
Internal Services	856	500	200	(300)	200
Other Charges	116,424	93,220	95,842	2,622	95,842
Materials and Supplies	1,855,684	1,165,472	1,250,000	84,528	1,250,000
Capital Outlay	74,525	128,871	0	(128,871)	0
TOTAL TECHNOLOGY	**$6,015,405**	**$5,363,135**	**$5,607,408**	**$244,273**	**$5,500,175**

FY2024 LCS Operating Budget (Expenditures)

	Actual FY 2022	Agency Amended FY 2023	Agency Submitted FY 2024	Agency Inc/(Dec) Amended from Submitted	***FY 2024 Funding Proposal***
INSTRUCTION					
Personnel Services	$44,398,702	$48,529,703	$55,649,525	$7,119,822	***?***
Employee Benefits	17,394,137	20,252,318	23,038,111	2,785,793	***?***
Purchased Services	1,966,980	1,799,462	1,799,462	0	***1,799,462***
Internal Services	101,997	11,242	2,100	(9,142)	***2,100***
Other Charges	63,838	201,820	106,240	(95,580)	***106,240***
Materials and Supplies	3,167,454	1,107,539	1,082,524	(25,015)	***1,082,524***
Tuition Payments/Joint Operations	1,131,865	1,226,581	1,226,581	0	***1,226,581***
Capital Outlay	81,963	59,009	54,639	(4,370)	***54,639***
TOTAL INSTRUCTION	**$68,306,936**	**$73,187,674**	**$82,959,182**	**$9,771,508**	***> $73,187,674***

FY2024 LCS Operating Budget

CITY OF LYNCHBURG, VIRGINIA **EXHIBIT C-2**

Discretely Presented Component Unit - Lynchburg City Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2022

	School Operating	School Federal Aid	School Cafeteria	School Activities	Total Governmental
Revenues					
Intergovernmental:					
State and Federal	$ 60,005,875	$ 17,135,442	$ 5,794,397	$ -	$ 82,935,714
City of Lynchburg	38,777,643	-	-	-	38,777,643
Charges for services	510,448	-	85,747	1,201,419	1,797,614
Miscellaneous	1,022,427	187,647	88,776	-	1,298,850
Total revenues	100,316,393	17,323,089	5,968,920	1,201,419	124,809,821
Expenditures					
Education:					
Instruction	68,296,053	13,081,420	-	1,075,616	82,453,089
Administration, attendance and health	7,983,324	1,252,555	-	-	9,235,879
Pupil transportation services	5,659,041	83,095	-	-	5,742,136
Operations and maintenance	11,539,043	689,149	-	-	12,228,192
Food services and other non-instructional operations	19,510	159,279	5,036,973	-	5,215,762
Facilities	2,288	-	-	-	2,288
Technology	5,940,881	596,607	-	-	6,537,488
Capital outlay	1,690,511	1,398,083	14,097	-	3,102,691
Total expenditures	101,130,651	17,260,188	5,051,070	1,075,616	124,517,525
Excess (deficiency) of revenues over expenditures	(814,258)	62,901	917,850	125,803	292,296

LCS Operating Budget: Instruction (Personnel Services)

$$(\mathrm{T} + \mathrm{P} + \mathrm{A}) + \mathrm{x} = \mathrm{C}$$

Solve for x.

FY2024 LCS Operating Budget: Instruction (Personnel Services)

$$(\mathrm{T} + \mathrm{P} + \mathrm{A}) + \mathrm{x} = \mathrm{C}$$

Solve for x.

$\mathrm{T} = \text{Teacher Pay}$

$\mathrm{P} = \text{Principal Pay}$

$\mathrm{A} = \text{Assistant Principal Pay}$

$\mathrm{C} = \text{Total Instruction Compensation}$

FY2024 LCS Operating Budget: Instruction (Personnel Services)

$$(T + P + A) + x = C$$

Solve for x.

T = Teacher Pay
P = Principal Pay
A = Assistant Principal Pay
C = Total Instruction Compensation

$$T = \text{Teacher FTEs} \cdot \text{VDOE Average Teacher Compensation for LCS}$$

$$P = \text{Principal FTEs} \cdot \text{VDOE Average Principal Compensation for LCS}$$

$$A = \text{Asst. Principal FTEs} \cdot \text{VDOE Average Asst. Principal Compensation for LCS}$$

$$C = \text{Fiscal Year Total (Instruction Category Personnel Services)}$$

FY2024 LCS Operating Budget

$$(T + P + A) + x = C$$

Solve for x.

T = Teacher Pay
P = Principal Pay
A = Assistant Principal Pay
C = Total Instruction Compensation

	FY2022	FY2023	FY2024
Teacher FTEs	619.35	619.35	622.35*
Principal FTEs	19	19	19
Asst. Principal FTEs	17	17	17

** Three additional FTEs added based on "Student Need" identified in LCS Operating Budget Discussion Document From Joint City Council / School Board Work Session*

	FY2022 (Actual)	FY2023 (Budgeted)
VDOE: LCS Teacher Average Compensation	$ 51,675	$ 47,315
VDOE: LCS Principal Average Compensation	$ 88,052	$ 86,423
VDOE: LCS Asst. Principal Average Compensation	$ 68,507	$ 75,342

Source - https://rga.lis.virginia.gov/Published/2023/RD73/PDF: *"Department of Education staff prepared the report based on Annual School Report (ASR) expenditure data **submitted by each school division** and regional program. Statewide and school division salary averages were computed for fiscal years 2022 and 2023. The report shows salary information from fiscal years 2021, 2022, and 2023 for comparative purposes. Year-to-year percentage change in salary averages is shown for statewide and division data."*

FY2022 Actual Expenditure for Instruction: Personnel Services
$ 44,398,702

FY2023 Budget Expenditure for Instruction: Personnel Services
$ 48,529,703

T = Teacher FTEs · VDOE Average Teacher Compensation for LCS

P = Principal FTEs · VDOE Average Principal Compensation for LCS

A = Asst. Principal FTEs · VDOE Average Asst. Principal Compensation for LCS

C = Fiscal Year Total (Instruction Category Personnel Services)

LCS Operating Budget: Instruction (Personnel Services)

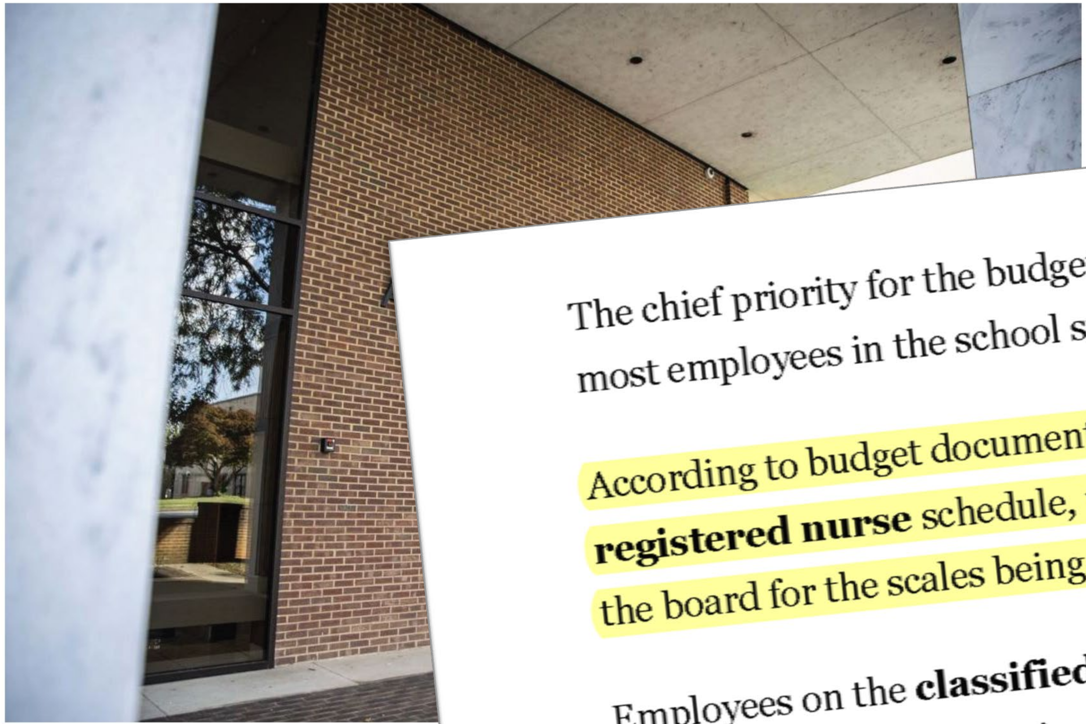
What happened between FY 2022 and FY 2023?

	FY2022 (Actual)	FY2023 (Budgeted)	Increase/(Decrease)
VDOE: LCS Teacher Average Compensation	$ 51,675	$ 47,315	(8.44%)
VDOE: LCS Principal Average Compensation	$ 88,052	$ 86,423	(1.85%)
VDOE: LCS Asst. Principal Average Compensation	$ 68,507	$ 75,342	9.98%

lynchburg

Lynchburg City School Board approves budget for 2022-23 school year

Bryson Gordon
Jun 8, 2022



The Lynchburg City Schools Administration Building locat
Kendall Warner

Bryson Gordon

After months of discussion and waiting for a state budget, the Lynchburg City School Board voted to approve the school system's operating budget for the 2022-23 school year.

The chief priority for the budget, according to Edwards, is the bump in salary that will come for most employees in the school system.

According to budget documents, employees on the **teacher pay** schedule, as well as the **registered nurse** schedule, will receive a minimum raise of 5%, with the average raise across the board for the scales being 6.45%.

Employees on the **classified pay** schedule will be moved to a new classified pay schedule and receive a minimum 5% raise, with the average raise being 7.27%.

Exit Reason for Leaving SY 21-22 & SY 22-23

185 Certified Staff Resignations for SY 21-22

- Other **56**
- Accept another Teaching position **34**
- Personal Relocation **28**
- Family Obligations **21**
- Retirement **19**
- Better Benefits/ Higher Salary **11**
- Accept another ADMIN Position **5**
- Private Employment **5**
- Continuing Education **2**
- Maternity **1**
- Marriage **3**

47 Certified Staff Resignations for SY 22-23

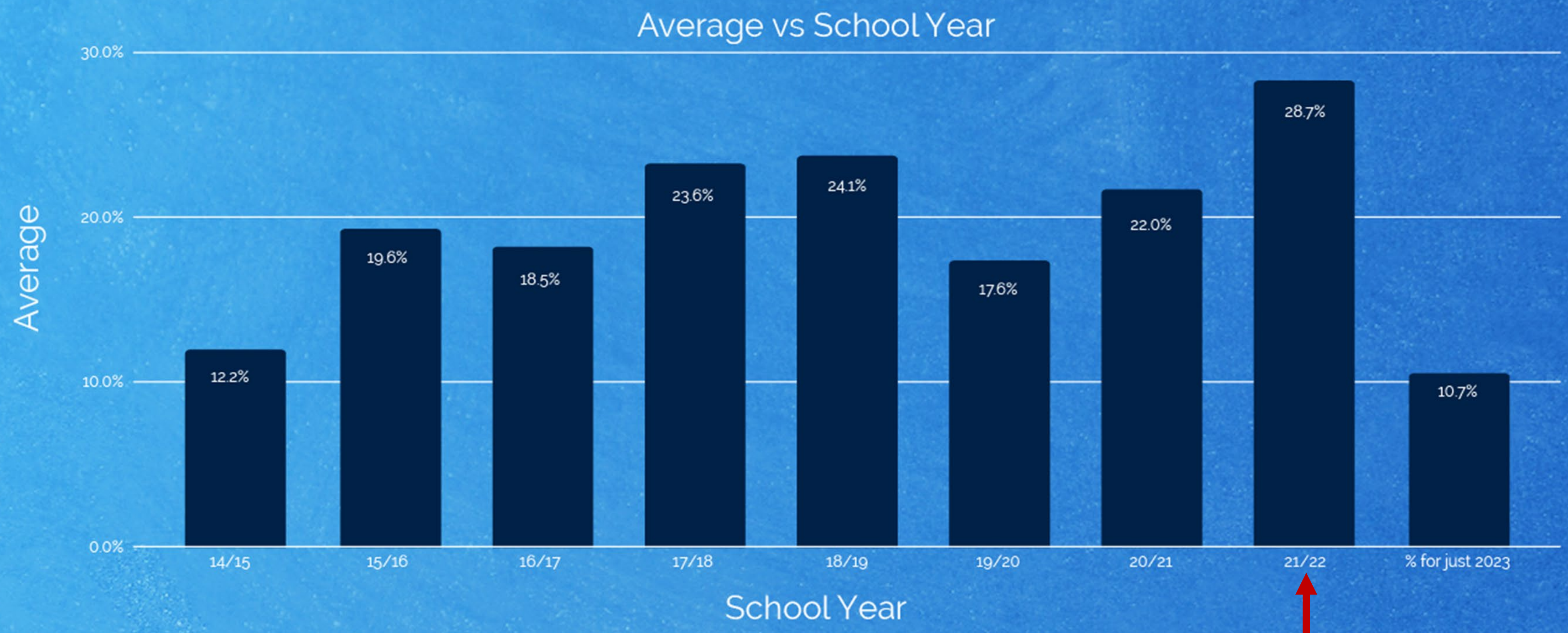
- Other **19**
- Personal Relocation **8**
- Retirement **3**
- Private Employment **1**
- Family Obligations **9**
- Better Benefits/ Higher Salary **1**
- Accept another Teaching position **5**
- Accept another ADMIN Position **1**

A TRADITION OF EXCELLENCE FOR ALL

LYNCHBURG CITY SCHOOLS

Exit Data

Teacher Resignations by Year, 14/15 - 22/23



FY 2023 budget process occurs in 3rd quarter

A TRADITION OF EXCELLENCE FOR ALL

LCS

LYNCHBURG CITY SCHOOLS

Exit Data

Resignations by Years of Experience, 19-22

A TRADITION OF EXCELLENCE FOR ALL

LCS

LYNCHBURG CITY SCHOOLS

School year ending in Spring 2022

LCS Operating Budget: Instruction (Personnel Services)

What we know:

There was a historic wave of certified staff resignations in the 2021-2022 School Year (FY 2022).

Average teacher pay **decreased 8.4%** in FY2023 with an approved 5% pay increase in the adopted budget.

FY2024 LCS Operating Budget

$$(T + P + A) + x = C$$

Solve for x.

T = Teacher Pay
P = Principal Pay
A = Assistant Principal Pay
C = Total Instruction Compensation

	FY2022	FY2023	FY2024
Teacher FTEs	619.35	619.35	622.35*
Principal FTEs	19	19	19
Asst. Principal FTEs	17	17	17

	FY2022 (Actual)	FY2023 (Budgeted)
VDOE: LCS Teacher Average Compensation	$ 51,675	$ 47,315
VDOE: LCS Principal Average Compensation	$ 88,052	$ 86,423
VDOE: LCS Asst. Principal Average Compensation	$ 68,507	$ 75,342

FY2022 Actual Expenditure for Instruction: Personnel Services
$ 44,398,702

FY2023 Budget Expenditure for Instruction: Personnel Services
$ 48,529,703

	FY2022	FY2023	FY2024
T	$ 32,004,911	$ 29,304,545	$ 33,862,064
P	$ 1,672,988	$ 1,642,037	$ 1,724,345
A	$ 1,164,619	$ 1,280,814	$ 1,344,870
x	*$9,556,184*	*$ 16,302,307*	$ 12,502,926
C	**$ 44,398,702**	**$ 48,529,703**	***$ 49,434,205***

T = Teacher FTEs · VDOE Average Teacher Compensation for LCS

P = Principal FTEs · VDOE Average Principal Compensation for LCS

A = Asst. Principal FTEs · VDOE Average Asst. Principal Compensation for LCS

C = Fiscal Year Total (Instruction Category Personnel Services)

FY2024 LCS Operating Budget

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Solve for x.

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	FY2022	FY2023	FY2024
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	FY2022 (Actual)	FY2024 (Budgeted)
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VDOE: LCS Asst. Principal Average Compensation	$ 68,507	$ 75,342

FY2022 Actual Expenditure for Instruction: Personnel Services
$ 44,398,702

FY2023 Budget Expenditure for Instruction: Personnel Services
$ 48,529,703

	FY2024 Calculated FTEs	FY2024 Calculated Average Pay	FY2024 Calculated Expenditure	Notes
Teachers	622.35	$ 54,410	$ 33,862,064	15% Increase to average teacher pay. Current SY 22-23 base is $ 43,470.
Principals	19	$ 90,755	$ 1,724,345	5% increase to current VDOE average Principal Compensation for LCS.
Asst. Principals	17	$ 79,110	$ 1,344,870	5% increase to current VDOE average Asst. Principal Compensation for LCS.
Additional Instructional Staff			$ 12,502,926	11.2% Increase to distributed contract totals for remaining Instruction Staff.
Instruction: Personnel Services			**$ 49,434,205**	**1.9% increase to unrealistic FY23 Expenditure, & 11.3% increase to FY22.**

FY2024 LCS Operating Budget (Expenditures)

	Actual FY 2022	Agency Amended FY 2023	Agency Submitted FY 2024	Agency Inc/(Dec) Amended from Submitted	*FY 2024 Funding Proposal*
INSTRUCTION					
Personnel Services	$44,398,702	$48,529,703	$55,649,525	$7,119,822	***$49,434,205***
Employee Benefits	17,394,137	20,252,318	23,038,111	2,785,793	***20,465,057***
Purchased Services	1,966,980	1,799,462	1,799,462	0	***1,799,462***
Internal Services	101,997	11,242	2,100	(9,142)	***2,100***
Other Charges	63,838	201,820	106,240	(95,580)	***106,240***
Materials and Supplies	3,167,454	1,107,539	1,082,524	(25,015)	***1,082,524***
Tuition Payments/Joint Operations	1,131,865	1,226,581	1,226,581	0	***1,226,581***
Capital Outlay	81,963	59,009	54,639	(4,370)	***54,639***
TOTAL INSTRUCTION	**$68,306,936**	**$73,187,674**	**$82,959,182**	**$9,771,508**	***$74,170,808***

FY2024 LCS Operating Budget (Expenditures)

	Actual FY 2022	Agency Amended FY 2023	Agency Submitted FY 2024	Agency Inc/(Dec) Amended from Submitted	***FY 2024 Budget Calculations***
ADMINISTRATION					
Personnel Services	$4,514,158	$5,223,819	$6,005,075	$781,256	***$4,739,866***
Employee Benefits	1,944,805	2,575,838	2,800,939	225,101	***2,210,809***
Purchased Services	752,581	562,032	562,032	0	***562,032***
Internal Services	14,135	11,539	5,100	(6,439)	***5,100***
Other Charges	605,150	715,555	538,853	(176,702)	***538,853***
Daterials and Supplies	152,494	100,006	70,167	(29,839)	***70,167***
TOTAL ADMINISTRATION	**$7,983,323**	**$9,188,789**	**$9,982,166**	**$793,377**	***$8,126,827***

FY2024 LCS Operating Budget Categorical Funding

FY2024 LCS Categorical Funding History and FY 2024 Funding Proposal

	FY2022 Proposed	FY2022 Actual	FY2022 Actual (CAFR)	FY2023 Amended	FY24 LCS Proposed	Slide Calculations	**Proposed FY2024 Funding**
Instruction	$ 69,147,581	$ 68,306,936	$ 68,296,053	$ 73,187,674	$ 82,959,182	$ 74,170,808	**$ 74,541,662**
Administration	8,042,042	7,983,323	7,983,324	9,188,789	9,982,166	8,126,827	**8,167,461**
Pupil Transportation	5,799,425	6,331,500	5,659,041	6,134,466	6,599,342	6,599,342	**6,599,342**
Operation and Maintenance	11,401,488	12,469,429	11,539,043	12,362,992	12,718,310	12,412,107	**12,474,168**
Facilities	2,390	4,547	4,547	40,210	25,210	25,210	**25,210**
Other Non-Instructional Operations	38,026	19,511	19,510	34,965	42,145	42,145	**42,145**
Technology	6,409,895	6,015,405	5,940,881	5,363,135	5,607,408	5,500,175	**5,527,676**
Contingency Reserves*	-	-	-	-	-	-	**1,800,000**[1]
Capital Outlay**	2,047,097		1,690,511				
TOTALS	$ 102,887,944	$ 101,130,651	$ 101,132,910	$ 106,312,231	$ 117,933,763	$ 106,876,614	**$ 109,177,663**
					Difference From FY23	$ 564,383	**$ 2,865,432**
					Increased State Contribution	$ 4,300,000	**$ 4,300,000**
					Local Funding Change	$ (3,735,617)	**$ (1,434,568)**

* Not used previously by LCS but allowed by Code of Virginia

** Included in CAFR only

[1] The lowest proposed state budget in Richmond includes only $2.5 million for additional state funding, and this reserve would cover the gap if adopted.

FY2024 LCS Categorical Funding Proposal Effect on Gap Reduction

Increase of $ 1,434,568 to the City of Lynchburg Operating Budget

Operating Budget Line Item	Expenditure	Status
Department Budget and Service Level Reductions	- $ 743,036	RESTORED
Eliminate City Council Salaries	- $ 77,508	RESTORED
Eliminate Funding to Discretionary External Service Providers	- $ 30,551	RESTORED
Re-establish Department of Internal Audit for City of Lynchburg	- $ 150,000	ADDED SERVICE

Remaining balance of **$433,473** after services are restored and an internal control measure is added to ensure government oversight.