



Fairfax County
PUBLIC SCHOOLS
ENGAGE • INSPIRE • THRIVE

FY 2018 FISCAL FORECAST SCHOOL OPERATING FUND

Joint Budget Work Session:
October 4, 2016

Preliminary Information for Planning Purposes Only - No School Board Action Has Been Taken

FCPS Updates

Student Support: Project Momentum Schools

- Schools receiving intensive support decreased from 18 to 10 as a result of improved academic achievement
 - In FY 2016, 93 percent of schools fully accredited, with 14 schools accredited with warning
 - In FY 2017, 95 percent of schools fully accredited, with 9 schools accredited with warning
- Multiple schools made significant gains in student achievement
 - Lynbrook Elementary School moved from year 3 of accreditation with warning to fully accredited in one year
 - Forestdale, Washington Mill, and Sleepy Hollow elementary schools and West Potomac and Stuart high schools made gains in math, science, English and history
 - Improvement in SOL Scores
 - Stuart High School: math 73 to 83 — a 10 point gain
 - Rose Hill Elementary School: science 51 to 75 — a 24 point gain
 - Annandale Terrace Elementary School: science 57 to 85 — a 28 point gain



FCPS Updates (cont.)

Student Support: Summer Learning

- Enrichment, intervention, and acceleration learning programs served over 21,000 students
- Highlights
 - Approximately 800 rising kindergarteners participated in Bridges to Kindergarten
 - Over 1,100 students explored STEAM concepts while developing collaboration and critical/creative thinking skills
 - Over 700 students expressed themselves through art, dance, music, and theater
 - High School Credit Recovery enrollment reached 2,440, with a course pass rate of 95 percent

FCPS Updates (cont.)

Preschool

- 478 more students served from FY 2012 to FY 2017 for a 38 percent increase
- The FECEP program contributes to a significant cost avoidance for FCPS with \$6.4 million saved across a cohort's K-12 educational career from the decreased need for Special Education and ESOL services

Systems of Support Program

- Recognized as a “Trailblazer” by the Virginia Department of Education for our proactive model for the prevention of disciplinary incidents

English for Speakers of Other Languages

- Piloted additional support for newcomers at two high schools
- Expanded credit offerings at all high schools



Investments Made in FY 2017

- FCPS received tremendous support from our funding partners at the county and state
- The FY 2017 budget included no reductions to instructional programs or services to students and schools
- Instead, FCPS began the slow process of rebuilding from the significant cuts we have sustained since FY 2008
 - An initial investment was made to teacher salaries
 - Elementary class size reductions

FCPS: Looking Forward

- FCPS will continue to face future-year challenges:
 - Employee compensation is a divisionwide priority
 - ✦ Increasing salaries to the market average will require substantial resources
 - ✦ Retirement and health insurance rates continue to increase
 - Student enrollment continues to increase and student demographics continue to shift, reflecting increased needs
 - Revenue
 - ✦ State funding increases for both FY 2017 and FY 2018 are at risk
 - ✦ The continuing use of one-time money to meet ongoing needs results in structural deficit



State Budget Update

- State FY 2016 revenue growth resembled the typical experience in tougher economic times
- Revenues rose by 1.7 percent falling short of the forecast of 3.2 percent growth
- Almost all of the shortfall was due to poor performance of income tax withholding and sales tax collections
- The revenue shortfall for FY 2016 totaled \$279.3 million
- State law required a re-estimate of general fund revenues for the current biennium

State Budget Update (cont.)

- Interim forecast reduces the state's revenue estimate by \$1.2 billion over the biennium
 - Pay increases for state workers, faculty, teachers, deputies and other state-supported local employees remain a priority, but those raises were tied to revenues
 - The state will direct \$125.1 million from amounts reserved for pay increases in FY 2017 toward the shortfall, as required by law
- FCPS' state funding for salary increases is at risk
 - \$4.4 million for FY 2017 and \$7.6 million for FY 2018
 - Despite uncertainty with state funding, FCPS employees will continue to receive pay increases included in the FY 2017 Approved Budget
- Governor will release the state's revised FY 2017 and FY 2018 budgets in late December

FY 2018 Revenue Assumptions

(\$ change in millions)

- **County Transfer** **\$0.0**
 - Transfer level to show deficit prior to any requested increase in county funding

- **Sales Tax*** **\$5.8**
 - 3.0% projected increase

- **State Aid*** **\$18.8**
 - Reflects state's FY 2017/18 biennial budget
 - State revenue may be adjusted downward for FY 2017 and/or FY 2018

*** Increases are at risk based on the state budget**

FY 2018 Revenue Assumptions (cont.)

(\$ change in millions)

- **Federal Aid** \$0.0
 - Primarily IDEA and assumed to remain level

- **Fairfax City Tuition** \$0.9
 - Projected based on expenditures & enrollment

- **Other Revenue** \$0.4
 - Primarily rebates and fees

- **Beginning Balance** (\$10.9)
 - Currently have \$22.2 million set aside
 - FY 2017 beginning balance was \$33.1 million

FY 2018 Required Expenditure Assumptions

(\$ change in millions)

- **Enrollment Growth** **\$4.3**
 - Projected increase of 470 students

- **Retirement Rate Increases**
 - Virginia Retirement System **\$25.5**
 - ERFC (local) **\$11.4**
 - The School Board continues to discuss options for ERFC benefits
 - FCERS (county) **\$5.9**

- **Health Insurance Rate Increases** **\$7.2**
 - 3% increase due to cost containment measures

- **Contractual Increases** **\$4.1**



FY 2018 Projected Compensation Needs

(\$ change in millions)

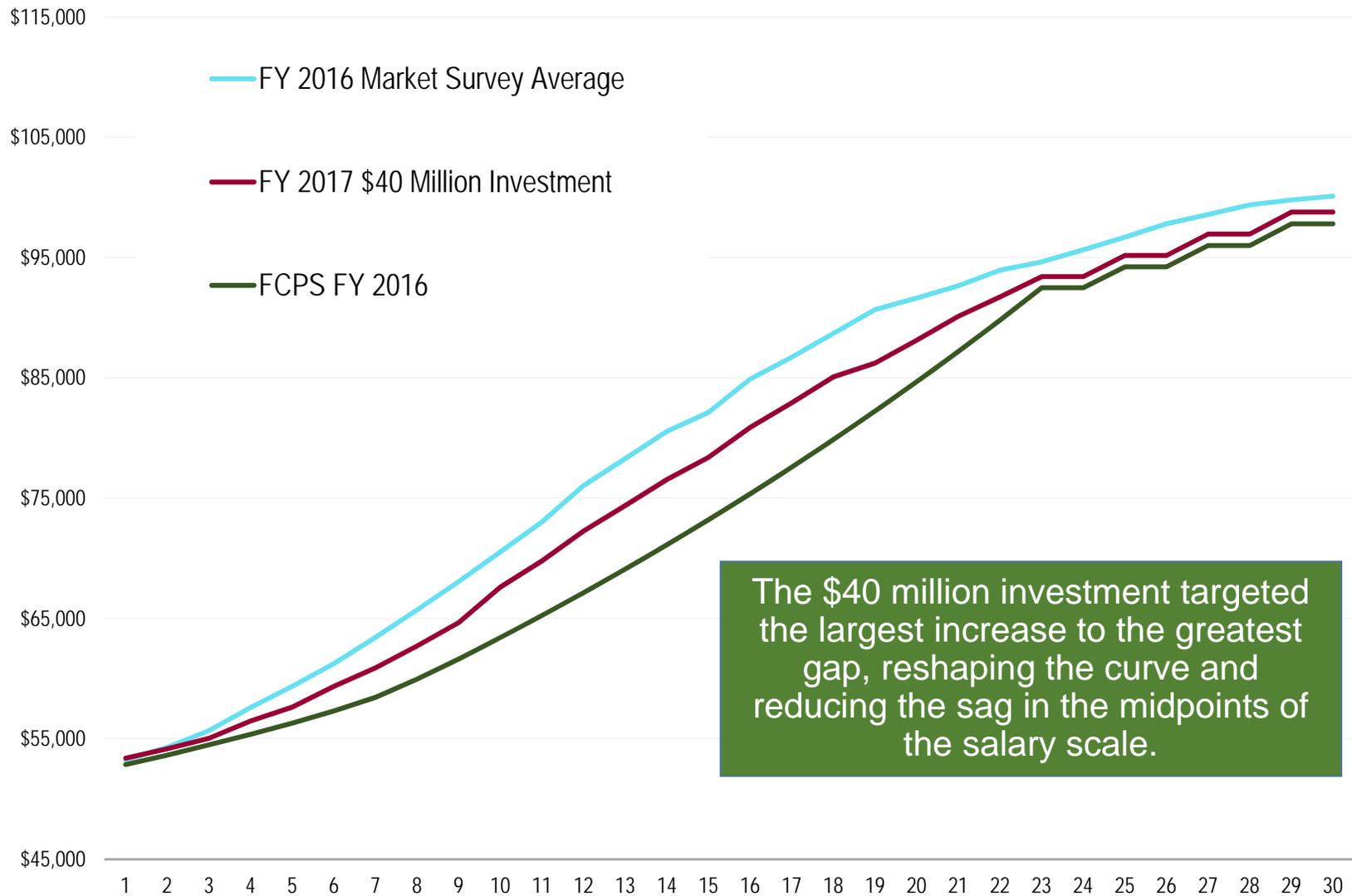
- Step Increase \$44.0
- Teacher Scale Implementation \$44.3
 - Phase in approach
 - Includes 1% market scale adjustment
- Market Scale Adjustment \$7.9
 - 1% for all nonteacher scale employees
- Base Savings (\$20.7)
 - Reductions to compensation accounts from turnover



Compensation Study Results

- Prior to the \$40 million investment in FY 2017:
 - A new teacher with a master's degree earned \$156 less than the survey average
 - At the 15th year, however, a FCPS teacher's salary was about \$8,500 below the survey average and about \$20,000 below an Arlington teacher's salary
 - Over a 30-year career, an FCPS teacher earned \$142,000 less than the survey average and \$293,000 less than an Arlington teacher's salary
- An initial investment in FY 2017 of \$40 million closed the gap to the FY 2016 market average by less than halfway

Impact of \$40 Million Investment in FY 2017



The \$40 million investment targeted the largest increase to the greatest gap, reshaping the curve and reducing the sag in the midpoints of the salary scale.



Newly Developed Teacher Salary Scale

- In order to attract and retain the highest quality teachers, the following goals drove the new salary scale design:
 - Market competitive salary ranges
 - More rapid career earnings
 - Target career earnings to be within 95% and 105% of market average
 - Maintain pay lanes based on educational attainment



Teacher Salary Scale Implementation

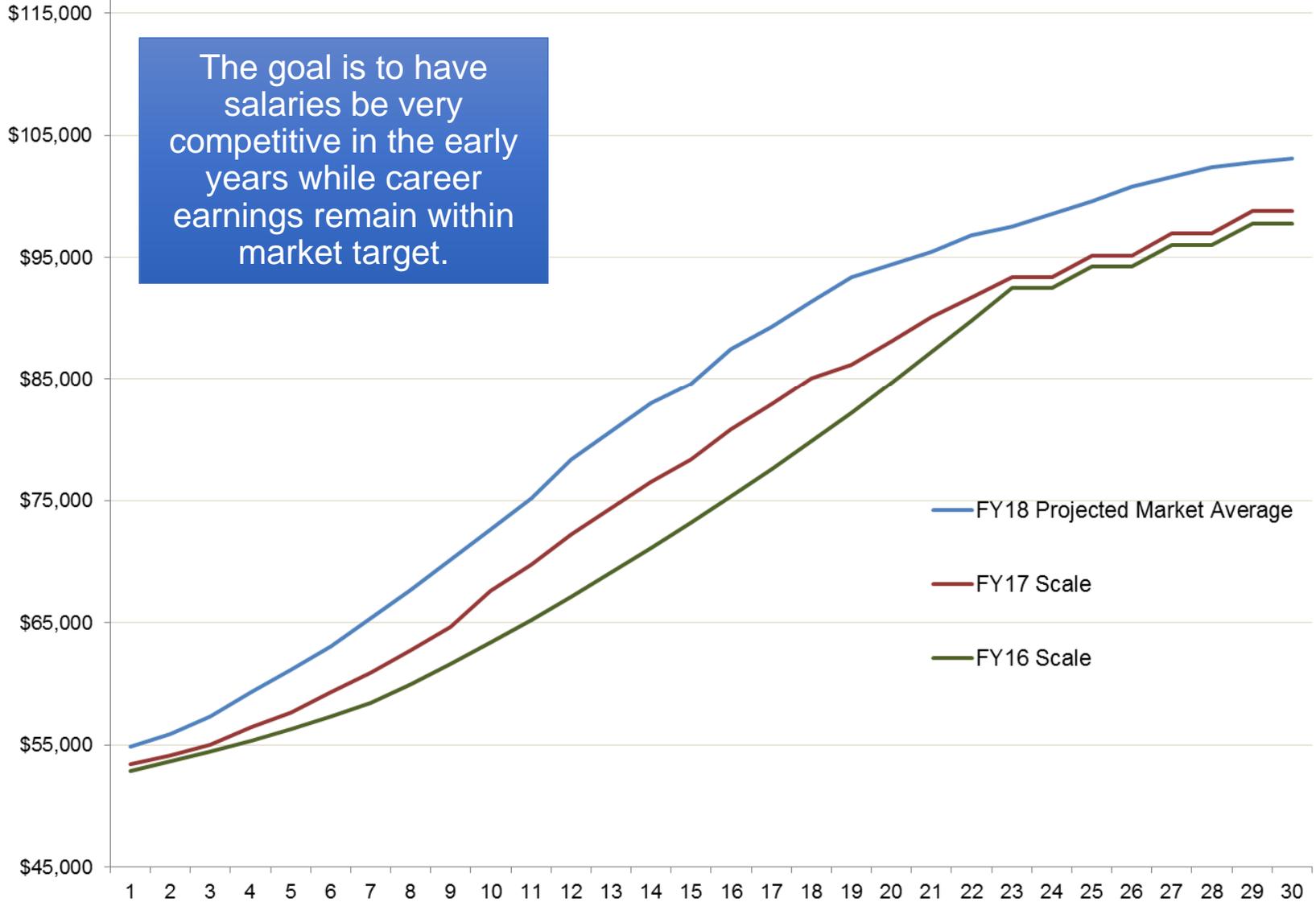
- Recommending a multi-year implementation plan to close the gap with the projected market average
 - The market average will continue to shift based on the salary increases provided by the surrounding school districts
- The recommended investment in FY 2018 totals \$44.3 million
- With this level of investment, we anticipate fully implementing the new scale by FY 2020

Teacher Salary Scale – Master’s Lane

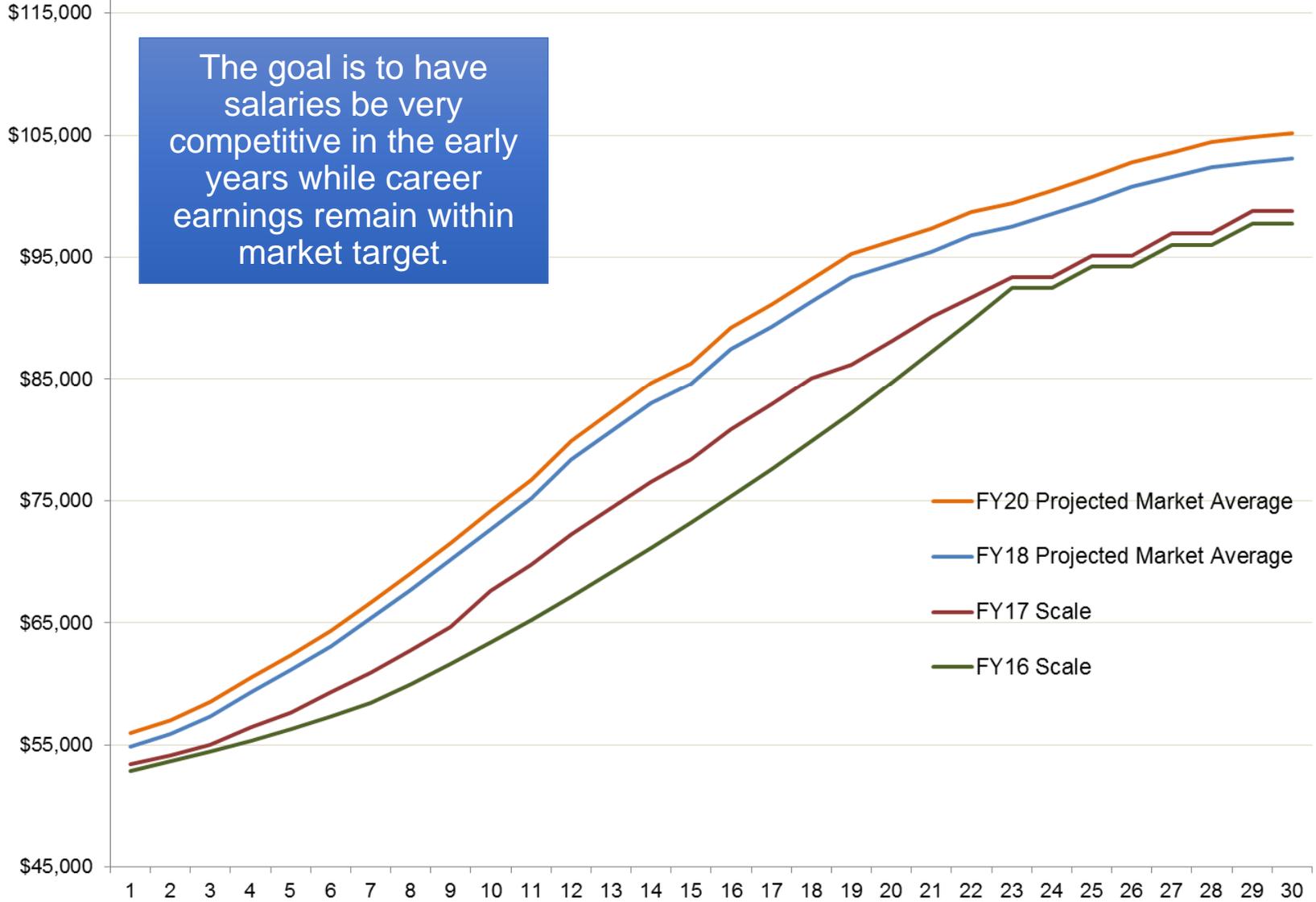


Teacher Salary Scale – Master’s Lane

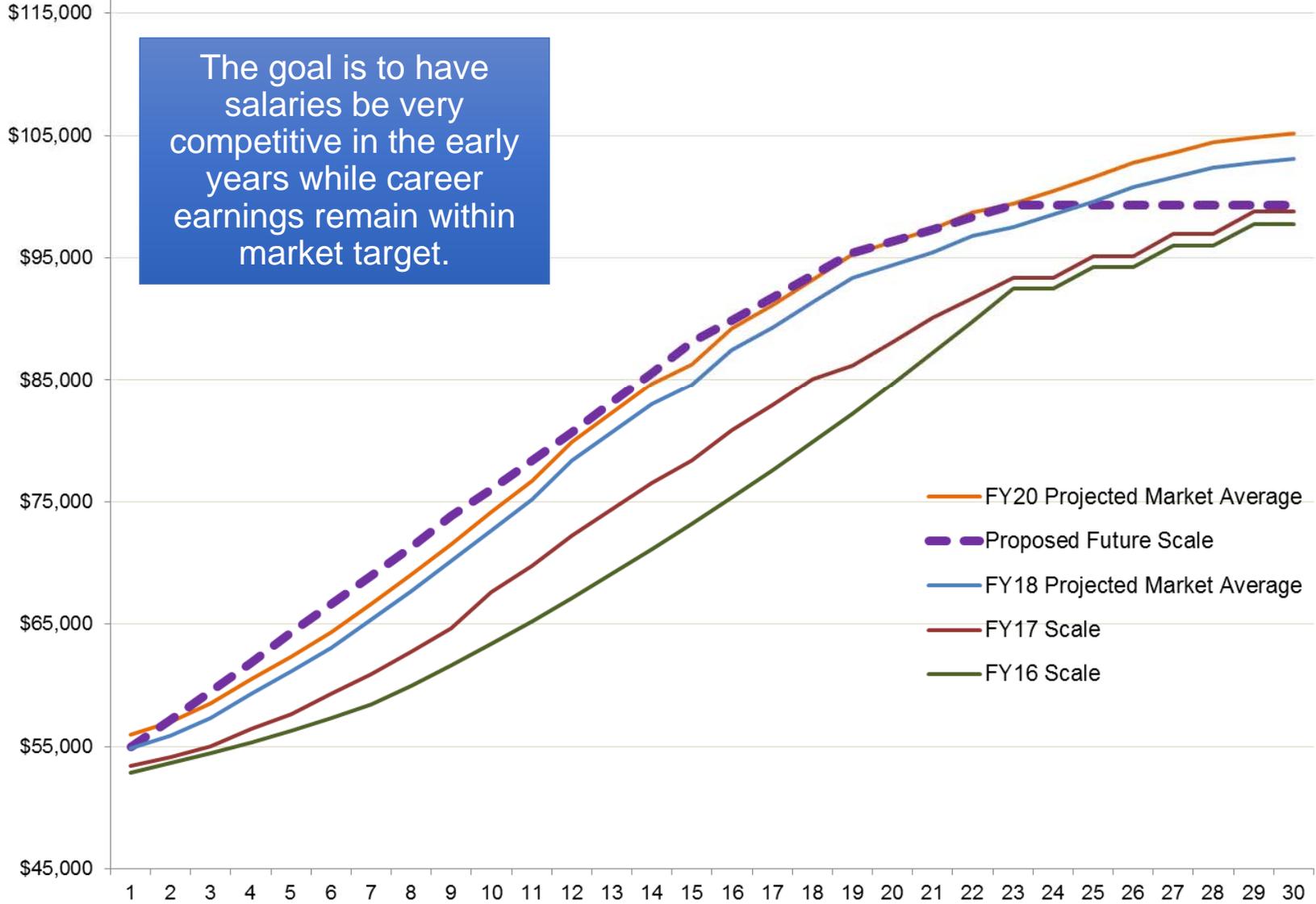
The goal is to have salaries be very competitive in the early years while career earnings remain within market target.



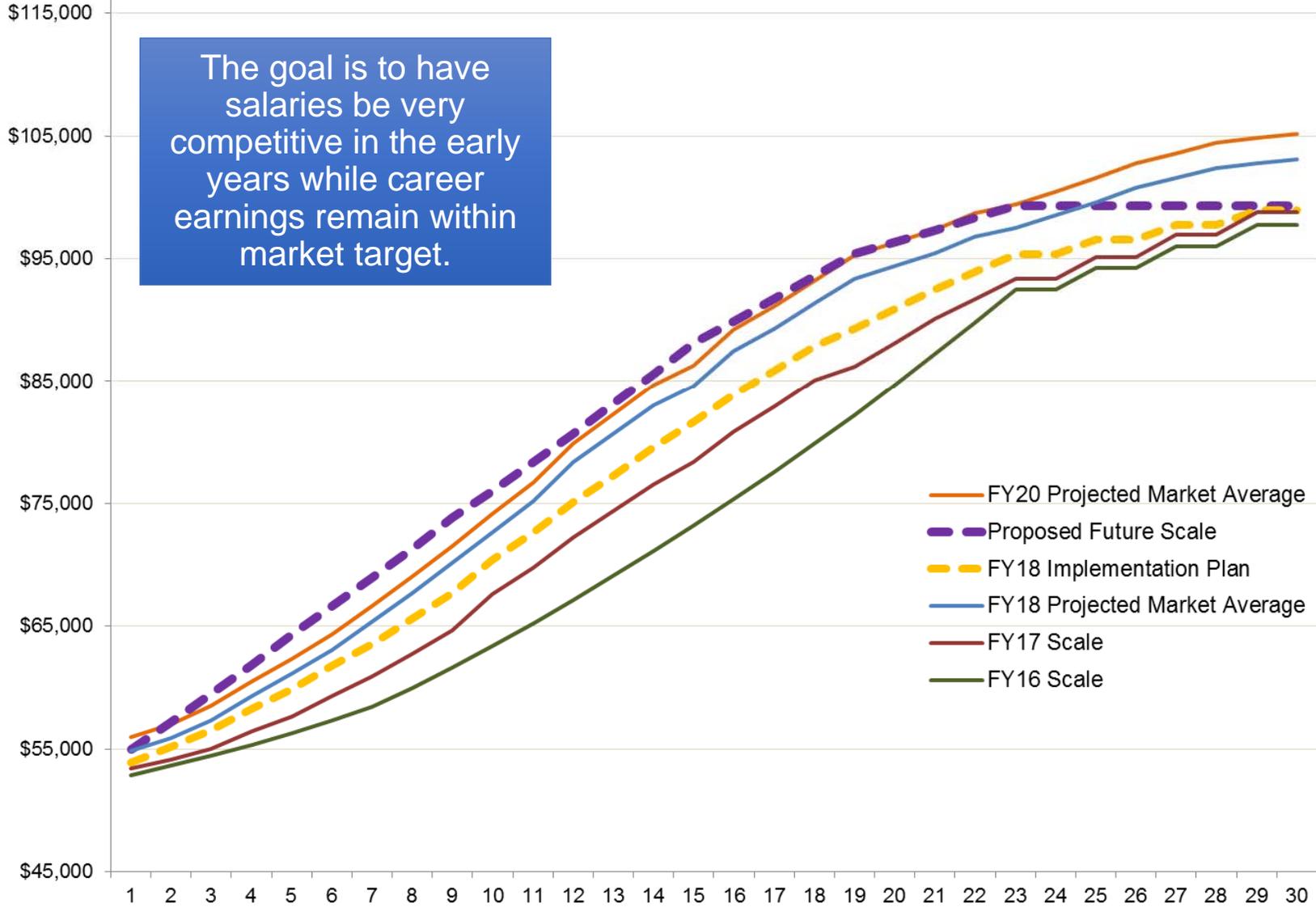
Teacher Salary Scale – Master’s Lane



Teacher Salary Scale – Master’s Lane



Teacher Salary Scale – Master’s Lane



Identified Strategic Investments

(\$ change in millions)

- **Prioritizes Classroom Resources**

\$15.0

- **Textbooks**

- ✦ Social Studies required for FY 2018
- ✦ Additional funding needed for a 7-year replacement cycle
 - Math / Science / Language Arts / World Languages

- **Student Technology**

- ✦ Phased in approach to enhance teaching and learning through technology

- **Assessment Tools**

- ✦ Screening tool for grades K-8 to support timely and targeted intervention/acceleration

- **Preschool**

- ✦ Multi-year funding needed to reduce the waiting list by adding preschool classrooms

FY 2018 Summary

(\$ change in millions)



Many Unfunded Needs Remain

- **Compensation**
 - Bringing employee salaries to the market average
- **Classroom**
 - Large class sizes at middle and high schools
 - Elementary enhanced autism
 - Learning management system
- **Student Support**
 - System of support teachers
 - Parent liaisons
 - Psychologists and social workers
- **Infrastructure**
 - Computer and bus replacement cycle
 - Preventive and major maintenance



Fiscal Uncertainties

- **State Aid**
 - Economic conditions impacting state budget remain uncertain and could impact both State Aid and sales tax
 - More information will be provided when the Governor releases his budget in December
- **Local Funding**
 - A series of joint meetings between the Board of Supervisors and the School Board are scheduled
 - November 8 general election includes a vote on the meals tax
- **Enrollment**
 - Student demographics continue to shift, reflecting increased needs



Meals Tax - Strategic Investments

- If approved, the meals tax is estimated to generate approximately \$99 million in the first year - with 28 percent of that amount coming from non-county residents
- FCPS would receive approximately \$67 million
- The School Board commits to dedicate funding from the meals tax to these two areas:
 - the vast majority to ensuring competitive teacher salaries and
 - the remaining funds to critical classroom resources

Economic Impact Study

By Stephen S. Fuller, Ph.D., Dwight Schar Faculty Chair and University Professor, Senior Advisor and Director for Special Projects, Center for Regional Analysis, George Mason University, Arlington, Virginia

- FCPS is the largest employer within Fairfax County and has \$1.85 billion in direct outlays within the county generating a \$2.2 billion economic impact
- FCPS is the second largest source of economic activity in the county following the federal government
- 67 percent of FCPS' payroll outlays are made to employees residing within Fairfax County
- FCPS' annual outlays in Fairfax County will support directly and indirectly almost 35,000 jobs in Fairfax County accounting for 5.3 percent of the county's at-place employment in 2016 with a combined payroll (personal earnings) totaling \$1.6 billion to be recycled and re-spent in support of the local economy



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