

SCHOOL BOARD AGENDA ITEM

Agenda Item No. _____

Prepared: February 18, 2004
2004 _____

New Business: March 11, 2004

Action: March 25,

Staff Contact: Deirdra McLaughlin, Chief Financial Officer, Financial Services

SUBJECT: FY 2004 Third-Quarter Budget Review

RECOMMENDATION:

That the School Board approve the adjustments reflected in the FY 2004 Third-Quarter Budget Review as detailed in the agenda item.

EXPLANATION:

Major revenue and expenditure adjustments in this agenda item provide \$3.3 million that can be allocated by the School Board. It is recommended that these funds be added to the FY 2005 beginning balance to help offset the projected deficit. The agenda item also includes expenditure increases totaling \$2.7 million primarily related to higher utility costs and the severe weather. The School Board was informed of these potential adjustments at the FY 2004 Midyear Budget Review.

A summary of the competitive grants activity is attached.

Attachments

		<u>AMOUNT</u>	
I. REVENUE ADJUSTMENTS			
	A. State Aid	\$3,747,528	
	<p>State aid estimates are increasing \$3.7 million based on revised state projections due primarily to higher sales tax revenues. This adjustment was recognized when the FY 2005 advertised budget was released.</p>		
	B. Reimbursement from FEMA – Hurricane Isabel	182,368	
	<p>The Federal Emergency Management Agency (FEMA) and the Virginia Department of Emergency Management partially reimbursed FCPS for the costs associated with damages and emergency procedures for Hurricane Isabel.</p>		
	C. Impact II	5,000	
	<p>This item recognizes a new Impact II grant award. This nationwide program supports innovative teachers who exemplify professionalism, independence, and creativity. Impact II is also a way to reward teachers for good teaching strategies and for communicating those ideas to other teachers. This revenue is offset by an expenditure increase narrated in section II, item G.</p>		
	D. Adult Education Grant Award	4,178	
	<p>This item recognizes a new grant entitlement awarded by the Commonwealth of Virginia, Department of Education, Office of Adult Education and Literacy, that provides for Expanded GED Testing Services. This revenue is offset by expenditure increases narrated in section II, item C.</p>		
TOTAL FY 2004 REVENUE ADJUSTMENTS		<u>\$3,939,074</u>	
		<u>AMOUNT</u>	<u>POSITIONS</u>
II. RECOMMENDED EXPENDITURES			
x	A. Excel Bonus Pay	(\$2,040,827)	0.0
	<p>Only \$0.1 million of the \$2.1 million budgeted for Project Excel bonuses was required to pay bonuses to eligible employees at Project Excel schools that have met their goals.</p>		
√	Recurring		
x	Nonrecurring		

		<u>AMOUNT</u>	<u>POSITIONS</u>
x	<p>B. Growth Adjustment</p> <p>Due to the lower than anticipated total membership, \$4.2 million allocated for 52.6 positions, substitute teachers, new teacher equipment, and temporary classrooms will not be utilized. Any new instructional positions for the remainder of FY 2004 will be staffed with a long-term substitute.</p>	(4,243,367)	(52.6)
√	<p>C. Adult Education Grant Award</p> <p>This item recognizes a new grant entitlement awarded by the Commonwealth of Virginia, Department of Education, Office of Adult Education and Literacy, that provides for Expanded GED Testing Services. This item is offset by additional revenue in section I, item D.</p>	4,178	0.0
X	<p>D. Severe Winter Weather</p> <p>Funding is required for unanticipated overtime and snow removal costs associated with the severe winter weather.</p>	575,874	0.0
√	<p>E. Utilities</p> <p>Refuse \$60,000 Additional funding is required to cover an increase in Fairfax County landfill fees. FCPS received notification of the rate changes on December 16, 2003; all rate changes were implemented immediately.</p> <p>Natural Gas Contract \$820,117 A volatile energy market has resulted in increased natural gas costs, which combined with increased consumption, requires an additional \$0.8 million.</p> <p>Electricity Contract \$1,277,516 An additional \$1.3 million for electricity is needed due to a rate increase and higher than expected consumption. These increases have been partially offset by savings from the Energy Performance Contract.</p>	2,157,633	0.0
x	<p>F. Early Childhood</p> <p>Due to a reorganization of the Early Childhood Office, 1.4 positions were eliminated. The savings from these positions were also reallocated to the FECEP/HeadStart program. This savings of \$44,933 will be transferred to the Grants and Self-Supporting Fund.</p>	0	(1.4)

√ Recurring
x Nonrecurring

		<u>AMOUNT</u>	<u>POSITIONS</u>
x	G. Impact II	5,000	0.0
	<p>This item recognizes a new Impact II grant award. This nationwide program supports innovative teachers who exemplify professionalism, independence, and creativity. Impact II is also a way to reward teachers for good teaching strategies and for communicating those ideas to other teachers. This grant will provide for hourly teacher funding. This revision is offset by a revenue increase narrated in section I, item C.</p>		
x	H. Superintendent Search	60,000	0.0
	<p>This funding covers the cost of a consulting firm and reimbursable expenses related to the Superintendent search.</p>		
X	I. Computer Center Charges	72,903	0.0
	<p>FCPS' financial data resides on the county's mainframe. Accordingly, the county charges a fee to FCPS based on the number of transactions processed and stored. Additional funding is required to cover the fee increase from \$1.2 million to \$1.3 million.</p>		
√	J. Community Use System	230,750	0.0
	<p>Funding is needed to modernize the scheduling of school facilities for community use by automation of the practices to handle facility requests, schedule resolution, and financial transaction processing. The funding request covers the implementation costs for the application service provider.</p>		
√	K. Applied Behavioral Analysis/Verbal Behavior (ABA/VB) Position	26,214	1.0
	<p>A 1.0 administrator position is required to assist with the implementation and operation of the ABA/VB services model to assure appropriate technical and managerial direction. The FY 2005 cost, including salary and benefits, is \$80,216.</p>		
TOTAL RECOMMENDED EXPENDITURES		<u>(\$3,151,642)</u>	<u>(53.0)</u>

√ **Recurring**
x **Nonrecurring**

SUMMARY

TOTAL ADDITIONAL REVENUE	\$3,939,074
TOTAL EXPENDITURE REDUCTIONS	<u>3,151,642</u>
TOTAL FUNDS AVAILABLE	<u>\$7,090,716</u>
LESS: PREVIOUSLY RECOGNIZED FY 2005 BEGINNING BALANCE	3,747,528
ADDITIONAL FY 2005 BEGINNING BALANCE	<u>3,343,188</u>
TOTAL FUNDS AVAILABLE	<u><u>\$0</u></u>

III. OTHER FUNDS

FOOD AND NUTRITION SERVICES FUND

The Federal Emergency Management Agency (FEMA) and the Virginia Department of Emergency Management partially reimbursed the Food and Nutrition Services Fund for costs of food spoilage, and water and food for emergency shelters during Hurricane Isabel. The total reimbursement of \$11,596 is approximately 90 percent of the total cost.

GRANTS AND SELF-SUPPORTING PROGRAMS FUND

New and revised grant awards total \$272,131, as listed below, with an overall reduction of 4.70 FTEs.

	<u>Amount</u>	<u>Positions</u>
Title IV-E	\$127,920	4.0
<p>This program provides additional federal revenue by claiming reimbursement for administrative expenses related to various special services. With this additional revenue, 4.0 specialist positions will be created to support divisionwide initiatives to reduce suspensions and to reduce special education referrals through pre-intervention strategies. This action recognizes a new award authorizing 4.0 positions.</p>		
TJHSST – Overseas Schools	60,000	0.0
<p>This grant provides curriculum leaders and technology coordinators in the American-sponsored overseas schools with in-depth training in integrating technology into the curriculum and technical and networking strategies for schools. Funding will provide stipends and travel expenses. This action recognizes a continuation award.</p>		
Other Grants under \$50,000	40,290	0.0
<p>These grants consist of small new and revised awards to schools and departments, such as Herndon NASA Robotics, Character Education, Juvenile Detention, Youth Workforce Development, and Toyota Time.</p>		
Title IV – Safe and Drug-Free Schools	0	0.5
<p>The purpose of Title IV under No Child Left Behind (NCLB) is to support programs that prevent violence in and around schools and to strengthen programs that prevent the illegal use of alcohol, tobacco, and drugs; involve parents; and coordinate community efforts. This action recognizes a 0.5 FTE specialist who will assist in coordinating these efforts.</p>		
Infant Toddler Connection	0	0.25
<p>This program is a partnership between Infant & Toddler Connection of Fairfax-Falls Church and FCPS in accordance with IDEA. It is designed to identify and refer children with suspected developmental delays and/or disabilities for early intervention services. This grant provides salary and benefits for a .25 vision teacher to enhance capacity for vision evaluation and services for eligible infants and toddlers. This action authorizes this position.</p>		

	<u>Amount</u>	<u>Positions</u>
FECEP/Head Start	43,921	(9.45)
Federal and state funding for the FECEP/Head Start programs will not adequately pay for the projected salary and benefit cost increases in these programs. The programs are being restructured to absorb these costs. Therefore, 9.45 positions have been eliminated. An additional 1.4 positions in the Operating Fund were eliminated from the Office of Early Childhood. The savings from the Operating Fund positions is being transferred to the grants fund to aid in balancing the programs.		
Total Grant Adjustments	<u>\$272,131</u>	<u>(4.7)</u>

CONSTRUCTION FUND

Transfers-in from the School Operating Fund will increase by \$5,800 for facility modifications. This includes nonbond funds for minor improvements. The amount of \$5.3 million is requested from the 2003 Referendum for modulars for three schools.

The Office of Maintenance Services requires 1.0 engineer position to be established from existing bond funds to design and manage the construction of critical infrastructure systems work related to energy efficiency projects at schools. The cost of this position for FY 2004 is \$26,660.

SCHOOL OPERATING FUND STATEMENT

	FY 2004 <u>Midyear</u>	FY 2004 <u>Third Quarter</u>	<u>Variance</u>
BEGINNING BALANCE, July 1:	\$110,747,182	\$110,747,182	\$0
RECEIPTS:			
Sales Tax	\$114,472,024	\$118,338,192	\$3,866,168
State Aid	195,652,118	195,537,656	(114,462)
Federal Aid	39,620,441	39,802,809	182,368
City of Fairfax Tuition	27,069,379	27,069,379	0
Tuition, Fees, and Other	9,459,801	9,464,801	5,000
Total Receipts	\$386,273,763	\$390,212,837	\$3,939,074
TRANSFERS IN:			
Combined County General Fund	\$1,239,228,957	\$1,239,228,957	\$0
Teacher Liability Payment	1,621,364	1,621,364	0
Total Transfers In	\$1,240,850,321	\$1,240,850,321	\$0
Total Receipts & Transfers	\$1,627,124,084	\$1,631,063,158	\$3,939,074
Total Funds Available	\$1,737,871,266	\$1,741,810,340	\$3,939,074
EXPENDITURES:			
School Board Reserve	\$1,696,536,425	\$1,700,424,766	\$3,888,341
School Board Reserve	8,000,000	8,000,000	0
Teacher Liability Payment	1,621,364	1,621,364	0
Total Expenditures	\$1,706,157,789	\$1,710,046,130	\$3,888,341
TRANSFERS OUT:			
School Construction Fund	\$11,146,588	\$11,152,388	\$5,800
Grants & Self-Supporting Fund	19,026,597	19,071,530	44,933
Adult & Community Education Fund	1,200,131	1,200,131	0
Health and Flexible Benefits Fund	340,161	340,161	0
Total Transfers Out	\$31,713,477	\$31,764,210	\$50,733
Total Disbursements	\$1,737,871,266	\$1,741,810,340	\$3,939,074
ENDING BALANCE, June 30	\$0	\$0	\$0

FOOD AND NUTRITION SERVICES FUND STATEMENT

	<u>FY 2004 Midyear</u>	<u>FY 2004 Third Quarter</u>	<u>Variance</u>
BEGINNING BALANCE, JULY 1	\$9,797,485	\$9,797,485	\$0
RECEIPTS:			
Food Sales	\$37,184,909	\$37,184,909	\$0
Federal Aid	14,696,065	14,696,065	0
State Aid	717,873	717,873	0
Other Revenue	196,607	208,203	11,596
Total Receipts	<u>\$52,795,454</u>	<u>\$52,807,050</u>	<u>\$11,596</u>
Total Funds Available	\$62,592,939	\$62,604,535	\$11,596
EXPENDITURES	\$53,755,590	\$53,755,590	\$0
ENDING BALANCE, JUNE 30	<u><u>\$8,837,349</u></u>	<u><u>\$8,848,945</u></u>	<u><u>\$11,596</u></u>

GRANTS & SELF-SUPPORTING PROGRAMS FUND STATEMENT

	FY 2004 <u>Midyear</u>	FY 2004 <u>Third Quarter</u>	<u>Variance</u>
BEGINNING BALANCE, JULY 1	\$5,326,446	\$5,326,446	\$0
RECEIPTS:			
State Aid	\$10,372,879	\$10,402,325	\$29,446
Federal Aid	34,183,939	34,327,299	143,360
Tuition	3,187,036	3,187,036	0
Industry, Foundation, Other	638,435	692,827	54,392
Total Receipts	\$48,382,289	\$48,609,487	\$227,198
TRANSFERS IN:			
School Operating Fund (Grants)	\$5,010,446	\$5,055,379	\$44,933
School Operating Fund (Summer School)	14,016,151	14,016,151	0
Cable Communications Fund	1,603,329	1,603,329	0
Total Transfers In	\$20,629,926	\$20,674,859	\$44,933
Total Receipts and Transfers	\$69,012,215	\$69,284,346	\$272,131
Total Funds Available	\$74,338,661	\$74,610,792	\$272,131
EXPENDITURES	\$74,338,661	\$74,610,792	\$272,131
ENDING BALANCE, JUNE 30	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

SCHOOL CONSTRUCTION FUND STATEMENT

	<u>FY 2004</u> <u>Midyear</u>	<u>FY 2004</u> <u>Third Quarter</u>	<u>Variance</u>
BEGINNING BALANCE, JULY 1	(\$6,477,428)	(\$6,477,429)	(\$1)
RECEIPTS:			
Bond Sales	\$130,000,000	\$130,000,000	\$0
State Construction Grant	935,262	935,262	0
PTA/PTO Receipts	150,000	150,000	0
City of Fairfax	150,000	150,000	0
Insurance Proceeds - Floris	1,300,000	1,300,000	0
Insurance Proceeds - Dogwood	1,203,422	1,203,422	0
Other Revenue	136,000	136,000	0
Total Receipts	\$133,874,684	\$133,874,684	\$0
AUTHORIZED BUT UNISSUED BONDS			
Total Referendums	298,225,660	303,525,660	5,300,000
	\$298,225,660	\$303,525,660	\$5,300,000
TRANSFERS IN:			
School Operating Fund			
Building Maintenance	\$6,633,729	\$6,633,729	\$0
Classroom Equipment	3,422,014	3,422,014	0
Facility Modifications	1,090,845	1,096,645	5,800
Total Transfers In	\$11,146,588	\$11,152,388	\$5,800
Total Receipts and Transfers	\$443,246,932	\$448,552,732	\$5,305,800
Total Funds Available	\$436,769,504	\$442,075,303	\$5,305,799
EXPENDITURES AND COMMITMENTS:			
Expenditures	\$138,543,844	\$138,549,643	\$5,799
Additional Contractual Commitments	298,225,660	303,525,660	5,300,000
Total Disbursements	\$436,769,504	\$442,075,303	\$5,305,799
ENDING BALANCE, JUNE 30	\$0	\$0	\$0

**SUPPLEMENTAL APPROPRIATION RESOLUTION
FY 2004**

BE IT RESOLVED that the Fairfax County School Board requests the county Board of Supervisors to amend the FY 2004 Appropriation Resolution for the following School Board funds:

Appropriate to:

County Schools

<u>Fund</u>	<u>Fund Name</u>	<u>From</u>	<u>To</u>	<u>Change</u>
090	Public Schools Operating Operating Expenditures	\$1,707,088,876	\$1,710,046,130	\$2,957,254
191	School Food & Nutrition Services Operating Expenditures	\$52,529,322	\$53,755,590	\$1,226,268
192	School Grants & Self-Supporting Operating Expenditures	\$70,974,604	\$74,610,792	\$3,636,188
193	School Adult & Community Education Operating Expenditures	\$12,005,509	\$12,004,888	(\$621)
390	School Construction Operating Expenditures	\$436,370,501	\$442,075,303	\$5,704,802
590	Public Schools Insurance Fund Operating Expenditures	\$9,251,939	\$9,594,552	\$342,613
591	School Health Benefits Trust Fund Operating Expenditures	\$175,867,230	\$175,848,849	(\$18,381)

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 FY 2004 Third-Quarter Budget Review, at a regular meeting held on March 25, 2004, at Luther Jackson Middle School, Falls Church, Virginia.

Date

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

**FISCAL PLANNING RESOLUTION
FY 2004**

BE IT RESOLVED that the Fairfax County School Board requests the county Board of Supervisors to amend the FY 2004 Appropriation Resolution for the following School Board funds:

<u>Fund</u>	<u>Fund Name</u>	<u>Transfer To</u>	<u>From</u>	<u>To</u>	<u>Change</u>
090	Public Schools Operating	390 School Construction	\$11,112,120	\$11,152,388	\$40,268
		192 School Grants & Self-Supporting	\$19,026,597	\$19,071,530	\$44,933
		193 Adult Education Fund	\$1,100,131	\$1,200,131	\$100,000

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 FY 2004 Third-Quarter Budget Review, at a regular meeting held on March 25, 2004, at Luther Jackson Middle School, Falls Church, Virginia.

Date

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

**Grants Development Section
Office of Budget Services**

**Quarterly Report – FY 2004
Date: December 31, 2003**

Update for FY 2004 Grants

This report provides the status of competitive grants for FY 2004:

- FY 2004 competitive grants submitted: \$2.8 million (28 grants)
- FY 2004 competitive grants received: \$1.2 million (13 grants)
- FY 2004 competitive grants denied: \$1.2 million (8 grants)
- FY 2004 competitive grants pending: \$.4 million (7 grants)

Win Ratios for Competitive 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 2004 to date:

- FCPS has won \$4.28 out of every \$10 submitted – or 43%
- FCPS has won 4.6 applications out of every 10 submitted – or 46%
- The national win ratio is 1 out of every 10 – or 10%

A combined total of 47 competitive and entitlement grants have been submitted from July 2003 through December 2003. Of this number, FCPS has received \$50.7 million for the 19 entitlement grants and \$1.2 million for the 13 competitive grants that have been awarded so far this year.