

# Policy Briefing Summary

## City Council



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| <b>Regarding:</b>               | <b>Resolution to Allocate \$2,000,000 School Operations Contingency Funds and Amend the FY 2027 Charlottesville City Schools Budget and the City's Pupil Transportation Budget</b> |
| <b>Staff Contact(s):</b>        | Renne Hoover, Finance Director. Charlottesville City Schools, Krisy Hammill, Director of Budget                                                                                    |
| <b>Presenter:</b>               | <b>Royal Gurley, Superintendent, Charlottesville City Schools</b>                                                                                                                  |
| <b>Date of Proposed Action:</b> | August 17, 2026                                                                                                                                                                    |

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### Issue

As part of the fiscal year 2027 budget, City Council allocated \$2,000,000 to the School Operations Contingency account, subject to the finalization of the state budget and funding allocation for Charlottesville City Schools (CCS). Additional action by the Council is required to authorize the release of these funds and to amend the CCS budget for the fiscal year.

### Background / Rule

Under Section 22.1-93 of the Code of Virginia, City Council must review and approve the annual budget for CCS. The CCS budget includes federal, state and local funding. In April, when the City adopted its FY 2027 budget, the state budget was not yet final and as a result, the City's FY 2027 budget resolution included language the following language:

*"City Council further establishes a School Operations Contingency in the amount of \$2,000,000, which represents funds associated with potential variances between estimated and actual state funding to the Charlottesville City School Division. Such contingency funds shall remain under the control of the City and shall not be transferred to the School Division except by subsequent appropriation by City Council.*

*In determining any subsequent appropriation from such contingency, City Council intends to retain up to fifty percent (50%) of any state funding received by the School Division in excess of the amount assumed in the FY-2027 School Board budget."*

The Virginia General Assembly formally adopted the state budget on June 22, 2026 and Governor Spanberger signed it into law on June 29, 2026. On July 2, 2026, Virginia Department of Education released and confirmed that CCS would be receiving an additional \$318,847 in state funding for a total of \$25,238,388.

### Analysis

#### CCS Budget Amendments

Following the joint School Board and City Council meeting on August 12, 2026, CCS requests a budget amendment of \$1,840,576—reflecting the full contingency minus the City's 50% share of additional state revenue (\$2,000,000 - \$159,424). In March, CCS sought \$81,595,593 in local funds, up \$2,569,071 from FY 26. With revisions, the local funding increase is now \$2,409,647 (\$2,569,071 less \$159,424), totaling \$81,436,169.

CCS is asking the Council to both release the contingency and adjust the Special Revenue Fund Budgets. The request includes shifting \$822,558 from the General Fund to the Special Revenue funds

to cover salary increases that resulted from collective bargaining agreements.

### **Pupil Transportation Budget Amendments**

In addition to amending the CCS, there is also a request to allocate additional funds to the City's Pupil Transportation budget to convert 6 - 30 hour driver positions to 40-hour positions and to add 4 bus aide positions. The total needed for these changes would be an amount not to exceed \$302,652 (up to \$143,228 from CCS for the aides and \$159,424 from the contingency). The actual costs will vary depending on the benefit selections made by each of the employees. Thus, the request is a "not to exceed amount". CCS will fund the bus aides using existing budget and requests that the City use its share of the state allocation to increase the Pupil Transportation budget to cover the cost of the driver conversion and the cost of staffing model for pupil transportation system.

### **Financial Impact**

The proposed CCS budget amendment will increase funding by \$1,840,576, reflecting the release of contingency funds minus the City's portion of new state revenue. Local funding adjustments result in a revised CCS allocation of \$81,436,169 for FY 27, a net increase of \$2,409,647 over the previous year.

Additionally, \$302,652 is requested for the City's Pupil Transportation budget to convert driver positions and add bus aides, with actual costs dependent on employee benefit choices. CCS will use both increased state funds and existing balances for bus aide costs, while the City's portion of state funding is designated for driver conversion and a transportation system optimization study.

### **Recommendation**

Staff recommends approval of the resolution.

### **Recommended Motion (if Applicable)**

### **Attachments**

1. CCS Contingency Request PPT - August 12, 2026 Work Session
2. Resolution to Release \$2M Schools Operating Contingency