

SCHOOL BOARD AGENDA ITEM

Agenda Item No. V.A.

Prepared: February 19, 2002

New Business: March 7, 2002

Action: March 21, 2002

Staff Contact: Charles Woodruff, Chief Financial Officer, Financial Services

SUBJECT: FY 2002 Third Quarter Budget Review

RECOMMENDATION:

That the School Board approve expenditure adjustments reflected in the FY 2002 third quarter budget review, as detailed in the agenda item.

EXPLANATION:

This budget review includes no revenue adjustments. Recommended expenditure increases will be offset by reductions to the vehicle services and utility accounts. Approval of the recommendations in this agenda item will require an additional \$382,880 in FY 2003 as these are ongoing expenditures.

Details on adjustments to other funds are included in section II. None of these actions require an increase in the County General Fund transfer.

A summary of the competitive grants activity is attached.

Attachments

I.	EXPENDITURE ADJUSTMENTS	<u>AMOUNT</u>	<u>POSITIONS</u>
✓	<p>A. Waterford Early Reading Program</p> <p>The 190 computers for the Waterford Early Reading Program will be off warranty October 1, 2002. There have been many repair issues and loss of instructional time due to broken computers. The current equipment can no longer be maintained or repaired and replacement components are no longer available. Instructional Services will provide the funding for half of the costs by reallocating existing funds; the remaining \$215,350 is requested at this time.</p>	\$215,350	
0	<p>B. Hearing Impaired - Hourly Teacher</p> <p>Additional funds are required for contracted employees to provide interpretation services, as required by the Americans with Disabilities Act.</p>	129,180	
0	<p>C. Hearing Impaired - Other Professional Services</p> <p>In order to continue providing sign language interpretation services to students by outside agencies, an increase in funding is needed.</p>	25,000	
✓	<p>D. Homebound Services - Hourly Teacher</p> <p>These funds will pay hourly teachers to provide homebound services to students who cannot attend school for either medical or disciplinary reasons; however, by law they must receive educational services.</p>	134,563	
✓	<p>E. Alternative Program Tuition - Nonresidential Tuition</p> <p>Additional funding is required for services provided by the Richard Milburn High School, which educates expelled/excluded students who are unable to attend the public school alternative learning centers due to continued violence, criminal behavior, or substance abuse.</p>	101,407	
0	<p>Recurring</p> <p>✓ Nonrecurring</p>		

	<u>AMOUNT</u>	<u>POSITIONS</u>
<p>F. Student Registration - Hourly Technical</p> <p>Additional funding is needed to continue providing hourly bilingual registrars and foreign language interpreters for staff, students, and parents in a wide variety of situations throughout the school system, as well as providing assessment, registration, and placement services for foreign-born and language-minority students entering FCPS for the first time.</p>	164,705	
<p>G. Student Registration - Hourly Administrative Assistant</p> <p>In order to continue providing hourly bilingual administrative assistants to support processing requirements of student registration, an increase in funding is needed.</p>	38,700	
<p>H. Office of Equity and Compliance - Other Professional Services</p> <p>Due to an unexpected increase in the number of newly hired deaf and hard-of-hearing employees, an increase in funding for interpretation services required under the Americans with Disabilities Act is needed.</p>	50,000	
<p>I. Office of Benefit Services – Hourly Office Assistant</p> <p>Additional funding is needed to cover current expenditures as a result of processing open enrollment forms and the responsibility for the management of retiree health care issues.</p>	60,000	
<p>J. Office of Benefit Services - Printing</p> <p>Due to changes made in the benefits program and the emphasis on the communication of those changes to employees, an increase in funding for printing is needed to cover current expenditures and future printing for issues on retiree health care.</p>	45,000	
<p>K. Office of Employment Services – Hourly Technical</p> <p>Due to the increase in the number of newly hired employees, as well as the need to provide Gallup interviews for all new teachers and administrators, an increase in funding is needed.</p>	38,000	
<p>Recurring</p> <p>Nonrecurring</p>		

		<u>AMOUNT</u>	<u>POSITIONS</u>
0	L. Contracted Custodial Services	55,000	
	<p>Funding is needed to pay for contract custodial services at additional leased office and classroom space; for increases in the new cleaning contract; and to fund the cost of contract cleaners used to cover vacations and absences at administrative centers.</p>		
0	M. Office of Risk Management – Overtime	37,000	
	<p>Historically, on-duty security officers were used for School Board meetings and all expulsion hearings. Due to the events of September 11, 2001, the policy was changed and all of the School Board meetings and the hearings are staffed with off-duty security officers using overtime funds. The policy provides for the maximum daytime staffing of on-duty personnel and requires additional funding of \$37,000.</p>		
✓	N. Chapel Square Fire Alarm System	75,000	
	<p>The fire alarm currently in place has a malfunction that cannot be repaired due to age. This malfunction has caused concern from the Fire Marshal due to numerous false alarms and it is critical that this system be replaced.</p>		
✓	O. Department of Vehicle Services	(467,562)	
	<p>Savings of \$467,562 are expected in the vehicle services account. This is due to the decline in fuel prices experienced in the past few months, and lower than anticipated costs in repair parts and labor.</p>		
✓	P. Utilities	(701,343)	
	<p>Because of the unusually mild weather, expenditures have been lower than expected, resulting in a savings of \$701,343.</p>		
0	Q. English for Speakers of Other Language (ESOL) Reorganization	0	0.5
	<p>Authorization is requested for 0.5 FTE in order to complete the reorganization of the Office of English for Speakers of Other Languages underway at Instructional Services. This position will be funded from existing ESOL resources.</p>		
0	Recurring		
✓	Nonrecurring		

AMOUNT **POSITIONS**

0 **R. Substitutes for Sick and Personal Leave**

0

The FY 2002 budget for teacher sick and personal leave is \$9.4 million. The latest projection for this account indicates that expenditures will exceed the budget by \$2.5 to \$3.0 million. The primary reasons for the higher expenditures are:

- The number of requests for substitutes and the percentage of requests for subs that are filled are substantially higher. This year, over 96 percent of the requests for subs have been filled compared to 89 percent during the same period last year.
- The number of retired teachers willing to serve as substitutes are increasing. The retired teachers are paid a substantially higher rate than the standard substitute.

Available funds in the salary accounts will be reallocated to cover the shortfall. If this trend continues, the FY 2003 budget for substitutes will need to be increased.

TOTAL EXPENDITURE ADJUSTMENTS

\$0

0.5

- 0 **Recurring**
- 1 **Nonrecurring**

II. OTHER FUNDS

GRANTS AND SELF-SUPPORTING PROGRAMS FUND

Grants Subfund:

New and revised grant awards total \$1,522,878 as listed below:

	<u>AMOUNT</u>	<u>POSITIONS</u>
LEAD Fairfax –DeWitt Wallace-Reader’s Digest	\$862,000	14.0
This grant is to prepare, educate, and strengthen the next generation of school leaders while increasing student achievement. Funding will provide for specialists, teacher interns, consultants, and logistic costs.		
Beginning Mentor Teacher	176,358	
This grant is to provide teacher mentors to beginning teachers. Funding will provide for teacher mentor stipends.		
Title II – revised	146,911	
This grant offers staff development training for math, science, English, and social studies teachers. This funding is to revise the federal award amount for staff development opportunities.		
Drug Free Communities	99,962	
This grant will support 22 community coalitions in partnership with FCPS to reduce substance abuse among youth. This funding will provide for personnel, staff training, parent involvement activities, and logistic costs.		
Preparing Tomorrow’s Teachers - PT3 - GM – revised	57,816	
This grant is to allow FCPS technology proficient teachers to mentor GMU professors and their pre-service teachers to integrate technology into the graduate curriculum at GMU. This funding will provide for teacher stipends.		
Technology Literacy Challenge	54,301	
This grant is to provide additional training to SBTS and teachers to build technology teams in the schools in order to integrate technology into the curriculum. This funding will provide for teacher stipends, consultants, and logistic costs.		
Other grants under \$50,000	125,530	
These grants consist of small awards to schools and departments, such as the Power-Up Program, Project Serv, Project Hope, and Herndon NASA Robotics.		
	<hr/> \$1,522,878	<hr/> 14.0

ADULT AND COMMUNITY EDUCATION

The revenue and expenditures were increased by \$258,572 due to the receipt of three new federal grants totaling \$88,215 and due to increased tuition anticipated in the amount of \$170,357.

SCHOOL CONSTRUCTION FUND

Additional appropriation authority of \$32,248,812 is required to begin projects for modular units and for electrical and tech network upgrades approved in the 2001 bond referendum.

Transfers-in from the School Operating Fund will decrease by \$474,316 due to a \$500,000 set aside for building maintenance and a \$25,684 increase for facility modifications.

Two additional positions will be added to the construction fund for implementation of the 2001 Bond Referendum and the related capital improvement program. The cost of the 1.0 Chief School Building Inspector (US-23) and 1.0 School Safety Inspector (US-20) will be funded by construction fund projects.

SCHOOL INSURANCE FUND

The School Insurance Fund appropriations are being reduced \$1.3 million. The appropriation level in this fund was established based on an actuarial valuation utilizing very conservative confidence levels. However, based on year-to-date expenditures and fourth quarter projections, the appropriations can be reduced for the remainder of this fiscal year. A reduction of \$66,104 in the transfer from the School Operating Fund is also recognized. The funding and appropriation level for this fund will be reviewed for the FY 2003 approved budget to determine whether additional funding from the operating fund will be required for next year.

HEALTH AND FLEXIBLE BENEFITS FUND

No changes to the Health and Flexible Benefits Fund are recommended at this time. Preliminary analysis of FY 2002 claims experience combined with the impact of this year's open enrollment indicate more favorable than anticipated results. If this trend continues through June 2002, the premium stabilization reserve will increase. These accounts will be evaluated prior to adoption of the FY 2003 budget and recommended adjustments to health insurance rates will be made if indicated.

EDUCATIONAL EMPLOYEES' SUPPLEMENTARY RETIREMENT SYSTEM OF FAIRFAX COUNTY

The beginning balance is decreasing by \$365 due to late postings of investment related service charges from FY 2001.

SCHOOL OPERATING FUND STATEMENT

	<u>FY 2002</u> <u>Midyear</u>	<u>FY 2002</u> <u>Third Quarter</u>	<u>Variance</u>
BEGINNING BALANCE, July 1:	\$50,201,190	\$50,201,190	\$0
RECEIPTS:			
Sales Tax	\$104,051,679	\$104,051,679	\$0
State Aid	213,745,418	213,745,418	0
Federal Aid	34,273,103	34,273,103	0
City of Fairfax Tuition	25,950,550	25,950,550	0
Tuition, Fees, and Other	9,385,987	9,385,987	0
Total Receipts	\$387,406,737	\$387,406,737	\$0
TRANSFERS IN:			
Combined County General Fund	\$1,078,290,392	\$1,078,290,392	\$0
Teacher Liability Payment	1,621,364	1,621,364	\$0
School Insurance Fund	1,516,947	1,516,947	\$0
Total Transfers In	\$1,081,428,703	\$1,081,428,703	\$0
Total Receipts & Transfers	\$1,468,835,440	\$1,468,835,440	\$0
Total Funds Available	\$1,519,036,630	\$1,519,036,630	\$0
EXPENDITURES:			
School Board Reserve	\$1,482,839,106	\$1,483,313,422	\$474,316
Teacher Liability Payment	8,000,000	8,000,000	0
	1,621,364	1,621,364	0
Total Expenditures	\$1,492,460,470	\$1,492,934,786	\$474,316
TRANSFERS OUT:			
School Construction Fund	\$13,824,667	\$13,350,351	(\$474,316)
Grants & Self-Supporting Fund	11,382,456	11,382,456	0
Adult & Community Education Fund	1,100,131	1,100,131	0
Health and Flexible Benefits Fund	268,906	268,906	0
Total Transfers Out	\$26,576,160	\$26,101,844	(\$474,316)
Total Disbursements	\$1,519,036,630	\$1,519,036,630	\$0
ENDING BALANCE, June 30	\$0	\$0	\$0

GRANTS & SELF-SUPPORTING PROGRAMS FUND STATEMENT

	<u>FY 2002</u> <u>Midyear</u>	<u>FY 2002</u> <u>Third Quarter</u>	<u>Variance</u>
BEGINNING BALANCE, JULY 1	\$3,751,539	\$3,751,539	\$0
RECEIPTS:			
State Aid	\$10,412,413	\$10,594,219	\$181,806
Federal Aid	18,395,125	18,822,676	427,551
Tuition	2,824,803	2,824,803	0
Industry, Foundation, Other	907,088	1,820,609	913,521
Total Receipts	\$32,539,429	\$34,062,307	\$1,522,878
TRANSFERS IN:			
School Operating Fund (Grants)	\$0	\$0	\$0
School Operating Fund (Summer School)	\$11,382,456	\$11,382,456	0
Cable Communications Fund	1,640,935	1,640,935	0
Total Transfers In	\$13,023,391	\$13,023,391	\$0
Total Receipts and Transfers	\$45,562,820	\$47,085,698	\$1,522,878
Total Funds Available	\$49,314,359	\$50,837,237	\$1,522,878
EXPENDITURES	\$49,314,359	\$50,837,237	\$1,522,878
ENDING BALANCE, JUNE 30	\$0	\$0	\$0

ADULT & COMMUNITY EDUCATION FUND STATEMENT

	<u>FY 2002</u> <u>Midyear</u>	<u>FY 2002</u> <u>Third Quarter</u>	<u>Variance</u>
BEGINNING BALANCE, JULY 1	\$3,782,283	\$3,782,283	\$0
RECEIPTS:			
State Aid	\$1,432,650	\$1,371,176	(\$61,474)
Federal Aid	299,640	449,329	149,689
Tuition	7,041,799	7,212,156	170,357
Total Receipts	\$8,774,089	\$9,032,661	\$258,572
TRANSFERS IN:			
School Operating Fund	\$1,100,131	\$1,100,131	\$0
Total Transfers In	\$1,100,131	\$1,100,131	\$0
Total Funds Available	\$13,656,503	\$13,915,075	\$258,572
EXPENDITURES	\$13,656,503	\$13,915,075	\$258,572
ENDING BALANCE, JUNE 30	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

SCHOOL CONSTRUCTION FUND STATEMENT

	<u>FY 2002</u> <u>Midyear</u>	<u>FY 2002</u> <u>Third Quarter</u>	<u>Variance</u>
BEGINNING BALANCE, JULY 1	\$45,690,515	\$45,690,515	\$0
RECEIPTS:			
Bond Sales	\$130,000,000	\$130,000,000	\$0
State Construction Grant	2,099,552	2,099,552	0
Federal D.O.E.	0	0	0
PTA/PTO Receipts	150,000	150,000	0
City of Fairfax	150,000	150,000	0
Other Revenue	7,165,433	7,165,433	0
Total Receipts	\$139,564,985	\$139,564,985	\$0
AUTHORIZED BUT UNISSUED BONDS	<u>192,732,858</u>	<u>224,981,670</u>	<u>32,248,812</u>
Total Referendums	\$192,732,858	\$224,981,670	\$32,248,812
TRANSFERS IN:			
School Operating Fund			
Building Maintenance	\$9,000,000	\$8,500,000	(\$500,000)
Classroom Equipment	3,456,550	3,456,550	0
Facility Modifications	1,368,117	1,393,801	25,684
Total Transfers In	\$13,824,667	\$13,350,351	(\$474,316)
Total Receipts and Transfers	\$346,122,510	\$377,897,006	\$31,774,496
Total Funds Available	\$391,813,025	\$423,587,521	\$31,774,496
EXPENDITURES AND COMMITMENTS:			
Expenditures	\$199,080,167	\$198,605,851	(\$474,316)
Additional Contractual Commitments	192,732,858	224,981,670	32,248,812
Total Disbursements	\$391,813,025	\$423,587,521	\$31,774,496
ENDING BALANCE, JUNE 30	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

SCHOOL INSURANCE FUND STATEMENT

	<u>FY 2002 Midyear</u>	<u>FY 2002 Third Quarter</u>	<u>Variance</u>
BEGINNING BALANCE, JULY 1	\$5,345,848	\$5,345,848	\$0
RECEIPTS:			
Workers' Compensation			
School Operating Fund	\$2,975,116	\$2,975,116	\$0
School Food & Nutrition Serv. Fund	218,124	218,124	0
Other Insurance	400,000	333,896	(66,104)
Total Receipts	\$3,593,240	\$3,527,136	(\$66,104)
Total Funds Available	\$8,939,088	\$8,872,984	(\$66,104)
EXPENDITURES:			
Workers' Compensation			
Workers' Compensation	\$3,224,600	\$3,224,600	\$0
Administration	378,695	378,695	0
Claims Management	542,896	542,896	0
Net Change in Accrued Liability	336,717	336,717	0
Other Insurance	4,207,919	2,873,129	(1,334,790)
Total Expenditures	\$8,690,827	\$7,356,037	(\$1,334,790)
TRANSFERS OUT:			
School Operating Fund	\$1,516,947	\$1,516,947	\$0
Total Disbursements	\$10,207,774	\$8,872,984	(\$1,334,790)
ENDING BALANCE, JUNE 30	(\$1,268,686)	\$0	(\$1,268,686)

SCHOOL HEALTH AND FLEXIBLE BENEFITS FUND STATEMENT

	<u>FY 2002</u> <u>Midyear</u>	<u>FY 2002</u> <u>Third Quarter</u>	<u>Variance</u>
BEGINNING BALANCE, JULY 1	\$8,279,428	\$8,279,428	\$0
RECEIPTS:			
Employer Contributions	\$73,354,596	\$73,354,596	\$0
Employee Contributions	20,354,503	20,354,503	0
Retiree/Other Contributions	17,050,121	17,050,121	0
Interest Income	560,000	560,000	0
Subtotal	\$111,319,220	\$111,319,220	\$0
Flexible Accounts Withholdings	\$3,515,115	\$3,515,115	\$0
Total Receipts	\$114,834,335	\$114,834,335	\$0
TRANSFERS IN:			
School Operating Fund	268,906	268,906	0
Total Receipts and Transfers	\$115,103,241	\$115,103,241	\$0
Total Funds Available	\$123,382,669	\$123,382,669	\$0
EXPENDITURES/PAYMENTS:			
Health Benefits Paid	\$73,982,301	\$73,982,301	\$0
Premiums Paid	32,764,344	32,764,344	0
Claims Incurred but not Reported (IBNR)	11,000,000	11,000,000	0
IBNR Prior Year Credit	(9,000,000)	(9,000,000)	0
Health Administrative Expenses	6,596,327	6,596,327	0
Subtotal	\$115,342,972	\$115,342,972	\$0
Flexible Accounts Reimbursement	\$3,479,964	\$3,479,964	\$0
FSA Administrative Expenses	95,498	95,498	0
Subtotal	\$3,575,462	\$3,575,462	\$0
Claims Stabilization Reserve	\$4,464,235	\$4,464,235	\$0
Total Disbursements	\$123,382,669	\$123,382,669	\$0
ENDING BALANCE, JUNE 30	\$0	\$0	\$0

**EDUCATIONAL EMPLOYEES' SUPPLEMENTARY RETIREMENT SYSTEM
OF FAIRFAX COUNTY FUND STATEMENT**

	<u>FY 2002</u> <u>Midyear</u>	<u>FY 2002</u> <u>Third Quarter</u>	<u>Variance</u>
BEGINNING BALANCE, JULY 1	\$1,488,765,047	\$1,488,764,682	(\$365)
RECEIPTS:			
Contributions	\$52,230,095	\$52,230,095	\$0
Investment Income	132,103,034	132,103,034	0
Total Receipts	\$184,333,129	\$184,333,129	\$0
Total Funds Available	\$1,673,098,176	\$1,673,097,811	(\$365)
EXPENDITURES	\$114,661,082	\$114,661,082	\$0
ENDING BALANCE, JUNE 30	<u>\$1,558,437,094</u>	<u>\$1,558,436,729</u>	<u>(\$365)</u>

SUPPLEMENTAL APPROPRIATION RESOLUTION

BE IT RESOLVED that the Fairfax County School Board requests the county Board of Supervisors to amend the FY 2002 Appropriation Resolution for the following School Board funds:

Appropriate to:**County Schools****FUND**

090	Public Schools Operating Operating Expenditures	(\$1,863,664)
191	School Food & Nutrition Services Operating Expenditures	(\$15,726)
192	School Grants & Self Supporting Operating Expenditures	\$4,564,683
193	School Adult & Community Education Operating Expenditures	\$210,278
390	School Construction Capital Projects	\$36,090,782
590	Public Schools Insurance Fund Operating Expenditures	(\$1,334,790)
591	School Health Benefits Trust Fund Operating Expenditures	\$7,797,366

I certify the above is a true and correct copy of a resolution adopted by the School Board of Fairfax County, Virginia, as part of the Third-Quarter Budget Review, at a regular meeting held on **March 21, 2002**, at Luther Jackson Middle School, Falls Church, Virginia.

 Date

 Pamela Goddard, Clerk
 County School Board of
 Fairfax County, Virginia

FISCAL PLANNING RESOLUTION

BE IT RESOLVED that the Fairfax County School Board requests the county Board of Supervisors to amend the FY 2002 Fiscal Planning Resolution for the following School Board funds:

Fund	Name	Transfer To:	From	To	Change
090	Schools Operating	390 School Construction	\$13,729,744	\$13,350,351	(\$379,393)
		192 School Grants and Self Supporting	\$11,071,821	\$11,382,456	\$310,635

I certify the above is a true and correct copy of a resolution adopted by the School Board of Fairfax County, Virginia, as part of the Third-Quarter Budget Review, at a regular meeting held on **March 21, 2002**, at Luther Jackson Middle School, Falls Church, Virginia.

Date

Pamela Goddard, Clerk
County School Board of
Fairfax County, Virginia

Grants Development

Quarterly Report – Summary of FY 2002

Date: December 31, 2001

This report provides the status of competitive grants for FY 2002

- FY 2002 competitive grants submitted: \$4.6 million (28 grants)
- FY 2002 competitive grants received: \$2.8 million (17 grants)
- FY 2002 competitive grants pending: \$1.4 million (8 grants)

Win Ratios for Grants

Win ratios are computed using two methods: (1) dollar wins, and (2) number-of-application wins. Because some grants are large (over \$100,000) and some grants are small (under \$100,000), the dollar ratio reflects our ability to win large grants. Because most grants are small, the number-of-application ratio reflects the frequency of awards. For FY 2002 to date:

For Competitive Grants

There are 28 competitive grants to date for \$4.6 million, as follows:

- FCPS has won \$6.1 out of every \$10 submitted – or 61% to date
- FCPS has won 6 applications out of every 10 submitted – or 60% to date
- The national win ratio is 1 out of 10 – or 10%

In addition to the 28 competitive grants, a combined total of 44 competitive and entitlement grants for \$19.2 million have been submitted to date for FY 2002.

The coordinator, Grants Development, position was vacant from early October to early February. Since most grants have a turnaround time of several months, the inactivity may be evident in the latter part of FY 2002.