

## Response to Questions on the FY 2016 Budget

**Request By:** Supervisor Herrity

**Question:** Please provide an update on the current gap between the Schools Operating transfer request and the transfer funded in the County's Advertised Budget, reconciling back to the initial \$14 million differential.

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

On February 5, 2015, the School Board adopted the FY 2016 Advertised Budget that includes a requested increase in the county transfer of \$70.6 million, or 3.99 percent, to help with the costs for enrollment growth and student demographic adjustments; full-day Mondays; step increases for eligible employees; and a 1.0 percent market scale adjustment for all employees. To balance the FY 2016 Advertised Budget, a shared approach of making expenditure reductions coupled with a requested increase in funding from Fairfax County was utilized. The Advertised Budget includes budget reductions totaling \$55.4 million.

### County's Advertised Budget

The County Executive presented his FY 2016 Advertised Budget on February 17, 2015, which included a school operating fund transfer increase of \$56.65 million or 3.2 percent (3 percent plus the cost of full-day Mondays). The recommended transfer to the School Operating Fund results in a shortfall of \$14.0 million as compared to FCPS' FY 2016 Advertised Budget.

### State Update

Based on data from the Virginia Department of Education, the final state budget result in a net positive impact of \$9.9 million as compared to FCPS' FY 2016 Advertised Budget. Below is a summary of the adjustments as a result of the state budget:

- \$4.7 million **increase** in revenue for the compensation supplement
- \$0.8 million **decrease** in revenue due to the VRS rate decrease to 14.06 percent and the basic aid offset
- \$6.0 million **decrease** in expenditures due to the reduced VRS rate

### Required Adjustments to FCPS' Advertised Budget

Each spring, FCPS updates the enrollment and student demographic projections that are used to calculate staffing for the following school year. Staffing is calculated for each school at both the proposed (fall) and approved (spring) stages of the budget process. The final cost of enrollment growth and changes in student demographics is calculated in the spring, and any changes from the projected cost included in the proposed budget become part of the approved budget adjustments.

The projected impact of the spring enrollment and student demographic revisions is an increased cost of \$4.0 million. Projections have been updated for Special Education, General Education, Advanced Academics, and English for Speakers of Other Languages are being finalized.

Based on these changes, the projected shortfall (after considering the County's Advertised Budget, the impact of the state budget, and the preliminary approved enrollment projections) is as follows:

<b>Approved Budget Adjustments</b>	<b>\$ in millions</b>
<b>County</b>	
County Transfer Shortfall	\$14.0
<b>State</b>	
VRS Rate - Revenue Reduction and Basic Aid Offset	\$0.8
Employee Compensation Incentive	(\$4.7)
VRS Rate - Expenditure Reduction	(\$6.0)
<b>Spring Enrollment Updates</b>	
Special Education	\$4.0
<b>Projected Shortfall to Date</b>	<b>\$8.1</b>
General Education	TBD
Advanced Academics	TBD
English for Speakers of Other Languages	TBD
<b>Final Projected Shortfall</b>	<b>\$8.1</b>