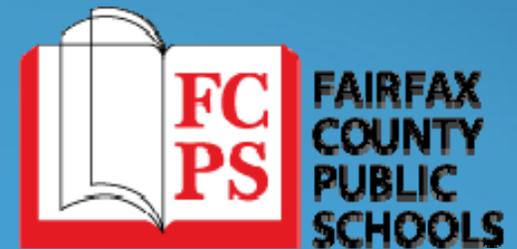


FY 2012 Fiscal Forecast Update

School Operating Fund

Fairfax County Public Schools
Board of Supervisors: October 26, 2010

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



FCPS: Looking Forward

- FCPS will face considerable future-year challenges:
 - Loss of ARRA (stimulus) dollars and VRS holiday savings
 - VRS rate increases beginning in FY 2012
 - VRS repayments begin in FY 2013
 - Local Composite Index (LCI) fluctuations unknown
 - Student enrollment continues to increase
 - Employee compensation is a divisionwide priority

Stimulus Funding

- 517 positions are included in nearly \$50 million ending this year:
 - State Fiscal Stabilization Funding
 - Averted class size increase by funding 277 general education teachers
 - IDEA ARRA
 - Primarily averted special education class size increase and guidance counselor reductions by funding 166 positions, including 120 teachers and 37 guidance counselors
 - Title I ARRA
 - Provided additional resources to Title I schools by funding 66 positions including 59 teachers

Revenue Assumptions

(\$ change in millions)

- County Transfer \$0.0
 - \$1,610.3 million—no change from FY 2011
- Sales Tax \$8.5
 - 3.4% projected increase from FY 2010 actual
- State Aid \$12.4
 - Based on state biennial budget combined with FCPS membership projections for FY 2012

Revenue Assumptions (cont.)

(\$ change in millions)

- Federal Aid \$0.8
 - 2.0% projected increase
- Stimulus Funding (\$26.9)
 - Amount does not include loss of \$13.7 million in carryover from multi-year budgeting and the loss of \$8.2 million in Title I funding
- Education Jobs Funding \$21.3

Expenditure Assumptions

(\$ change in millions)

- Membership Growth \$17.7
 - 2,120 students over FY 2011 approved total of 175,296
 - FY 2012 - 177,416 students; 1.2% increase
- Retirement \$20.9
 - VRS rate of 10.16% (employer and employee)
 - ERFC projected rate of 4.34%
 - FCERS projected rate of 16.18%
- OPEB (GASB 45) (\$5.0)
 - Based on the most recent actuarial valuation

Expenditure Assumptions (cont.)

(\$ change in millions)

- Other \$13.0
 - Includes medical insurance, worker's compensation, and other
- Market Scale Adjustment (COLA) \$35.8
 - 2.0%
- Step \$40.2
 - Averages 2.3%
- Lapse (\$28.4)
 - Turnover and Vacancy Savings

Expenditure Assumptions (cont.)

(\$ change in millions)

- Instructional Mandates \$8.5
 - Online SOL Testing – New Mandate
- Student Achievement Goal (SAG) Projects \$1.5
 - Best Practices in Teaching and Learning
 - Closing the Achievement Gap
 - Professional Learning Communities
- Stimulus Priorities
 - Expenditures include maintaining general and special education class size
 - Deficit does not include Title I ARRA expenditures

FY 2012 Summary

(\$ change in millions)

- Revenue Assumptions \$21.8
- Expenditure Assumptions 104.9
- Total Deficit (\$83.1)
- Reserve Use
 - Compensation Reserve Depleted \$3.0
 - VRS Reserve Utilized for Rate Increase 15.0
- Projected Deficit for FY 2012 (\$65.1)

Reserve Overview

- FY 2011 Approved Budget created 2 reserves:
 - \$3.0 million for compensation
 - \$45.0 million for VRS impacts
- Reserves strategically applied in FY 2012 and future years
 - Compensation reserve expended in FY 2012
 - VRS reserve used to address rate increase in FY 2012
 - Remaining reserves to be expended in outgoing years to address VRS rate increases and repayment requirements
 - Reserve is insufficient to fund 10 years of repayments

Reserves (cont.)

FCPS Planned VRS Reserve Usage (in millions)					
	FY 2011	FY 2012	FY 2013*	FY 2014	FY 2015
Recurring VRS Savings	\$45.0	\$45.0	\$30.0	-	-
Spent on Recurring Rate Increases	-	(\$15.0)	(\$52.0)	?	?
Recurring Reserve Balance	\$45.0	\$30.0	insufficient	?	?
Annual Savings	\$45.0	\$75.0	\$75.0	\$50.0	\$25.0
10-Year VRS Repayment	-	-	(\$25.0)	(\$25.0)	(\$25.0)
Net Reserve	\$45.0	\$75.0	\$50.0	\$25.0	\$0.0
*Estimated rate based on FY 2010 level					

- VRS repayments are projected to begin in FY 2013 and end in FY 2022
 - Reserve funding available through the first 3 years of repayments only
 - 7 years of repayments are unfunded

FCPS: Reviewing Reductions

- Three-year reductions and cost avoidances exceeding \$465 million, eliminating over 1,400 positions:

- *Impacted Programs:*

- *Class size at all levels*
- *Summer School*
- *Adapted P.E.*
- *Alternative*
- *HS Academies*
- *Library*
- *Student fees*

- *Reductions to:*

- *Teachers*
- *Assistant Principals*
- *Student Support – Guidance, SW, Psych*
- *Clerical staff*
- *Custodians*
- *Central office*
- *All employee pay frozen for 2 years*

- All while enrollment increased by over 10,000 students

Future Considerations

- Employee Compensation
- Enrollment Growth
- Restore Class Size
- Full-Day Kindergarten
- Foreign Language Programs
- Restore Instructional Supply Funding
- Early Childhood Education
- Preventative Maintenance
- Bus Replacement
- Computer and Equipment Replacement