

Response to Questions on the FY 2014 Budget

Request By: Supervisor Foust

Question: A comparison of the School Operating Fund Expenditures-Budget to Actual shows that FCPS may over-budget for expenditures by an average of over 6 percent, or more than \$140 million, each in FY 2011 and FY 2012. The most significant over-budgeting appears to be for Facilities Management (20.19 percent in FY 2011 and 13.09 percent in FY 2012) and “Administration and Support” (17.51 percent in FY 2012).

- Could any reductions in the FCPS budgeted expenditures be made in the FY 2014 budget?
 - If so, please describe and identify the amount of the reductions.
 - If not, please explain in detail why no reductions in the budgeted expenditures can be made.

Response: The following response was prepared by Fairfax County Public Schools (FCPS):

Due to the requirement to operate within a balanced budget, state and local governments typically end the year with an available balance to ensure that they meet revenue projections and do not exceed expenditure appropriations. As a result, FCPS, like Fairfax County Government, historically has ended each fiscal year with an ending balance. Included in the ending balance is carryover for encumbered obligations or undelivered orders which reflects orders for goods or services that have not been received or performed as of June 30. In addition, FCPS allows schools to carryover unspent funding from their supply and hourly accounts. This carryover encourages schools to use a multi-year planning effort to meet student needs.

FCPS looks for reduction opportunities at each stage of the budget development process, as well as throughout each fiscal year, as part of the quarterly review process. For example, during the fiscal year reductions from the costing of new teacher positions resulted in savings of \$2.9 million and changes to bus inspection requirements resulted in savings of \$0.8 million at the Midyear Budget Review, and reductions to the utilities budget of \$2.0 million at the Third Quarter Budget Review were included as savings in the FY 2013 budget. Any future year recurring savings related to all quarterly review items was also included in the FY 2014 advertised budget. Historically, savings recognized during the year and funding available at year end has been set aside as budgeted beginning balance to help address future year’s budget needs.

In terms of variance between budget and actual expenditures, FY 2012 actual School Operating Fund expenditures (excluding federal grants), after accounting for School Board commitments such as the flexibility reserve, the budgeted beginning balance, purchasing obligations, and carryover, were \$44.4 million, or 1.9 percent, lower than the FY 2012 final budget estimate, as reflected in the FY 2012 Third Quarter Budget Review. Most of this difference, \$34.3 million, is due to savings experienced from higher position turnover than initially anticipated as well as utility savings because of milder weather than anticipated in the budget projections.

Likewise, for FY 2011, actual School Operating Fund expenditures (excluding federal grants), after accounting for School Board commitments such as the flexibility reserve, the budgeted beginning balance, purchasing obligations, and carryover, were \$56.9 million, or 2.5 percent less than the FY 2011 Third Quarter Estimate. Greater vacancy and turnover and ongoing efforts to conserve resources and achieve efficiencies resulted in these savings. The FY 2012 budget incorporated a recognition of higher turnover through a decrease in the salary base and an increase in budgeted lapse