FY 2026–2027 Budget Amendment

Additional State Revenue Allocation & Technical Adjustments

State Budget Adoption & Revenue

State Legislative Timeline

Adoption Date: The General Assembly formally adopted the State Budget on **June 22, 2026**.

Executive Approval: Signed into law by Governor Spanberger on **June 29, 2026**.

Virginia Department Of Education: Released the official Calculation Tool on **July 2, 2026**, confirming final state allocations.

Additional State Funding: +$318,847

State revenues increased from the Governor's Proposed Budget to the Adopted Budget due to updated revenue projections for Sales Tax and Lottery Proceeds.

Budget Alignment & City Contingency

$2.0M

School Operations Contingency

Requires Appropriation by City Council

Reconciling City vs. School Division Budgets

City Adopted Budget:	$ 127,377,481
Schools Adopted Budget:	$ 129,377,481
Budget Variance:	$2,000,000

City Council set aside funds in a School Operations Contingency account pending future Council approval. This contingency was established due to the lack of an approved state budget.

> The City also added language that City Council intends to retain up to 50% of state funding received by the School Division in excess of the School's FY 2027 Budget.

City's Appropriation Calculation

Calculation Line Item	Description	Amount ($)
School's Request from City	Presented to City Council on March 2, 2026	$2,569,071
City Contingency Base	Base amount set aside in City's Operations Contingency	$2,000,000
50% State Revenue Offset	50% retention applied to $318,847 additional State revenue	-$159,424
Net Contingency Released to Schools (Based on Approval of City Council)	Contingency base ($2,000,000) less 50% state offset ($159,424)	$1,840,576
Total Adjusted City Appropriation	School ask ($2,569,071) less 50% state offset ($159,424)	$2,409,647
Net Expendable Capacity for Schools	State gain ($318,847) less City reduction ($159,424)	$159,423

Expenditure Allocation Recommendation

1% Admin Pay Increase

$86,085

- Increase administrative staff salaries by an additional 1% for a total 4% FY 2027 salary increase.
- Aligns administrative staff compensation with the state-approved 4% raise for SOQ positions.
- Additional 1% increase would be retroactive to July 1, 2026.

Additional 1% Raise

$73,338

- Allocate the remaining available funds to provide an additional 1% salary increase for administrative staff for a total of 5%.
- Combined with the 1% proposal, the total additional increase would be 2%, bringing the FY 2027 administrative salary increase to 5%.
- The estimated cost of the second 1% increase is $86,355, for a total cost of $172,710 for the combined 2% increase.
- The remaining funding variance of $12,747 can be absorbed through vacancy savings from reconfiguration. Positions that were consolidated after the budget was adopted.

Total Allocated Funds

$159,423

- Fully balances the proposal using the net revenue gain of $159,423.
- Provides equitable investment in administrative compensation.
- Supports the division’s commitment to recruiting, retaining, and recognizing high-quality leadership.

Technical Adjustments

$822,558

GENERAL FUND TRANSFER TO

Special Revenue Funds

Special Revenue Budget Alignment

To finalize the Special Revenue Fund Budgets and account for salary increases resulting from collective bargaining agreements, an additional **$822,558** will be transferred from the General Fund to Special Revenue Funds.

Impacted Special Revenue Programs:

- CATEC
- School Nutrition
- Preschool Programs
- Grant Funds

FY 2026–2027 Budget Amendment Summary

Revenue Source	Adopted FY 2026 – 2027 Budget	Change to General Fund	Change to Special Revenue Fund	General Fund	Special Revenue Funds	Amended FY 2026 – 2027 Budget
City Appropriation	$ 81,595,593	$ (981,982)	$ 822,558	$ 73,432,954	$ 8,003,215	$ 81,436,169
Fund Balance	10,655,333	-	-	10,655,333	-	10,655,333
Local	5,229,027	-	-	466,000	4,763,027	5,229,027
State	24,919,541	318,847	-	21,530,257	3,708,131	25,238,388
Federal	6,977,987	-	-	12,000	6,965,987	6,977,987
Total Revenues	$ 129,377,481	$ (663,135)	$ 822,558	$ 106,096,544	$ 3,440,360	$ 129,536,904

Next Steps

1. City Council

- **August 12, 2026 - Joint City Council-School Board Work Session:** Present the budget amendment, provide an update on additional state revenue received for the FY 2026-2027 budget, and outline the planned use of funds to support personnel costs associated with collective bargaining salary actions.
  Request City Council consideration of a $1,840,576 appropriation from the School Operations Contingency, representing the release of funds held in contingency less the 50/50 split of additional state revenue.
- **August 17, 2026 - City Council Meeting:** Request City Council action on the appropriation to support timely implementation of the FY 2026-27 budget.

2. School Board

- **September 3, 2026 - School Board Meeting:** Take action to approve the FY 2026-27 Budget Amendment.