



## FY 2024 Recommended Budget Budget Question

Board Question #: 7

**BUDGET QUESTION:** What inflation factor is include in the Schools CIP? Have the impacts of the recession, interest rates, and projected birth rates been factored into the CIP? If so, how did these factors affect the CIP?

**RESPONDING DEPARTMENT/OFFICE:** Schools

**RESPONSE:**

Similar to the County and Other School Divisions, the School Division updates their estimated costs as part of the budget process each year. As part of this process, the estimated costs for projects are updated by the respective departments (Transportation, Technology, and Facilities) based on the best information available. Prior to the pandemic, it was common to see a 2 - 5 percent increase in costs depending on various socioeconomic factors. Recently, however, this dynamic has changed significantly with global logistical, supply/demand, and other challenges related to the pandemic, energy costs, etc. For this reason, the School Board held meetings in September and November, understanding that construction costs continue to rapidly change. Right now, the schools are seeing 20 - 40 percent fluctuations on project costs and it is difficult to predict what can happen beyond several months. Most vendors have sharpened their timeline for valid quotes as a result of uncertainty on their end related to materials, delivery time, labor costs, fuel costs, etc.