

**ADVERTISED
BUDGET**
FAIRFAX COUNTY, VIRGINIA
FY **18**





Ignite

STUDENT SUCCESS

CARING CULTURE

PREMIER WORKFORCE

RESOURCE STEWARDSHIP

PORTRAIT OF A GRADUATE





FY 2018 Advertised Budget Summary

- Budget proposal funds only FCPS' basic needs with a focus on FCPS' Strategic Plan
 - Employee Compensation
 - Classroom Resources
- Expenditures are also increasing to address requirements for maintaining current programs and services
 - Enrollment growth and student demographic changes
 - Retirement and health increases
- Additional funding from the county and state is needed to support our basic requirements and to continue our multiyear investment in our employees



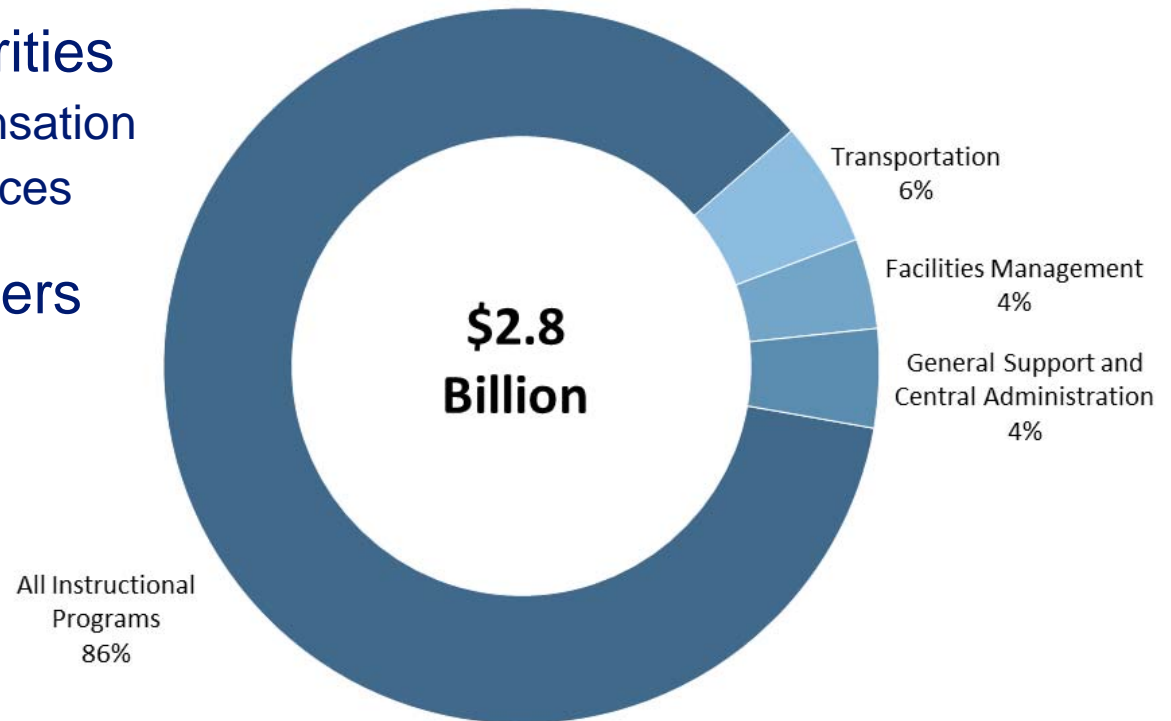
Teacher Trends

- FCPS teacher salaries are still below market average
- FCPS started this school year with 180 vacancies
 - We still have 64.5 teacher vacancies today
- FCPS' teacher turnover has increased
- The teacher applicant pool (nationally) is the smallest in the last 10 years
- The applicant pool will continue to shrink with a 35% decrease in the number of individuals entering teacher preparation programs



FY 2018 Advertised Budget Overview

- \$2.8 billion School Operating Fund
 - 5.1% increase over FY 2017 Approved Budget
- Strategic Plan Priorities
 - Employee Compensation
 - Classroom Resources
- Required Cost Drivers
 - Enrollment
 - Retirement
 - Health



Instruction totals 86% of FCPS' Budget

ADVERTISED BUDGET FY 2018



Expenditures





Employee Compensation

	(\$ in millions)
• Step Increases for All Eligible Employees	\$44.0
• New Teacher Salary Scale Implementation	\$33.2
• Future scale accounts for market movement	
• Will require four years to fully implement	
• New Nonteacher Scales Implementation	\$7.0
• Placeholder for implementation of new scales	
• Classroom Instructional Support	
• School-Based Administrators	
• Unified Scales	
• Includes Psychologists, Social Workers, Clerical, Custodial, Technicians, etc.	
• Market scale adjustment of 1% for nonteacher scales	\$7.9
• Compensation Base Savings	(\$27.5)



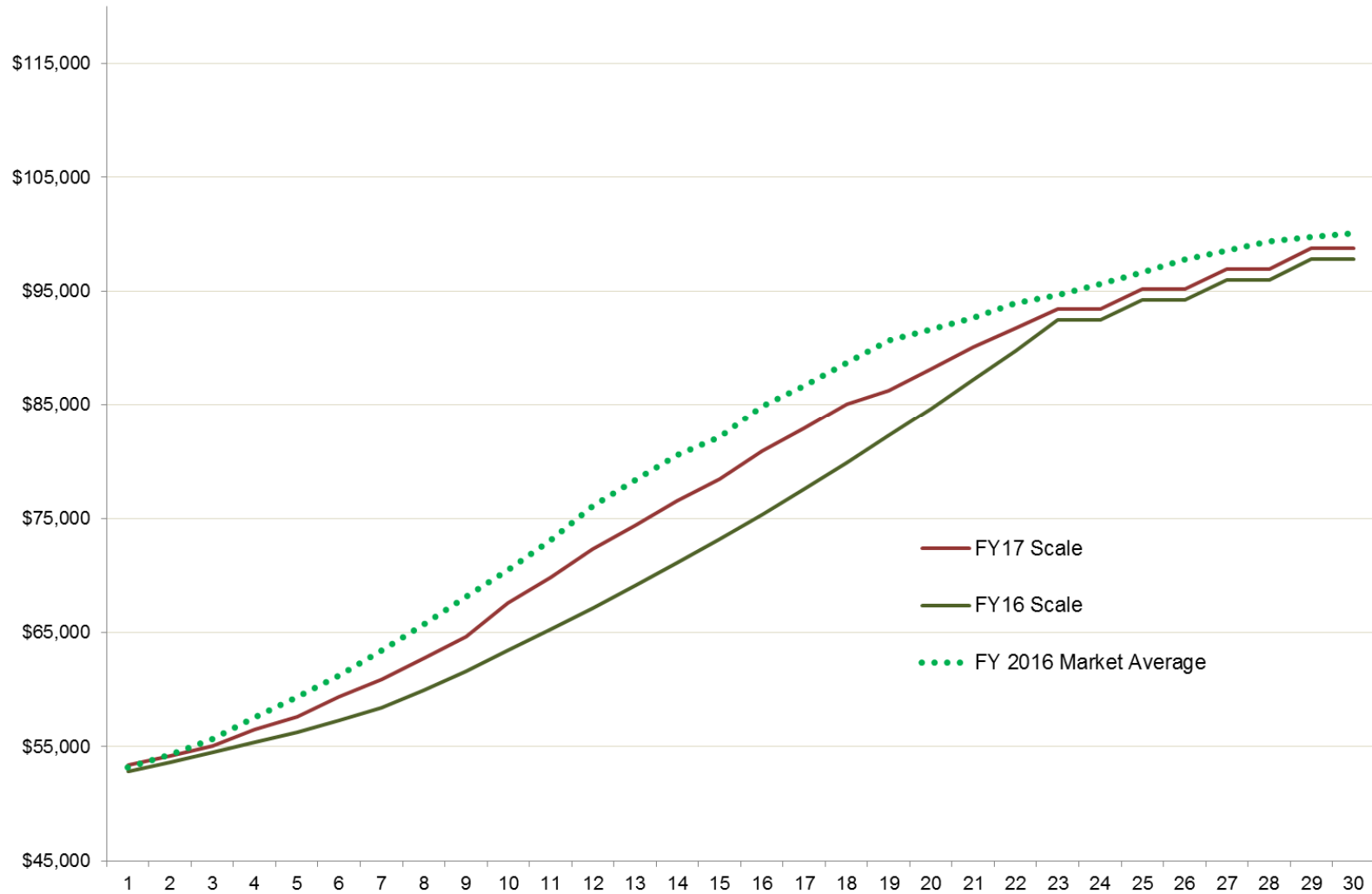
Teacher Salary Scale Implementation

- Recommend multiyear implementation to close the gap with the projected market average
 - Market average will continue shifting based on the salary increases provided by the surrounding school districts
- \$33.2 million investment recommended in FY 2018
- New scale will be fully implemented in FY 2021 with this recommended investment annually



Impact of Teacher Salary Investment in FY 2018

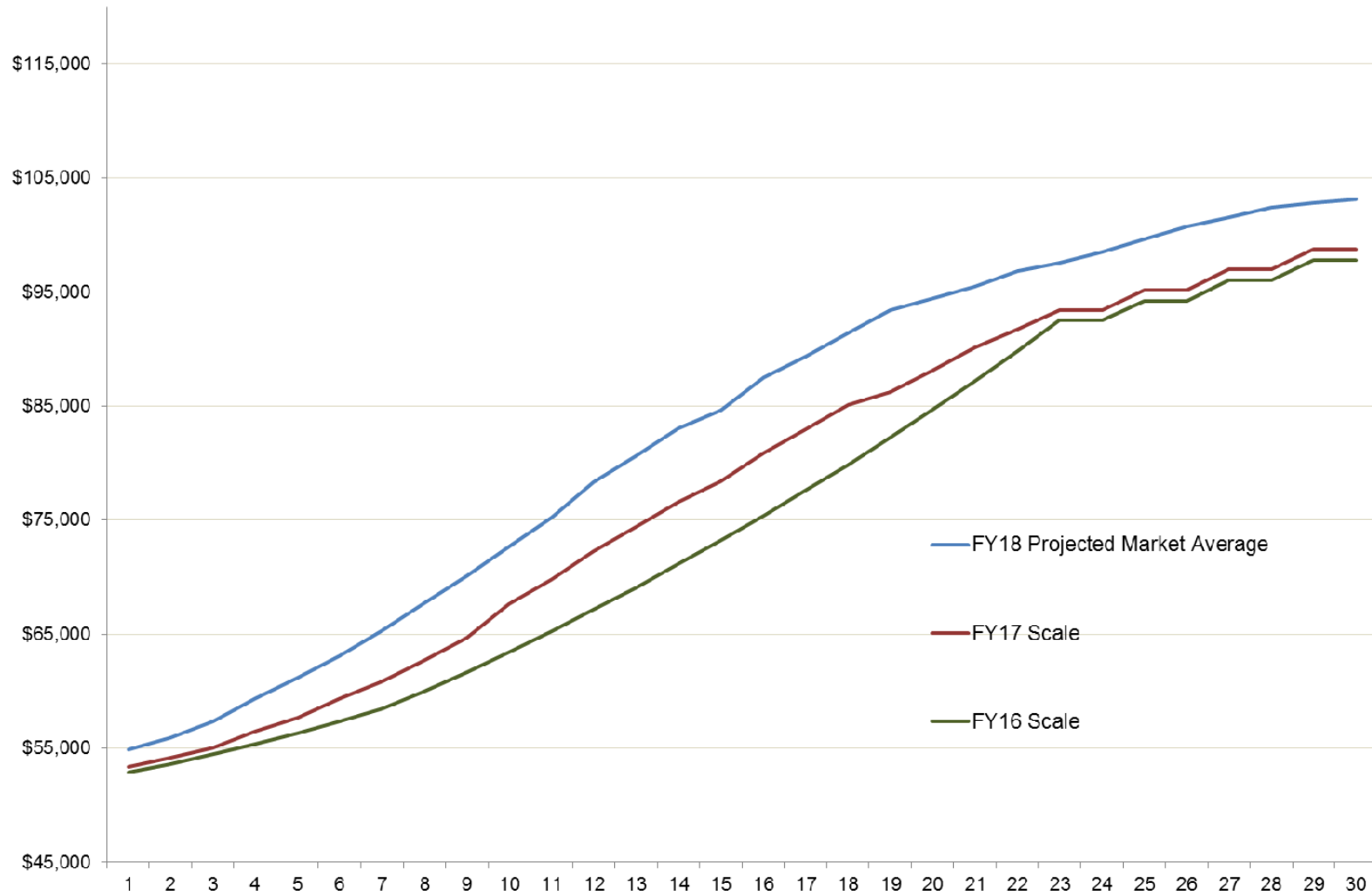
Teacher Salary Scale - Master's Lane





Impact of Teacher Salary Investment in FY 2018

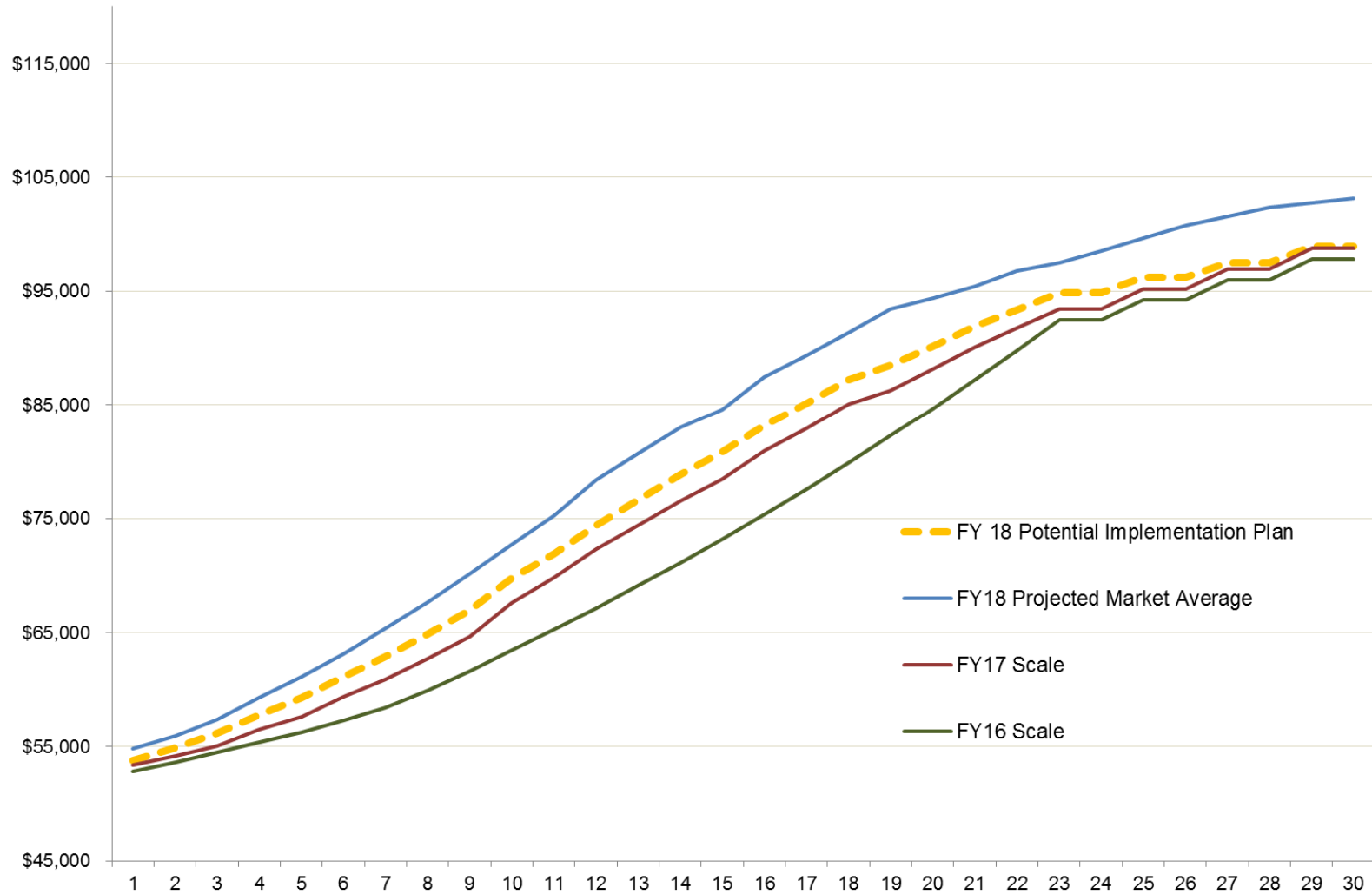
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Impact of Teacher Salary Investment in FY 2018

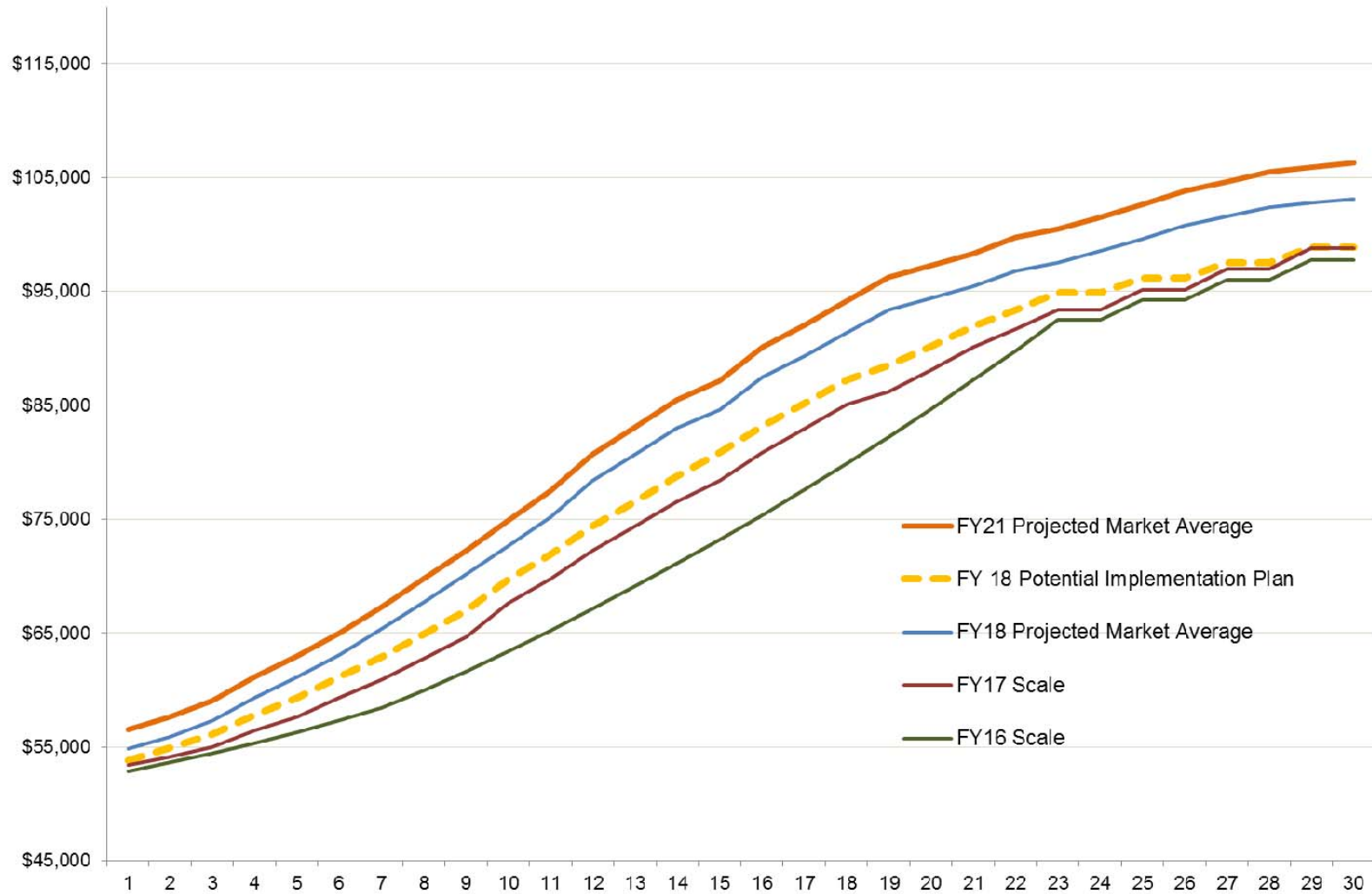
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Impact of Teacher Salary Investment in FY 2018

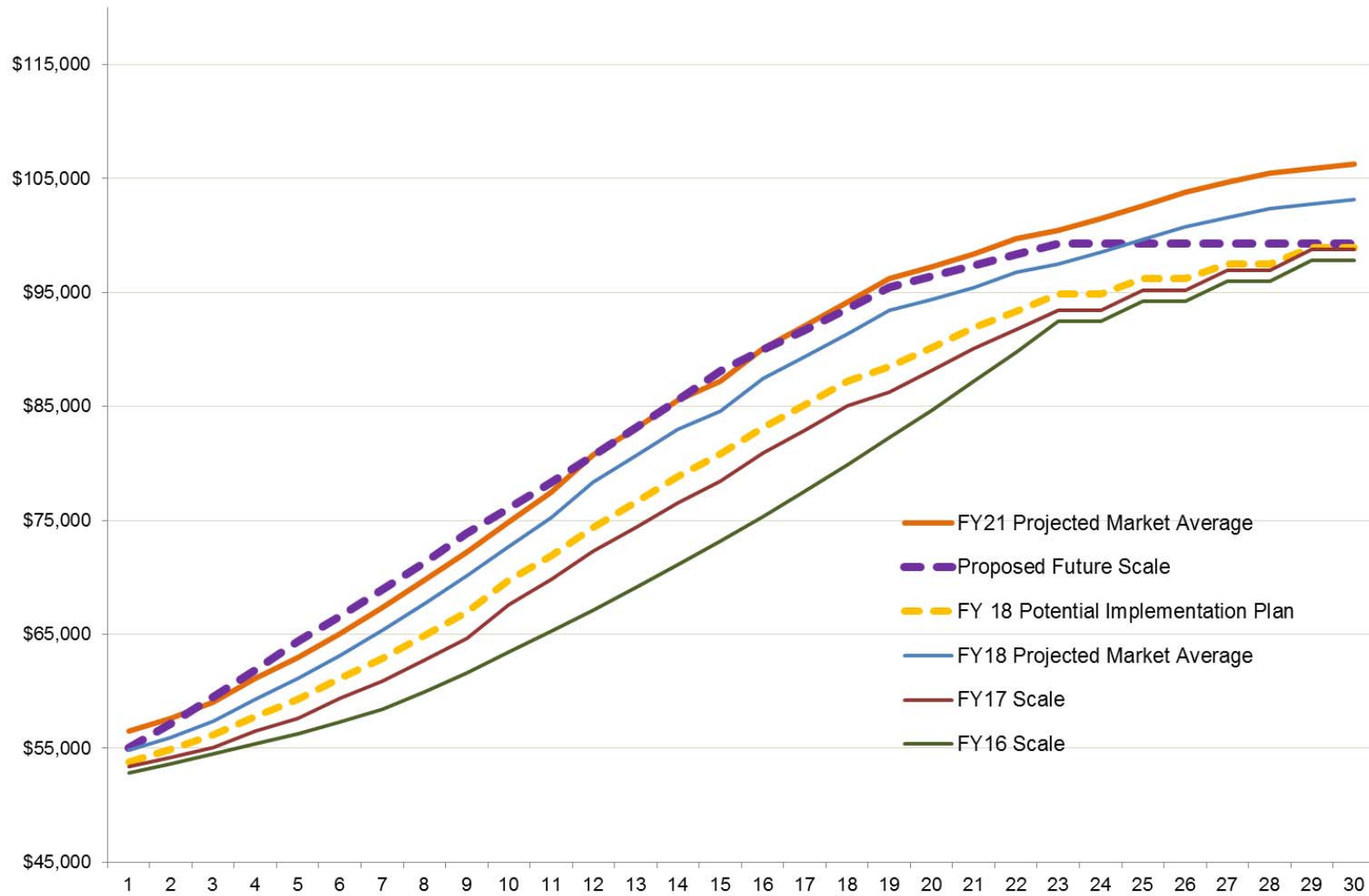
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Impact of Teacher Salary Investment in FY 2018

Teacher Salary Scale - Master's Lane





Classroom and Operational Resources

	(\$ in millions)
• Support for Preschool	\$0.5
• Textbooks – New Investment*	\$2.7
• Assessment Tool (Universal Screener)	\$2.4
• Operational Resources	\$3.7

*Total cost of the social studies textbook adoption is \$7.8 million.
The remaining \$5.1 million is funded through the textbook reserve.



Required Cost Drivers

	(\$ in millions)
• Enrollment	\$10.0
• Virginia Retirement System	\$25.5
• ERFC (local retirement)	\$11.4
• Decisions on benefit modifications deferred to April	
• Fairfax County Employee's Retirement System	\$4.3
• Health Insurance Rates – 3% Increase	\$4.7
• New Pharmacy Contract Mitigated Rate Increases	



Enrollment and Student Demographics

- 1,932 student increase over FY 2017 Approved
- 133.8 school-based positions necessary based on school staffing formulas
- \$10.0 million cost of enrollment growth and changes in student demographics
- Updated enrollment projections will be completed in March and the cost of growth recalculated, as occurs each fiscal year

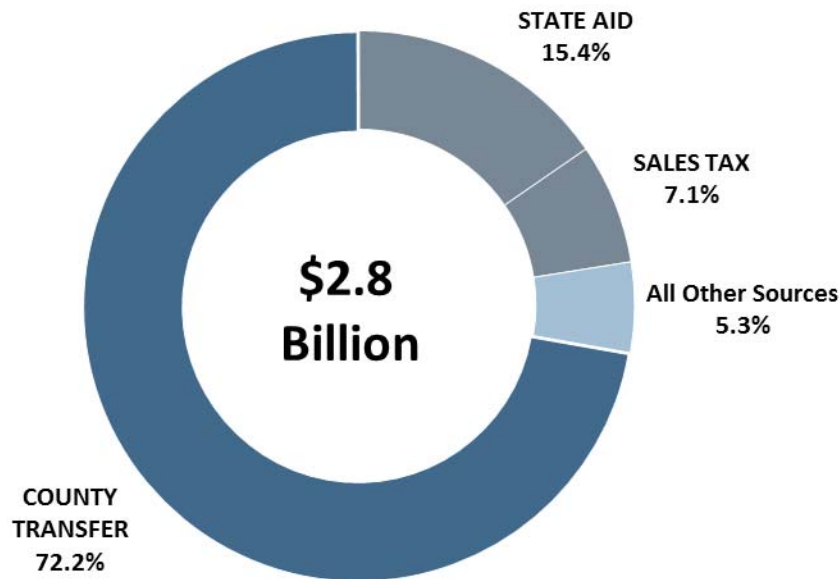


Revenue





FY 2018 Revenue



Revenue Changes Compared to FY 2017 Approved

(\$ in millions)

- County Transfer \$112.5
- State Aid \$14.4
- Sales Tax \$6.6
- City of Fairfax \$1.3
- Other Revenue \$1.1
- Budgeted Beginning Balance (\$6.1)

County and State funding provide nearly 95% of FCPS' funding



State Budget Impact

- Governor's Introduced Budget would provide \$3.3 million more than FCPS projected
- House and Senate Proposals would provide an additional \$0.2 to \$0.3 million
 - Both chambers reject the proposal to pull back from the decision made last year to fund 100% of the VRS Board certified rate in fiscal year 2018
 - The House redirects the 1.5% bonus funding with additional lottery funding to increase the per-pupil allocations for a net increase of \$0.2 million
 - The Senate redirects the 1.5% bonus funding with additional lottery funding to provide funding for a 2% salary increase for a net increase of \$0.3 million



Revenue from Fairfax County

- FCPS' FY 2018 Advertised Budget includes a requested increase of 5.9%, or \$112.5 million
- Significant cost drivers, prior to compensation considerations:
 - Enrollment Growth \$10.0
 - Retirement Rate Increases \$41.2
 - Health Insurance Increases \$4.7
- The County's FY 2018 Advertised Budget includes an operating fund transfer increase of \$51.69 million



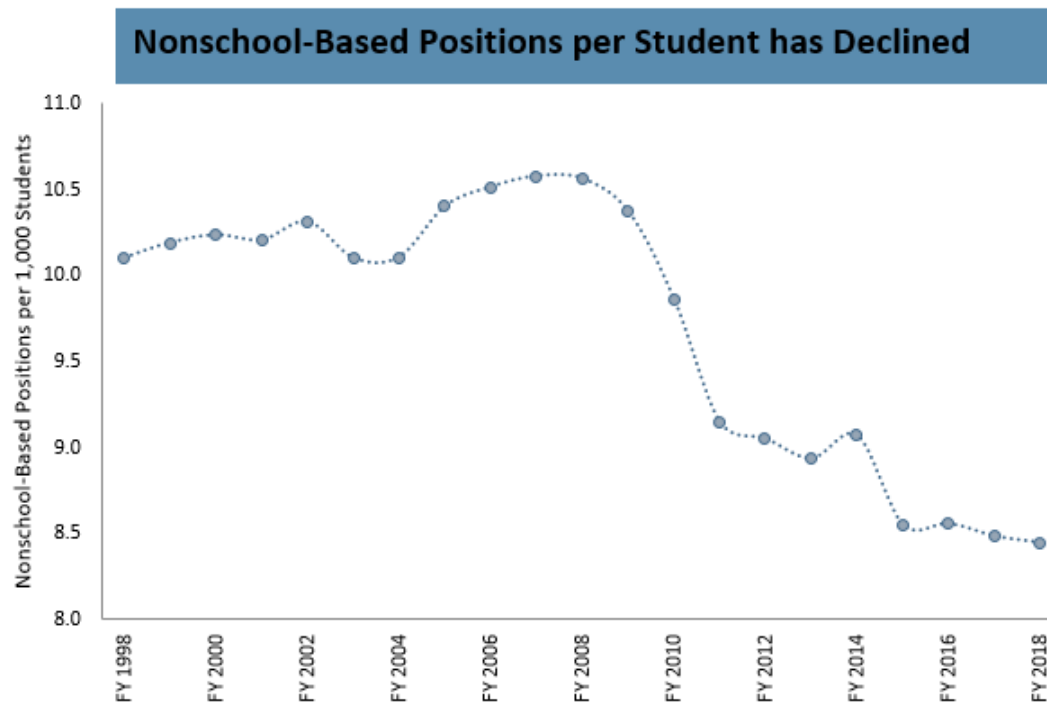
Projected Budget Gap

Potential Gaps Between Revenue Requested and the Revenue Proposed by the State and County FY 2018 Budget	
	\$ in Millions
FCPS' Advertised Transfer Request	\$ 112.5
County Transfer Increase in Advertised Budget	51.7
Gap Remaining After County's Advertised Budget	\$ 60.9
Potential Revenue from Governor's Introduced Budget	\$ 3.3
House and Senate Budget Proposals	0.2
Gap After Projected Changes in Both County and State Funding	\$ 57.4



Since 2008, FCPS has taken significant budget reductions totaling over one-half billion dollars

- FCPS salaries have fallen behind other school districts, in part due to compensation actions taken to help address budget shortfalls
- Class size increased 3 times for an increase of 1.5 to 2.0 students per teacher depending on school level



- Nearly 2,200 positions eliminated
- Programs eliminated, reduced, or redesigned
- Central and school support significantly reduced

Positions are updated to reflect actual numbers for all fiscal years except FY 2017 (Revised) and FY 2018 (Advertised).



Ongoing Efficiencies

- Recognize recurring base savings from turnover each year
- Eliminate print copies where possible (have only published the CAFR and Budget documents online for many years)
- Provide online professional development and training for employees
- Transitioning all phone service to VOIP and schools to ecommerce for student fee collection
- Implemented Employer Group Waiver Plan beginning in FY 2014 with full implementation in FY 2015
- Redesigned programs including Fairfax Adult and ESOL Transitional High School
- Implemented energy savings initiatives



Potential Reductions and Fees Under Discussion

Category	Potential Reductions and Fees	Est. Amount \$ in millions *
Operations	Department Reductions	\$2.0
	Professional Development Travel Restriction	\$0.5
Optional Access	English for Speakers of Other Languages Transitional Program	\$1.2
Enriching Student Learning	Athletic Fees	\$3.8
	Pupil Placement Fees	\$0.5
	Band and Strings - Start in 5th Grade	\$2.8
	Summer School	\$1.0
Fundamental to Student Learning	Elementary Class Size Formula Floor	\$4.7
	Class Size Increase of 1.0 Student Per Teacher for ES, MS, & HS	\$22.8
	Instructional Materials	\$2.4
Considered by the School Board on February 9, 2017	ERFC Benefit Modifications	\$4.7
	Parking Fees	\$0.5
	AP/IB Test Fees	\$1.1
Total of Superintendent's FY 2018 Potential Reduction and Fees		\$47.9

*Does not add due to rounding



FCPS' Unfunded Needs

- Strategic Plan Priorities
 - Expand Pre-K programming
 - Expand Responsive Instruction across all schools as recommended in the State Efficiency Review
 - Achieve goal of one electronic device per student
 - Provide an integrated learning management system that allows ease of access to key resources and tools for students, employees and parents
 - Expand language programs, to include Immersion and Language through Content
 - Middle School Later Start Times
- Infrastructure Needs
 - Preventive and major maintenance
 - Replacement equipment



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