

FY 2008 Third Quarter Review

Attachment VII – FCPS Third Quarter Review

Staff Contact: Deirdra McLaughlin, Chief Financial Officer

Meeting Type: March 13, 2008 Regular Meeting

SUBJECT: FY 2008 Third Quarter Budget Review

TYPE: Information

BACKGROUND:

This agenda item is provided to review the current FY 2008 budget and to make revisions as necessary. This FY 2008 Third Quarter Budget Review reports on activity and requests that have been made since the School Board's Midyear Budget Review that was approved on November 29, 2007.

KEY POINTS:

A reduction in state sales tax revenue and the receipt of state funding to provide National Board Certified Teacher stipends, coupled with changes in federal and private grants, results in an overall decrease in revenue of \$1.2 million. In anticipation of reduced revenue as detailed in the FY 2009 Advertised Budget, departments were directed to initiate expenditure reductions for the remainder of FY 2008 amounting to \$1.9 million. Funding of \$0.1 million from the Flexibility Reserve is being used to balance the third quarter agenda. Funding is not currently available to restore the Flexibility Reserve. We will address restoring this reserve at the FY 2008 Year End Budget Review.

The net result of the revenue and expenditure adjustments is zero.

RECOMMENDATION:

That the School Board approve revenue and expenditure changes in the FY 2008 Third Quarter Budget Review as detailed in the agenda item.

	<u>AMOUNT</u>
I. REVENUE ADJUSTMENTS	
A. State Revenue	(\$2,016,080)
The Governor's amendments to the FY 2008 state budget resulted in a loss of \$6.2 million in sales tax revenue and an increase of \$4.2 million in Basic Aid and other state revenue accounts.	
B. National Board Certified Teacher Stipends	508,762
This funding represents revenue from the Virginia Board of Education for National Board Certified Teacher salary supplements. Offsetting expenditures are included in Section II.B.	
C. Education Foundation	20,000
This funding represents revenue from the Fairfax Education Foundation for Impact II grants. Offsetting expenditures are included in Section II.C.	
D. Federal Revenue	294,091
This adjustment is required to match the amount of the federal IDEA award. A corresponding expenditure adjustment is made in Section II.D.	
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TOTAL REVENUE ADJUSTMENTS	<u>(\$1,193,227)</u>

		<u>AMOUNT</u>	<u>POSITIONS</u>
II. EXPENDITURE ADJUSTMENTS			
X	A. FY 2008 Budget Reductions In addition to reductions that departments were asked to make for the FY 2009 budget, reductions were taken in the FY 2008 budget. The majority of the reductions are capital outlay (\$0.8 million) and hourly accounts (\$0.6 million). These reductions will partially offset the decreased sales tax revenue from the state.	(\$1,919,034)	0.0
√	B. National Board Certified Teacher Stipends This funding provides salary supplements for National Board Certified Teachers. A corresponding revenue increase is included in Section I.B.	508,762	0.0
X	C. Education Foundation This expenditure offsets revenue received from the Fairfax Education Foundation for Impact II grants in Section I.C.	20,000	0.0
X	D. IDEA This adjustment is required to match the amount of the federal award. A corresponding revenue adjustment is made in Section I.D.	294,091	0.0
X	E. Flexibility Reserve Additional funding from the Flexibility Reserve is needed to balance the Third Quarter Budget Review Agenda.	(97,046)	0.0
X	F. Bus Driver Pay Bus driver pay requires an additional \$1,300,000 in salaries and \$494,000 in benefits. Recruiting and retention initiatives have been successful, and we now have 62 more drivers than at the time the FY 2008 budget was approved. The bus driver pay accounts for FY 2009 were increased at the proposed budget in anticipation of employing additional drivers.	1,794,000	0.0
X	G. Utilities In order to fund increased expenditures for bus drivers, the utilities budget will be reduced. Savings in the utility accounts is primarily due to new electricity and natural gas contract rates.	(1,794,000)	0.0
TOTAL EXPENDITURE ADJUSTMENTS		<u>(\$1,193,227)</u>	<u>0.0</u>

√-Recurring
X-Nonrecurring

SUMMARY

	<u>AMOUNT</u>
TOTAL REVENUE ADJUSTMENTS	(\$1,193,227)
TOTAL EXPENDITURES REDUCTIONS	<u>\$1,193,227</u>
TOTAL FUNDS AVAILABLE	<u>\$0</u>

III. Other Funds

GRANTS AND SELF-SUPPORTING PROGRAMS FUND

Grants Subfund:

New and revised grant awards are increasing a total of \$461,864 with an increase of 0.5 positions as listed below:

Federal	Amount	Positions
Title I School Improvement*	\$0	0.5
Title I, Part A	553,148	0.0
Title I, Part D	(150,502)	0.0
TOP – We Care at School	(273,554)	0.0
Jefferson Overseas Schools (JOSTI)	75,000	0.0
Other Grants (under \$50,000)	8,885	0.0
State		
Mentor Teacher Program	137,578	0.0
Juvenile Detention Center	(36,023)	0.0
Hard to Staff – Mentor Teacher	46,620	0.0
Project Graduation Academic Year	25,000	0.0
Adult Detention Center	(59,810)	0.0
Other Grants (under \$50,000)	(1,168)	0.0
Private		
Annandale Parent Resource Center	50,000	0.0
Exxon Mobil Grant	24,846	0.0
Capital One Grant	33,000	0.0
Other Grants (under \$50,000)	28,844	0.0
Total:	\$461,864	0.5

*Position authorization is requested to establish an additional 0.5 position. Additional funding for Title I School Improvement was recognized at the FY 2008 Midyear Budget Review to fund this position.

ADULT AND COMMUNITY EDUCATION FUND

The Adult and Community Education Fund is increased \$162,243 to recognize revenue and expenditures associated with the Adult SOL Federal Grant of \$116,243, \$30,000 from the State for the VAIL Grant to support the ESOL program, a Capital One Grant award of \$12,000 to support the Education for Independence Program, and \$4,000 received from Literacy Council of Northern Virginia for ESOL Northern Virginia Summer Institute.

SCHOOL CONSTRUCTION FUND

A net increase of \$56.4 million in the Construction Fund is due to \$56.5 million in the allocation for construction projects identified in the 2007 Bond Referendum and a decrease of \$56,479 to the facility modifications account due to budgetary reallocation from the construction fund to the school operating fund.

SCHOOL OPERATING FUND STATEMENT

	<u>FY 2008 MidYear</u>	<u>FY 2008 Third Quarter</u>	<u>Variance</u>
BEGINNING BALANCE, July 1:	\$128,875,393	\$128,875,393	\$0
RECEIPTS:			
Sales Tax	\$162,647,944	\$156,414,944	(\$6,233,000)
State Aid	282,334,584	287,060,266	4,725,682
Federal Aid	48,143,080	48,437,171	294,091
City of Fairfax Tuition	36,129,470	36,129,470	0
Tuition, Fees, and Other	11,057,048	11,077,048	20,000
Total Receipts	<u>\$540,312,126</u>	<u>\$539,118,899</u>	<u>(\$1,193,227)</u>
TRANSFERS IN:			
Combined County General Fund	\$1,586,600,722	\$1,586,600,722	\$0
Total Transfers In	<u>\$1,586,600,722</u>	<u>\$1,586,600,722</u>	<u>\$0</u>
Total Receipts & Transfers	\$2,126,912,848	\$2,125,719,621	(\$1,193,227)
Total Funds Available	\$2,255,788,241	\$2,254,595,014	(\$1,193,227)
EXPENDITURES:			
School Board Reserve	\$2,173,033,898	\$2,171,994,196	(\$1,039,702)
School Board Reserve	6,915,693	6,818,647	(97,046)
Total Expenditures	<u>\$2,179,949,591</u>	<u>\$2,178,812,843</u>	<u>(\$1,136,748)</u>
TRANSFERS OUT:			
School Construction Fund	\$12,833,347	\$12,776,868	(\$56,479)
Grants & Self-Supporting Fund	24,525,697	24,525,697	0
Adult & Community Education Fund	1,695,667	1,695,667	0
Health and Flexible Benefits Fund	8,000,000	8,000,000	0
Consolidated County & School Debt Fund	3,775,373	3,775,373	0
Total Transfers Out	<u>\$50,830,084</u>	<u>\$50,773,605</u>	<u>(\$56,479)</u>
Total Disbursements	\$2,230,779,675	\$2,229,586,448	(\$1,193,227)
ENDING BALANCE, June 30	<u><u>\$25,008,566</u></u>	<u><u>\$25,008,566</u></u>	<u><u>\$0</u></u>

GRANTS & SELF-SUPPORTING PROGRAMS FUND STATEMENT

	FY 2008 <u>Midyear</u>	FY 2008 <u>Third Quarter</u>	<u>Variance</u>
BEGINNING BALANCE, JULY 1	\$6,938,208	\$6,938,208	\$0
RECEIPTS:			
State Aid	\$11,115,429	\$11,227,626	\$112,197
Federal Aid	40,923,155	41,136,132	212,977
Tuition	3,190,102	3,190,102	0
Industry, Foundation, Other	437,435	574,125	136,690
Total Receipts	<u>\$55,666,121</u>	<u>\$56,127,985</u>	<u>\$461,864</u>
TRANSFERS IN:			
School Operating Fund (Grants)	\$8,874,216	\$8,874,216	\$0
County General Fund	0	0	0
School Operating Fund (Summer School)	15,651,481	15,651,481	0
Cable Communications Fund	2,905,459	2,905,459	0
Total Transfers In	<u>\$27,431,156</u>	<u>\$27,431,156</u>	<u>\$0</u>
Total Funds Available	\$90,035,485	\$90,497,349	\$461,864
EXPENDITURES	\$90,035,485	\$90,497,349	\$461,864
ENDING BALANCE, JUNE 30	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

ADULT & COMMUNITY EDUCATION FUND STATEMENT

	<u>FY 2008 Midyear</u>	<u>FY 2008 Third Quarter</u>	<u>Variance</u>
BEGINNING BALANCE, JULY 1	\$1,289,700	\$1,289,700	\$0
RECEIPTS:			
State Aid	\$836,168	\$866,168	\$30,000
Federal Aid	881,896	998,139	116,243
Tuition and Fees	7,827,275	7,827,275	0
Other	332,208	348,208	16,000
Total Receipts	<u>\$9,877,547</u>	<u>\$10,039,790</u>	<u>\$162,243</u>
TRANSFERS IN:			
School Operating Fund	\$1,695,667	\$1,695,667	\$0
Total Transfers In	<u>\$1,695,667</u>	<u>\$1,695,667</u>	<u>\$0</u>
Total Receipts and Transfers	\$11,573,214	\$11,735,457	\$162,243
Total Funds Available	\$12,862,914	\$13,025,157	\$162,243
EXPENDITURES	\$12,862,914	\$13,025,157	\$162,243
ENDING BALANCE, JUNE 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

SCHOOL CONSTRUCTION FUND STATEMENT

	<u>FY 2008</u> <u>Midyear</u>	<u>FY 2008</u> <u>Third-Quarter</u>	<u>Variance</u>
BEGINNING BALANCE, JULY 1	(\$3,656,649)	(\$3,656,649)	\$0
RECEIPTS:			
Bond Sales	\$144,280,000	\$144,280,000	\$0
State Construction Grant	928,016	928,016	0
PTA/PTO Receipts	150,000	150,000	0
City of Fairfax	150,000	150,000	0
Other Revenue	136,000	136,000	0
Lacey Center Insurance Proceeds	1,760,440	1,760,440	0
Total Receipts	<u>\$147,404,456</u>	<u>\$147,404,456</u>	<u>\$0</u>
AUTHORIZED BUT UNISSUED BONDS	\$276,694,203	\$333,169,292	\$56,475,089
Total Referendums	<u>\$276,694,203</u>	<u>\$333,169,292</u>	<u>\$56,475,089</u>
TRANSFERS IN:			
School Operating Fund			
Building Maintenance	\$9,400,000	\$9,400,000	\$0
Classroom Equipment	2,880,000	2,880,000	0
Facility Modifications	553,347	496,868	(56,479)
Total Transfers In	<u>\$12,833,347</u>	<u>\$12,776,868</u>	<u>(\$56,479)</u>
Total Receipts and Transfers	\$436,932,006	\$493,350,616	\$56,418,610
Total Funds Available	\$433,275,357	\$489,693,967	\$56,418,610
EXPENDITURES AND COMMITMENTS:			
Expenditures	\$156,581,154	\$156,524,675	(\$56,479)
Additional Contractual Commitments	276,694,203	333,169,292	56,475,089
Total Disbursements	<u>\$433,275,357</u>	<u>\$489,693,967</u>	<u>\$56,418,610</u>
ENDING BALANCE, JUNE 30	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**SUPPLEMENTAL APPROPRIATION RESOLUTION
FY 2008**

BE IT RESOLVED that the Fairfax County School Board requests the county Board of Supervisors to amend the FY 2008 Appropriation Resolution for the following School Board funds:

Appropriate to:

County Schools

Fund	Fund Name	From	To	Change
090	Public Schools Operating Operating Expenditures	\$2,186,647,516	\$2,178,812,843	(\$7,834,673)
191	School Food & Nutrition Services Operating Expenditures	\$73,412,359	\$73,302,657	(\$109,702)
192	School Grants & Self-Supporting Operating Expenditures	\$89,058,745	\$90,497,349	\$1,438,604
193	School Adult & Community Education Operating Expenditures	\$12,607,877	\$13,025,157	\$417,280
390	School Construction Operating Expenditures	\$432,860,972	\$489,693,967	\$56,832,995
590	Public Schools Insurance Fund Operating Expenditures	\$20,691,777	\$20,191,777	(\$500,000)
591	School Health Benefits Trust Fund Operating Expenditures	\$298,422,977	\$293,134,802	(\$5,288,175)
691	School Educational Employees' Supplementary Retirement Fund Operating Expenditures	\$166,504,043	\$166,108,890	(\$395,153)

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 2008 Third-Quarter Budget Review, at a regular meeting held on March 27, 2008, at Luther Jackson Middle School, Falls Church, Virginia.

Date

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

**FISCAL PLANNING RESOLUTION
FY 2008**

BE IT RESOLVED that the Fairfax County School Board requests the county Board of Supervisors to amend the FY 2008 Fiscal Planning Resolution for the following School Board funds:

Fund	Fund Name	Transfer To	From	To	Change
090	Public Schools Operating	390 School Construction	\$12,833,062	\$12,776,868	(\$56,194)

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 2008 Third-Quarter Budget Review, at a regular meeting held on March 27, 2008, 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 2008
Date: February 29, 2008**

Update for FY 2008 Grants

This report provides the status of competitive grants for FY 2008:

- Competitive grants submitted: \$2.0 million (33 grants)
- Competitive grants awarded: \$1.2 million (27 grants)
- Competitive grants denied: \$0.32 million (3 grants)
- Competitive grants pending: \$0.48 million (3 grants)

The status of FY 2008 entitlement grants is as follows:

- Entitlement grants submitted: \$56.2 million (17 grants)
- Entitlement grants awarded: \$56.2 million (17 grants)
- Entitlement grants pending: \$0 million (0 grants)

Win Ratios for Competitive Grants

Win ratios are computed for competitive grants using two methods: (1) dollar wins, and (2) number-of-application wins. The dollar ratio reflects our ability to win large grants, while the number-of-application ratio reflects the frequency of awards. For FY 2008 to date:

- FCPS has won \$5.97 out of every \$10 submitted – or 60%
- FCPS has won 8.1 awards out of every 10 applications submitted – or 81%

Update for FY 2007 Grants

The following information is an update of the FY 2007 competitive grants:

- Competitive grants submitted: \$3.7 million (61 grants)
- Competitive grants awarded: \$3.0 million (45 grants)
- Competitive grants denied: \$0.7 million (16 grants)
- Competitive grants pending: \$0 million (0 grants)