

Response to Questions on the FY 2014 Budget

Request By: Supervisors Foust and Herrity

Question: What is the cost to access the state partial compensation match if you didn't do the one percent VRS shift, but provided a pay increase to VRS employees midyear.

Response: The following response was prepared by Fairfax County Public Schools (FCPS):

Assuming a balanced FY 2014 budget and using the FY 2014 Advertised Budget as a starting point, if FCPS implemented the minimum 1.0 percent VRS shift required instead of the 3.0 percent shift included in the FY 2014 Advertised Budget, the \$16.6 million that is currently budgeted would be reduced by \$10.8 million. This adjustment provides funding slightly in excess of the cost of a 1.0 percent midyear pay increase (beyond the 1.0 percent market scale adjustment already included in the School Board's FY 2014 Advertised Budget), and would allow FCPS to access the state partial compensation match of \$6.3 million. However, the following considerations highlight significant challenges with this option:

1. Any reductions required to balance the FY 2014 budget, depending on the county transfer, will need to be addressed before FCPS can consider this option.
2. The midyear pay increase is a recurring expense that will increase the FY 2015 budget by the full-year cost of \$18.9 million for the 1 percent MSA making it more difficult to balance the FY 2015 budget.
3. The state partial compensation match of \$6.3 million is one-time funding and adding recurring expenditures to secure this one-time funding only adds to FCPS' structural budget imbalance.
4. This option increases the cost to implement the future required VRS shift(s) by at least \$0.5 million per year in perpetuity. This cost grows with any additional employee pay increases included in the future.