



Fairfax County
PUBLIC SCHOOLS
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FY 2018 FISCAL FORECAST SCHOOL OPERATING FUND

Joint Budget Work Session:
November 22, 2016

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



State Budget Update From VDOE

- Based on the Governor's savings plan, school divisions should not anticipate receiving state funding for the Compensation Supplement in FY 2017
- Determination of the FY 2018 Compensation Supplement funding will be based on the Governor's amended budget and the 2017 General Assembly Session
- For the purposes of FCPS' forecast, the funding is included in FY 2018



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
 - Assumes compensation supplement will be fully funded in FY 2018



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)**
 - FY 2017 beginning balance was \$33.1 million
 - Will be discussed as part of the FY 2017 Midyear Budget Review

FY 2018 Required Expenditure Assumptions

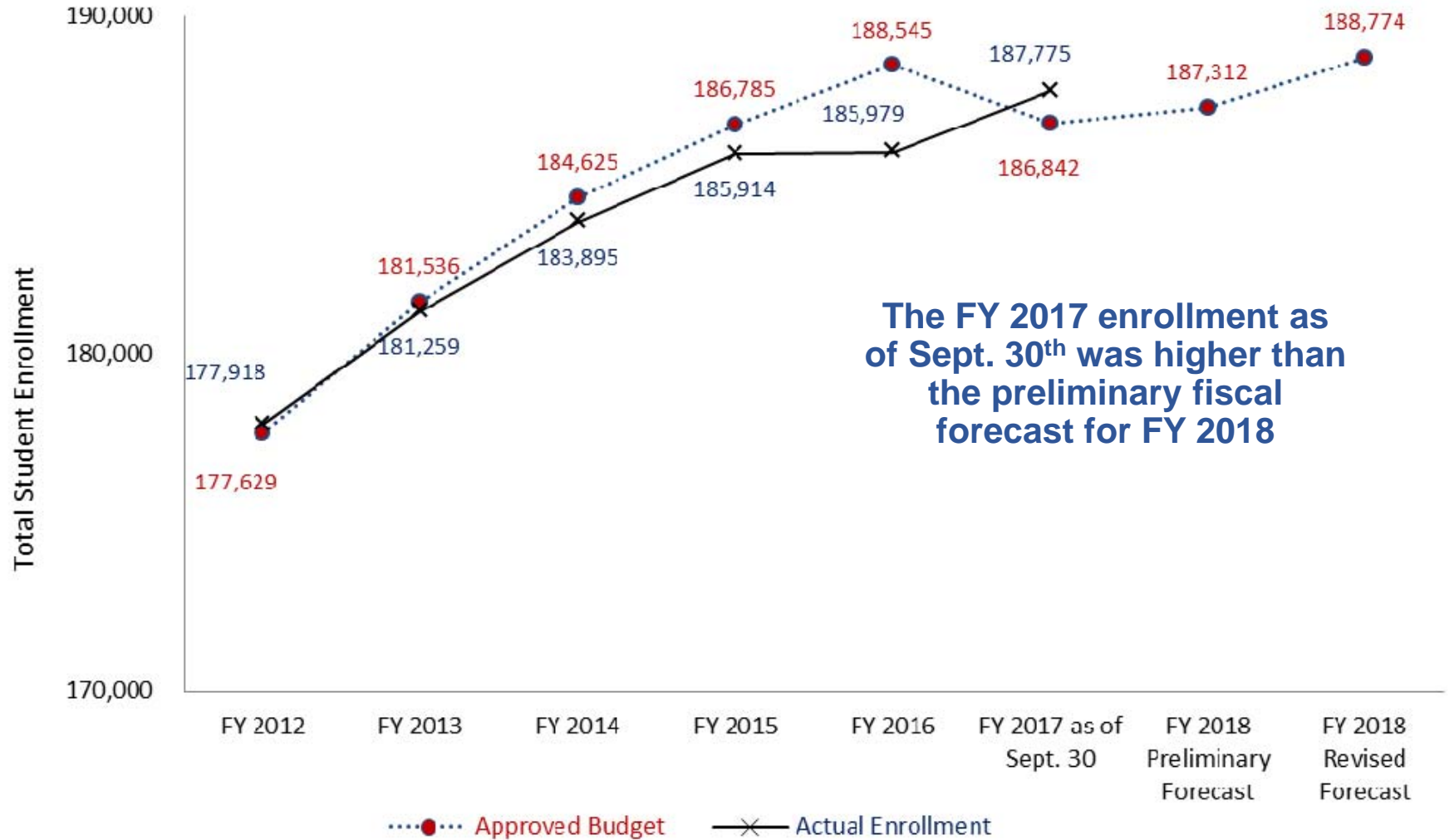
(\$ change in millions)

- **Enrollment Growth**

\$10.0

- The fiscal forecast presented previously included an increase of 470 students with an estimated cost of \$4.3 million
 - Actual enrollment on September 30th was higher than the enrollment used in the preliminary fiscal forecast
- September 30th numbers are used to develop enrollment projections for the upcoming proposed budget; these estimates are then used to determine the cost of enrollment growth and demographic changes
- Enrollment projections will be updated and the cost of growth recalculated again in the spring for the approved budget

Enrollment Projections



FY 2018 Required Expenditure Assumptions

(\$ change in millions)

- Retirement Rate Increases
 - Virginia Retirement System \$25.5
 - ERFC (local) \$11.4
The School Board continues to discuss options for changing ERFC benefits
 - FCERS (county) \$4.3
Reduced from \$5.9 million based County rates
- 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 (\$25.3)
 - Reductions to compensation accounts from turnover
 - Updated from (\$20.7 million) based on turnover experience

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 Revised Summary

(\$ change in millions)

• Required Expenditures	\$62.6
• Projected Salary Needs	70.9
• Identified Strategic Investments	15.0
• Less Projected Revenue Increase	<u>14.9</u>
• Total Projected Gap	\$133.5



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

Addressing FY 2018 Needs

- Options
 - Receive increased funding to meet our basic budget needs
 - Identify significant reductions to close the budget gap
 - FCPS will start with the Budget Task Force recommendations
 - 36 members nominated by stakeholders met over the summer and through the fall of 2015 to provide two scenarios of budget reductions: \$50 million and \$75 million
 - Recommendations available at <http://www.boarddocs.com/vsba/fairfax/Board.nsf/goto?open&id=A3KSVY653B27>



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TEACHER COMPENSATION SLIDES

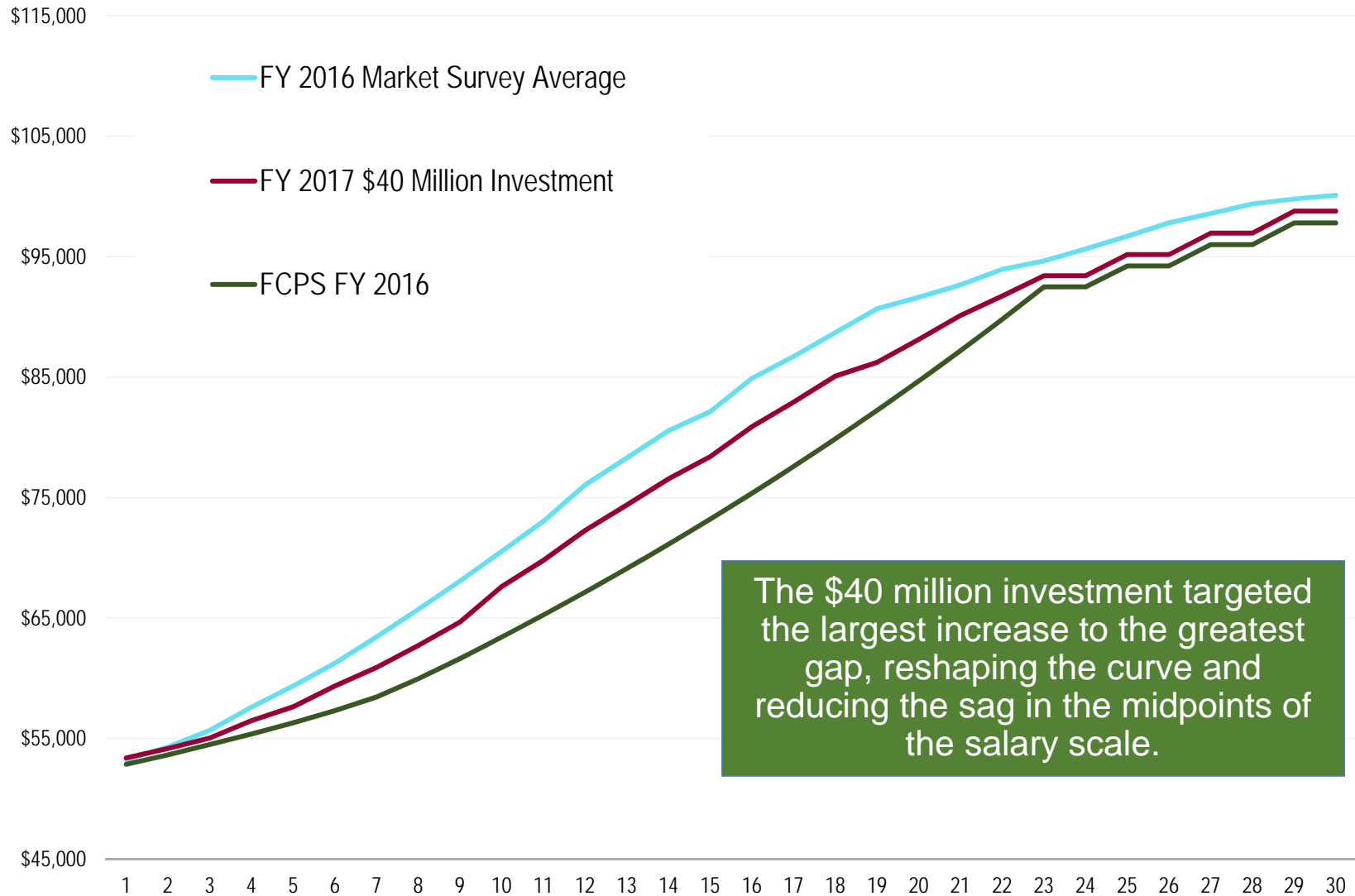
From the October 4, 2016,
Joint Work Session



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

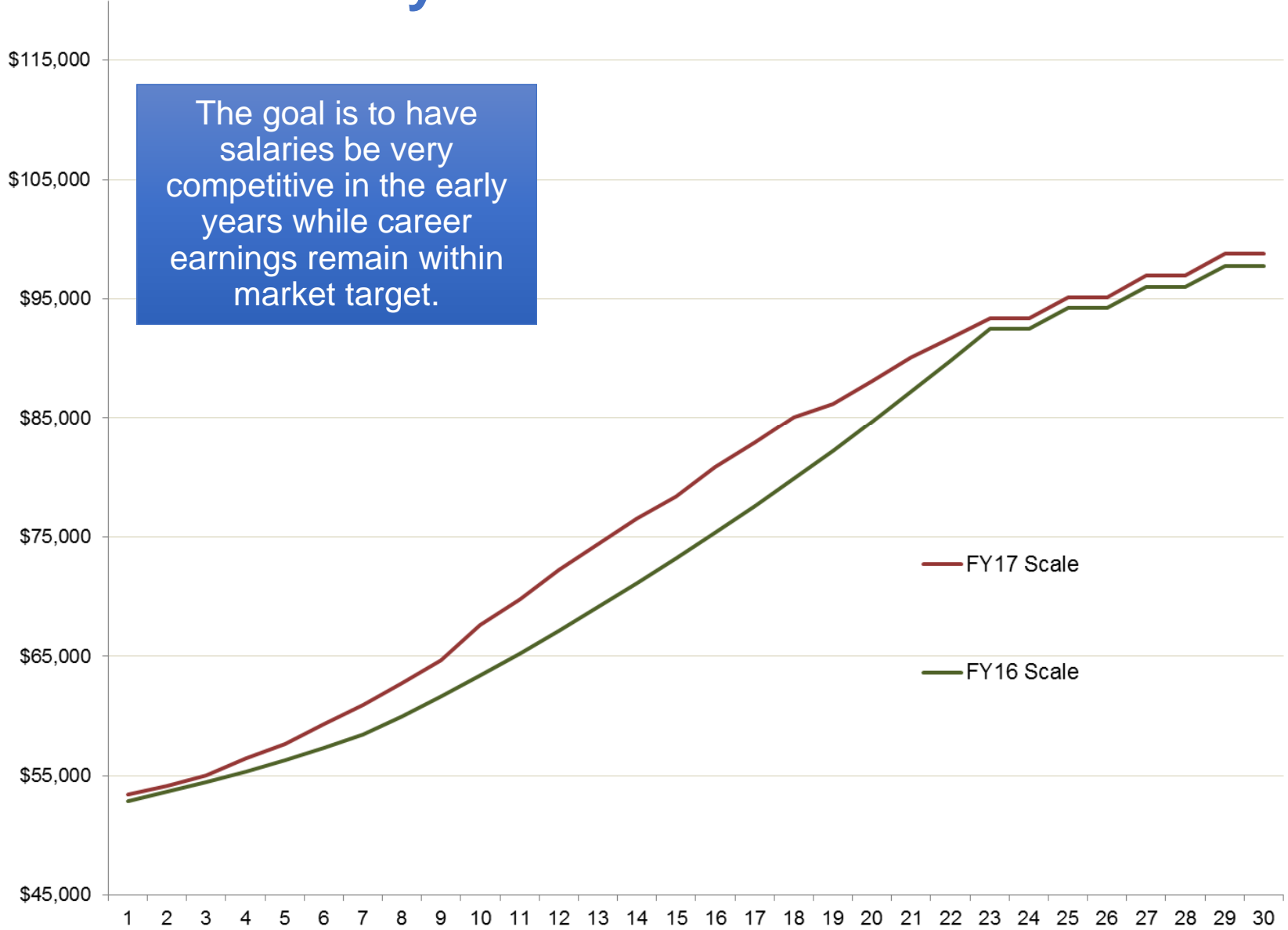
- In order to attract and retain the highest quality teachers, the following goals drove the new salary scale design:
 - Market competitive salary ranges
 - More rapid career earnings
 - Target career earnings to be within 95% and 105% of market average
 - Maintain pay lanes based on educational attainment



Teacher Salary Scale Implementation

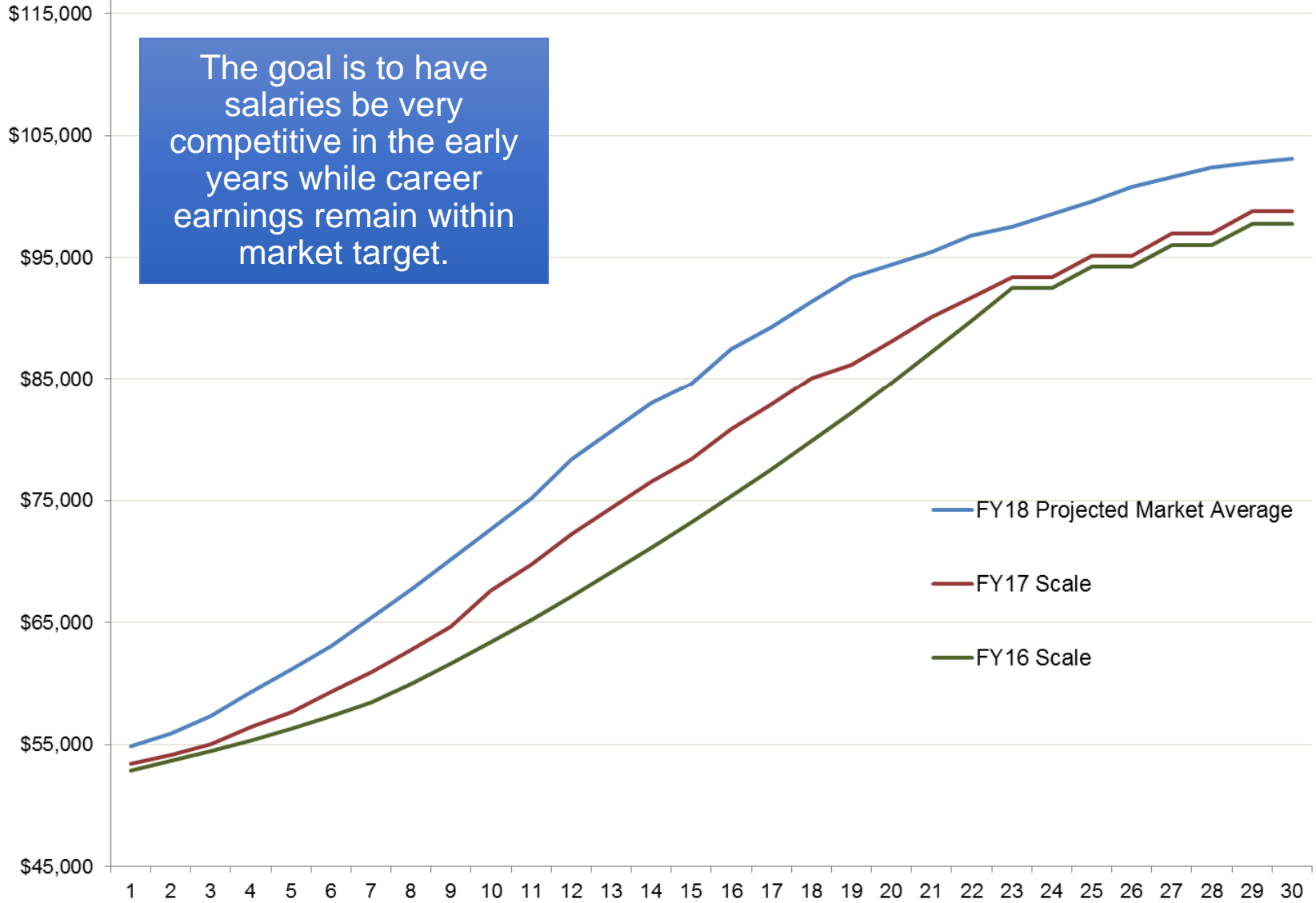
- Recommending a multi-year implementation plan to close the gap with the projected market average
 - The market average will continue to shift based on the salary increases provided by the surrounding school districts
- The recommended investment in FY 2018 totals \$44.3 million
- With this level of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

Teacher Salary Scale – Master's Lane



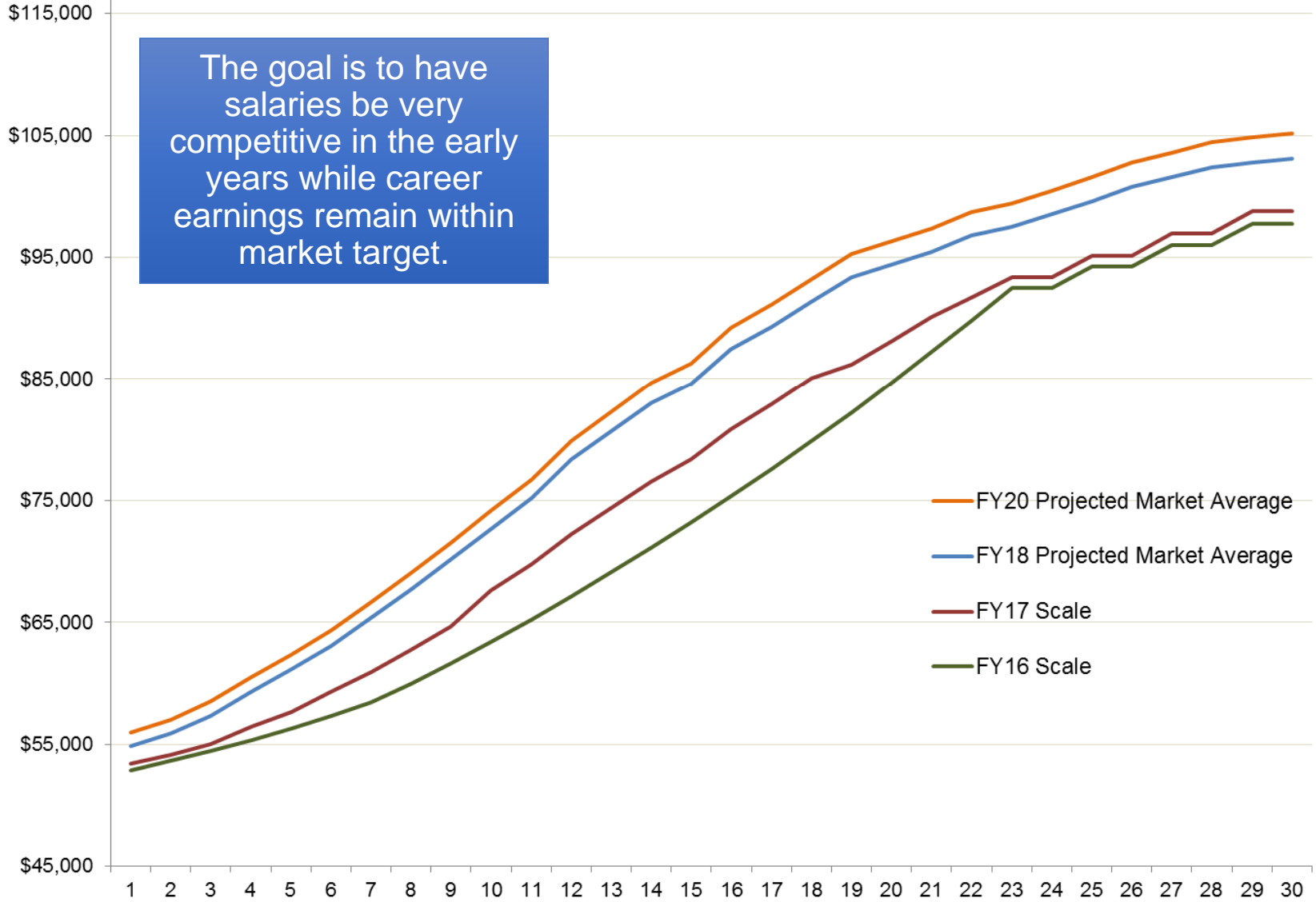
Teacher Salary Scale – Master’s Lane

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

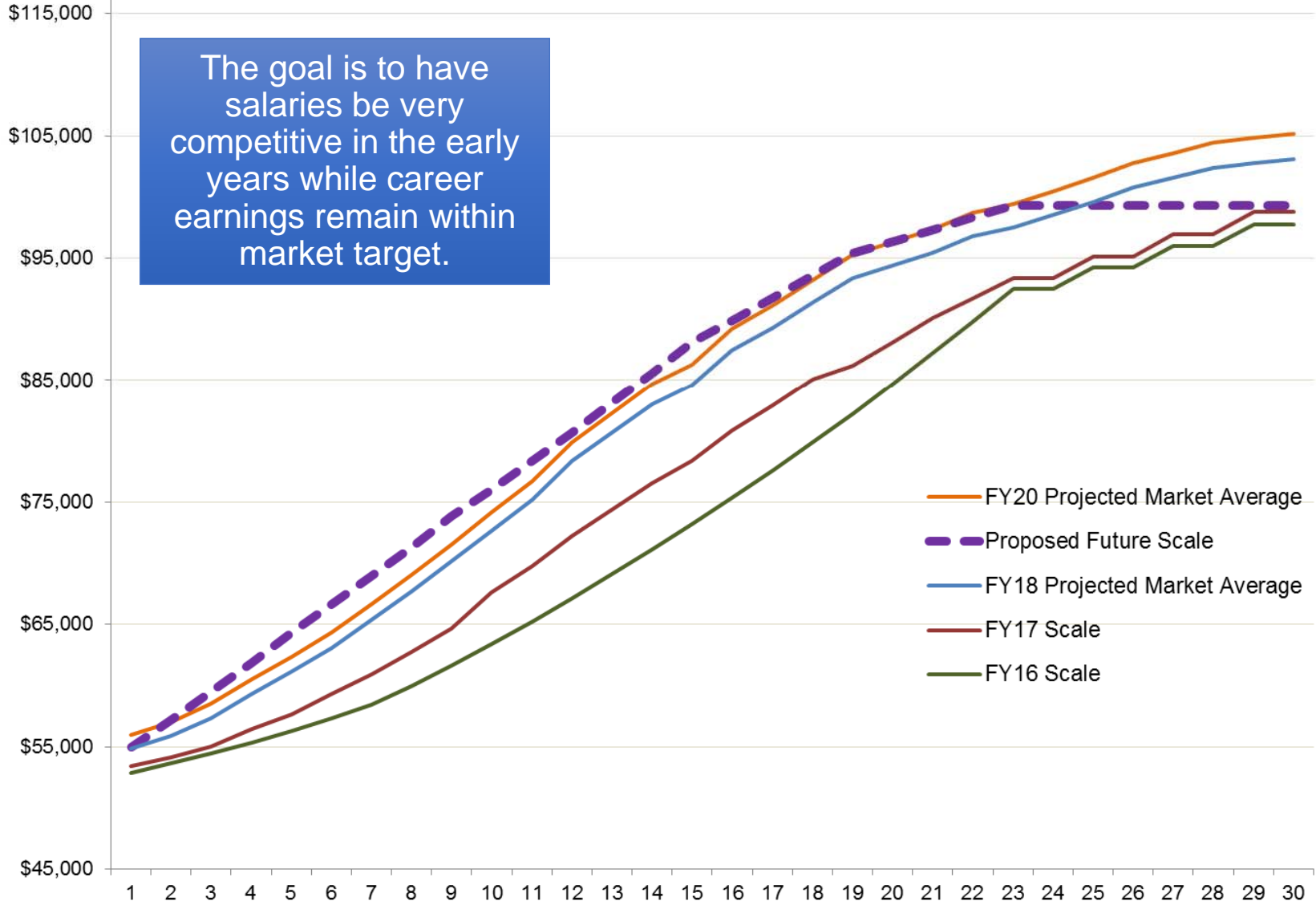


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