
COUNTY OF LOUDOUN



OFFICE OF THE COUNTY ADMINISTRATOR

Memorandum

Date: April 10, 2014
To: Board of Supervisors
From: Tim Hemstreet, County Administrator *TH*
Subject: Loudoun County Public Schools Budget

This purpose of this memorandum is to respond to certain questions from some Board Members regarding statements about the Budget that are attributed to the School Superintendent.

Specifically, *Leesburg Today* sent out a “tweet” and posted onto their Facebook page this week a quote that they have attributed to the School Superintendent. The language from *Leesburg Today* is as follows:

“Superintendent Hatrick spoke for the first time publicly tonight on budget reconciliation: ‘Right now we’re trying to close one of the largest gaps between the school board adopted budget and its appropriations of the Board of Supervisors that I have seen in my 47 years in the school system...this is an artificial crisis created by a Board of Supervisors that willfully chose not to listen to the public or the school board about the funding that is needed for this school system...They must be held accountable for what they are doing in Loudoun County.’”

Additionally, some Board members have begun to receive individual messages and notices suggesting that LCPS intends to issue formal “Reduction in Force” notifications to approximately 5,800 employees this week.

I have been asked to provide factual context to these statements. However, I have not spoken with Dr. Hatrick regarding the statements that *Leesburg Today* has attributed to him. To that extent, it is important to note that these comments could have been reported out of context, and so this memorandum speaks only to the words as reported by *Leesburg Today* and does not attempt to provide any context or purpose on the part of the Superintendent.

The staff and I are not able to confirm that this is “one of the largest gaps between the school board adopted budget and its appropriations of the Board of Supervisors” during the tenure of the current Superintendent. It is not clear from the statement as to whether the Superintendent is referring to the overall dollar amount, the percentage amount, or both in his statement.

Notwithstanding, the history of the School Board’s request versus the final Board of Supervisors adopted Budget during the current Superintendent’s tenure is attached as Attachment 1.

In order to place the discussion into context, the year-over-year requested increase from the School Board was 12.4%, of which an 8% increase in funding was appropriated. Due to the overall dollar amount of the Schools Budget of approximately \$921 million (inclusive of bus leases), a \$37.7 million difference is a large number. However, in terms of the overall budget, on a percentage basis, it represents a 4% difference.

It should be noted that there are at least two years, FY 2009 and FY 2011, where the percentage difference between the School Board’s request and the Board appropriation, as well as the overall dollar difference, were higher than the current year difference, showing a 6.1% difference of \$48.7 million in 2009 and 7.1% difference of \$54.4 million in 2011. In FY 2005, the percentage difference of 3.8% is similar to FY 2015, although the dollar amount is different due to the relative size of the budgets for those years. On its surface, while the FY 2015 difference between the School Board’s request and the Board of Supervisors adopted budget is about 4% or \$37.7 million, it does not appear that this is the largest gap that the School Board has had to address during reconciliation.

On a percentage basis, the FY 2015 School Board request represents one of the largest year-over-year increases in recent years, at 12.4%. This is against the projected increase of student enrollment of 2,375 additional students, which represents approximately 3.4% growth in the student base. Further, the school budget will, as adopted, increase by nearly \$68 million, which is also one of the largest year-over-year increases to the school budget, while the increase in enrollment is well below the average annual increase of the last decade.

The main driver in the differential is not the maintenance of existing programs and the provision of services to students. As described by the School Board in their correspondence to you, the main driver of the requested increase is to provide pay increases to staff of anywhere from 1% to 10%, depending upon the nature of the position. The second main driver is a 4.8% overall increase in the number of FTEs to their budget, or 459 new positions. Given the responses provided by the school’s staff to Board questions, it appears that many of these positions are actually intended to backfill previous requests not granted by the School Board and are in addition to those needed to purely address year over year growth. In fairness to LCPS staff, this is largely due to how the staff builds the budget; however, it would appear to be misleading to attribute the 335 positions and the associated \$37.9 million request to “Accommodating Continued Growth” when this number appears to include significantly more than that necessary to address the incremental increase in students.

Based solely on the information provided by the School Board, without commentary or review of need, it appears that it is both plausible and possible to maintain existing service levels within LCPS, provide a 3% overall pay increase to staff, and provide some level of enhancements within the additional funds provided by the Board of Supervisors.

Having said that, it appears that some of the current considerations being discussed by the School Board include potentially funding pay increases above the 3% level, along with a desire to implement new programs beyond the levels of funding provided by the Board of Supervisors. If this is the desire of the School Board, then it is plausible that significant changes to the current operational paradigm will be necessary, and this may create the need to eliminate existing positions in order to fund these new initiatives. However, these are intentional management decisions on the part of the School Board and the School Administration.

We have also confirmed that LCPS issued Reduction in Force notifications to its licensed staff, who are primarily teachers. According to Wayne Byard, notices were given to just under 5,800 current employees. The explanation that we have received is that the School Board has not determined how it will proceed with its budget reconciliation process. Therefore, the Superintendent and his staff have determined that it is necessary for them to issue these notices in the event the School Board decides to eliminate certain existing positions. Mr. Byard refers to VA Code Section 22.1-304 (F) (attached) as providing a statutory requirement to issue these notices. Mr. Byard provided us with a copy of the general notice, as well as the FAQs that they are issuing, and these are also attached.

It is a management decision by LCPS to place the entire licensed workforce on notice. Based on the proposals under consideration by the School Board, the actual number of positions in LCPS will likely increase over the current year, with the majority of these increases being within the licensed employee classifications. While there may be some targeted elimination of positions, as noted above, to fund priorities of the School Board, it would appear implausible that the vast majority of the School employees receiving notices would actually be at risk. From the perspective of appropriate management practice, as County staff, we would have recommended waiting another week for the Board to be more specific in deliberations and issued targeted notices once it was more clear as to what was actually under serious consideration. This would be permissible under State Code considering the Board's appropriation occurred only one week ago, on April 2, 2014, and the notices must be sent "within two weeks of the approval of the school budget by the appropriating body...."

Should you have additional questions, please feel free to contact me.

Attachments

cc: Ben Mays, Chief Financial Officer

School Board Request v. Adopted School Fund Budget (OPEB, bus leases included)

Attachment 1

Fiscal Year	School Board Request	Board Adopted School Fund Budget	Difference	Request vs. Prior Yr. Adopted	Change in Request YOY	Change in Adopted YOY	% of SB Request Funded	Student Enrollment	Change in Enrollment YOY	Unassigned Fund Balance (Undesignated)	Use of Fund Balance (approp. res)****
FY2000	\$ 214,034,767	\$ 204,641,515	\$ (9,393,252)					28,787		\$ 4,556,438	\$ 815,000
FY2001	\$ 288,480,715	\$ 249,308,170	\$ (39,172,545)	41%	35%	22%	86%	31,804	10%	\$ 641,561	\$ 3,077,475
FY2002	\$ 298,593,646	\$ 297,093,646	\$ (1,500,000)	20%	4%	19%	99%	34,589	9%	\$ 1,969,946	\$ 700,000
FY2003	\$ 363,190,010	\$ 355,464,893	\$ (7,725,117)	22%	22%	20%	98%	37,532	9%	\$ 9,308,226	\$ 1,500,000
FY2004	\$ 407,609,911	\$ 395,611,766	\$ (11,998,145)	15%	12%	11%	97%	40,751	9%	\$ 3,838,298	\$ 2,500,000
FY2005*	\$ 476,211,715	\$ 469,011,715	\$ (7,200,000)	20%	17%	19%	98%	44,014	8%	\$ 3,534,369	\$ 2,000,000
FY2006*	\$ 544,542,494	\$ 537,542,494	\$ (7,000,000)	16%	14%	15%	99%	47,361	8%	\$ 8,333,130	\$ 2,500,000
FY2007	\$ 638,038,387	\$ 613,856,662	\$ (24,181,725)	19%	17%	14%	96%	50,478	7%	\$ 9,802,558	\$ 1,000,000
FY2008	\$ 719,564,208	\$ 700,564,208	\$ (19,000,000)	17%	13%	14%	97%	54,047	7%	\$ 18,908,769	\$ 6,000,000
FY2009	\$ 811,338,813	\$ 762,600,922	\$ (48,737,891)	16%	13%	9%	94%	57,009	5%	\$ 27,540,778	\$ 9,000,000
FY2010**	\$ 764,053,183	\$ 749,498,960	\$ (14,554,223)	0%	-6%	-2%	98%	60,096	5%	\$ 40,834,609	\$ 20,000,000
FY2011***	\$ 783,359,615	\$ 728,989,662	\$ (54,369,953)	5%	3%	-3%	93%	63,220	5%	\$ 17,267,996	\$ 33,400,000
FY2012*	\$ 778,200,000	\$ 766,946,877	\$ (11,253,123)	7%	-1%	5%	99%	65,668	4%	\$ 1,050,478	\$ 10,000,000
FY2013	\$ 829,646,805	\$ 832,997,743	\$ 3,350,938	8%	7%	9%	100%	68,289	4%	\$ 1,044,517	\$ 10,000,000
FY2014	\$ 869,694,906	\$ 853,672,450	\$ (16,022,456)	4%	5%	2%	98%	70,858	4%		\$ 10,000,000
FY2015	\$ 959,722,987	\$ 921,985,197	\$ (37,737,790)	12%	10%	8%	96%	73,233	3%		\$ 10,000,000
Average				15%	11%	11%	97%		6%		

*School Board Request calculated using rounded figure from School Board Adopted document. Exact number unavailable.

**Original School Request of \$753.6M did not include \$10.5M in OPEB funds for which reconciliation was required. For comparison purposes the original request has been updated to include OPEB.

***Original School Request of \$772.9M did not include \$10.5M in OPEB funds for which reconciliation was required. For comparison purposes the original request has been updated to include OPEB.

****Years between FY 08 and FY 11 show anomilies in Undesignated Fund Balance mainly due to Federal Stimulus (ARRA) funding and State VRS holidays which allowed reallocation of this funding to succeeding years. The Use of Fund Balance column is shown for display purposes and is also included as part of each year's School Board Request and Adopted Budget numbers as a carryover of prior years fund balance.

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(§ 22.1-304) Reemployment of teacher who has not achieved continuing contract status; effect of continuing contract; resignation of teacher; reduction in number of teachers.

A. If a teacher who has not achieved continuing contract status receives notice of reemployment, he must accept or reject in writing within 15 days of receipt of such notice. Except as provided in § 22.1-305 and except in the case of a reduction in force as provided in subsection F, written notice of nonrenewal of the probationary contract must be given by the school board on or before June 15 of each year. If no such notice is given a teacher by June 15, the teacher shall be entitled to a contract for the ensuing year in accordance with local salary stipulations including increments.

B. Teachers employed after completing the probationary period shall be entitled to continuing contracts during good behavior and competent service. Written notice of noncontinuation of the contract by either party must be given by June 15 of each year; otherwise the contract continues in effect for the ensuing year in conformity with local salary stipulations including increments.

C. A teacher may resign after June 15 of any school year with the approval of the local school board or, upon authorization by the school board, with the approval of the division superintendent. The teacher shall request release from contract at least two weeks in advance of intended date of resignation. Such request shall be in writing and shall set forth the cause of resignation.

If the division superintendent has been authorized to approve resignations, a teacher may, within one week, withdraw a request to resign. Upon the expiration of the one-week period, the division superintendent shall notify the school board of his decision to accept or reject the resignation. The school board, within two weeks, may reverse the decision of the division superintendent.

In the event that the board or the division superintendent declines to grant the request for release on the grounds of insufficient or unjustifiable cause, and the teacher breaches such contract, disciplinary action, which may include revocation of the teacher's license, may be taken pursuant to regulations prescribed by the Board of Education.

D. As soon after June 15 as the school budget shall have been approved by the appropriating body, the school board shall furnish each teacher a statement confirming continuation of employment, setting forth assignment and salary.

Nothing in the continuing contract shall be construed to authorize the school board to contract for any financial obligation beyond the period for which funds have been made available with which to meet such obligation.

E. A school board may reduce the number of teachers, whether or not such teachers have reached continuing contract status, because of decrease in enrollment or abolition of particular subjects.

[F. Within two weeks of the approval of the school budget by the appropriating body, but no later than July 1, school boards shall notify all teachers who may be subject to a reduction in force due to a decrease in the school board's budget as approved by the appropriating body.]

G. If a school board implements a reduction in workforce pursuant to this section, such reduction shall not be made solely on the basis of seniority but must include consideration of, among other things, the performance evaluations of the teachers potentially affected by the reduction in workforce.

(Code 1950, § 22-217.4; 1968, c. 691; 1978, c. 147; 1979, c. 98; 1980, c. 559; 1992, c. 132; 1993, c. 294; 1996, c. 840; 2000, c. 709; 2001, c. 540; 2002, c. 714; 2003, c. 706; 2012, cc. 106, 687; 2013, cc. 588, 650.)

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April 9, 2014

Dear Licensed Employee:

The Loudoun County School Board is seeking to reconcile its fiscal year (FY) 2015 budget. Currently there is a gap between funds appropriated for the FY 15 budget and the School Board's proposed FY 15 budget. As a result, you may be subject to a reduction-in-force (layoff), but **you have not been actually selected for a layoff at this time. This notice is being sent to you to comply with section 22.1-304(F) of the Code of Virginia, which requires that teachers in an area that may be affected by reduction-in-force be notified within two weeks of budget appropriation.** You are receiving this letter because you are an employee who receives an annual or continuing contract and has a teaching license. We will notify you individually if you are actually selected for layoff.

Although we anticipate any reduction in force will impact only a small percentage of employees, we encourage you to review School Board Policy §7-73 (***Reduction in Force – Licensed Employees***) to answer any questions you might have about RIF and recall. The policy can be found on the Loudoun County Public Schools website at [www.lcps.org](http://www.lcps.org/cms/lib4/VA01000195/Centricity/Domain/9/Chapter%207/7-73.pdf) under ***Our District, Policy and Regulation, Chapter 7 Personnel, 7-73.*** The link is provided below:
<http://www.lcps.org/cms/lib4/VA01000195/Centricity/Domain/9/Chapter%207/7-73.pdf>

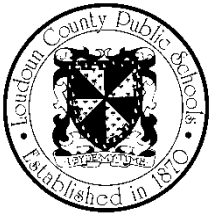
We have also prepared a Frequently Asked Questions (FAQ) document about this initial notice that you will receive with this letter. The document will be posted on the announcements page of the LCPS website and will be updated throughout the spring should a reduction-in-force occur and as more questions arise.

Please be aware that we are unable to identify particular individuals for notices at this time as a reduction-in-force has not yet occurred. If after reviewing the FAQ document and the School Board policy you have additional questions, please contact the Department of Personnel Services at (571) 252-1100 for assistance.

Sincerely,



Kimberly L. Hough, Ed.D.
Assistant Superintendent for Personnel Services



**Loudoun County Public Schools
Reduction-in-Force (RIF) NOTICES
Frequently Asked Questions (FAQs)
April 2014**

This document is intended to help answer questions that may come up after a notice of a possible RIF (reduction-in-force) has been distributed. You have been notified of this action in an effort to comply with section [22.1-304](#) (F) of the Code of Virginia. This code requires school divisions to inform teachers formally when the possibility of a reduction-in-force exists. What you have received is a formal announcement of the possibility of a RIF in the future. This notice was sent to all annual and continuing contract employees with a Virginia Department of Education license, regardless of seniority level. An actual RIF will affect a small number of employees; the vast majority of LCPS employees will not be affected by a reduction-in-force.

1. Why would this notice be sent to ALL teachers?

The Loudoun County School Board is seeking to reconcile its fiscal year (FY) 2015 budget. Currently there is a gap between funds appropriated for the FY 15 budget and the School Board's proposed FY 15 budget. At this time, LCPS does not know which specific endorsement areas will be affected by the reconciliation process. **This notice is being sent to you to comply with section [22.1-304](#)(F) of the Code of Virginia, which requires that teachers in an area that may be affected by reduction-in-force be notified within two weeks of a budget appropriation.**

2. Does the initial RIF notice I received mean I will probably lose my job?

Currently no one has been RIF'd. This reduction-in-force notice was sent to all employees whose job requires a VDOE license because, as part of the 2014-2015 budget reconciliation process, the Loudoun County School Board is considering eliminating various positions that have yet to be identified.

3. I am on a continuing contract. Why would I receive a notice of a possible RIF?

See answer to #1.

4. How will I know if my position has been eliminated?

You will receive an official written notification that your individual position has been subject to a reduction-in-force.

5. When will the final notification be made?

The absolute deadline is June 15, 2014, but it is hoped that the formal notification will be sooner.

6. What factors will be considered when deciding who will be RIF'd?

If a reduction-in-force occurs in a particular endorsement area, reductions will be made in the following order without regard to probationary or continuing contract status:

- The least senior licensed employees within the endorsement or programmatic area to be reduced who have received an unsatisfactory summative rating within the most recent formal evaluation cycle.
- The least senior licensed employees within the endorsement or programmatic area to be reduced who have received a developing/needs improvement summative rating for the most recent formal evaluation cycle.
- The least senior licensed employee within the endorsement or programmatic area to be reduced.

See [School Board Policy §7-73](#) Reference: Code of Virginia [§22.1-304](#), [22.1-305](#)

7. Does this mean that I will not get a contract for 2014-2015?

An actual reduction-in-force has not yet occurred. The number of jobs eliminated will be determined after the budget is reconciled and current vacancies are identified. Contracts will then be issued.

8. After the reduction-in-force, will teaching positions be posted as people retire or leave the county?

Once all RIFs have been completed, any new vacancies will be used to recall those continuing contract teachers whose jobs were eliminated. Please see [School Board Policy §7-73](#) for an explanation of the recall process. It is anticipated that some positions will still be posted for external candidates because a RIF is unlikely to affect all content areas.

9. If my position is eliminated, do I have to reapply for positions that are posted?

As noted in the recall procedures in [School Board Policy §7-73](#), *continuing contract* teachers who have been RIF'd will be placed in vacancies as they become available. If you are a *probationary* teacher (on a non-continuing contract) whose position was eliminated, you will need to reapply for any vacancies posted. If you have questions about updating your application, LCPS Department of Personnel Services application specialists are available to assist you.

10. I work with an assistant, but he/she did not receive a RIF notice. Why?

These notices were distributed to licensed employees only to comply with Virginia Code. Any layoffs of classified employees will follow procedures outlines in [School Board Policy §7-74](#). These employees will be notified individually only if they are subject to layoff.

11. If my teaching position is eliminated, may I move into a teacher assistant position, “bumping” a current classified employee?

No. [School Board Policy §7-73](#) only offers a process for licensed reduction-in-force. Moving from a licensed position to a classified position is not listed as an option in this policy. However, you may apply for a vacant classified position.