



County of Fairfax, Virginia

MEMORANDUM

DATE: November 18, 2016
TO: Board of Supervisors
FROM: Joseph M. Mondoro, Chief Financial Officer
SUBJECT: Responses to BOS Budget Questions – Package

Attached for your review is Package 1 of responses to Board questions on the FY 2018 budget. If you have any questions or need additional information, please do not hesitate to contact me. The following responses are included in this package:

Question Number	Question	Supervisor	Pages
Budget-1	Please provide a breakdown of the \$75.5 million in salary growth - How much is for teachers and how much is for administrative positions.	Herrity	1
Budget-2	For the Teacher Scale Implementation proposal, please provide cost estimates assuming a 5-year phase-in in addition to the 3-year figures included in the October 4, 2016 presentation.	McKay	2
Budget-3	Please provide information regarding substitute teachers in FCPS who were formally full-time FCPS teachers and how much they are being paid as substitutes.	Herrity	3
Budget-4	Please recirculate information previously written on the County's bond sale limits and capacity.	McKay	4-5
Budget-5	Please provide living wage information with the age of each employee, including how many employees earning the living wage are under age 21.	Herrity	6-7

Attachment

cc: Edward L. Long Jr., County Executive
Patricia Harrison, Deputy County Executive
David J. Molchany, Deputy County Executive
David M. Rohrer, Deputy County Executive
Robert A. Stalzer, Deputy County Executive

Response to Questions on the FY 2018 Budget

Request By: Supervisor Herrity

Question: Please provide a breakdown of the \$75.5 million in salary growth - How much is for teachers and how much is for administrative positions.

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

Of the \$75.5 million in salary growth, approximately \$60.9 million is attributed to teachers and the remaining \$14.6 million is for administrative and support positions, which include instructional assistants, psychologists, social workers, career center specialists, custodians, transportation personnel, safety and security personnel, office personnel, instructional and business specialists, trades personnel, and administration.

FCPS Salary Growth, FY 2018 Fiscal Forecast			
	Teachers	Administrative/ Support	Total
Step Increases	\$30.9	\$13.1	\$44.0
Teacher Scale Enhancement <i>(Including market scale adjustment)</i>	44.3	0.0	44.3
Market Scale Adjustment <i>(non-teacher)</i>	0.0	7.9	7.9
Base Savings	(14.3)	(6.3)	(20.7)
TOTAL	\$60.9	\$14.6	\$75.5
Additional Base Savings (Included in the Updated Fiscal Forecast)			(4.6)
Revised Salary Increases			\$70.9

An additional \$4.6 million in base savings has been identified since the preliminary fiscal forecast was presented and will be included in the updated forecast presented to the School Board and Board of Supervisors on November 22, 2016.

Response to Questions on the FY 2018 Budget

Request By: Supervisor McKay

Question: For the Teacher Scale Implementation proposal, please provide cost estimates assuming a 5-year phase-in in addition to the 3-year figures included in the October 4, 2016 presentation.

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

To attract and retain the highest quality teachers, a new teacher salary scale was developed. The scale results in market competitive salaries over the career of a teacher with a focus on being more competitive in the beginning steps. More rapid career earnings result in the midpoint of the salary scale being reached seven years earlier than the FY 2016 scale with larger pay steps in the early years and smaller increases in the later years. The scale targets career earnings within 95% to 105% of the market average.

To fully close the gap with the projected market will require multiple years of additional investment. For FY 2018, funding of \$44.3 represents approximately one third of total projected cost to reach the desired teacher salary scale. With this level of investment, we anticipate fully implementing the new scale by FY 2020.

A five year phase-in of the teacher salary scale would cost approximately \$26.6 million, but does not account for any movement in the market average for the two additional years of the implementation (years four and five). FCPS' market position would need to be reviewed and any market scale adjustments applied to ensure salary scales remain within market targets.

Response to Questions on the FY 2018 Budget

Request By: Supervisor Herrity

Question: Please provide information regarding substitute teachers in FCPS who were formally full-time FCPS teachers and how much they are being paid as substitutes.

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

In FY 2016, 19.7 percent of substitute hours paid were to FCPS retirees. For FY 2017, FCPS retired teacher substitutes are paid \$15.33 per hour for short-term assignments and \$21.91 for long-term assignments (11 consecutive days or more). The chart below displays a summary of retiree and non-retiree teacher assignments in FY 2016 and rates for FY 2017. As of November 3, 2016, there are approximately 746 retirees in the available substitute pool.

FCPS Substitute Summary			
	FY 2017	FY 2016	
	Hourly Rate	Hours Paid	% of Hours
Non-Retiree Substitute Teacher			
Short-term Assignment	\$ 14.23	779,432	60.6%
Long-term Assignment	\$ 20.14	<u>252,971</u>	19.7%
Subtotal: Non-Retiree		<u>1,032,402</u>	80.3%
FCPS Retired Teacher Substitute			
Short-term Assignment	\$ 15.33	194,715	15.1%
Long-term Assignment	\$ 21.91	<u>58,338</u>	4.5%
Subtotal: Retiree		<u>253,052</u>	19.7%
TOTAL		<u><u>1,285,454</u></u>	100.0%

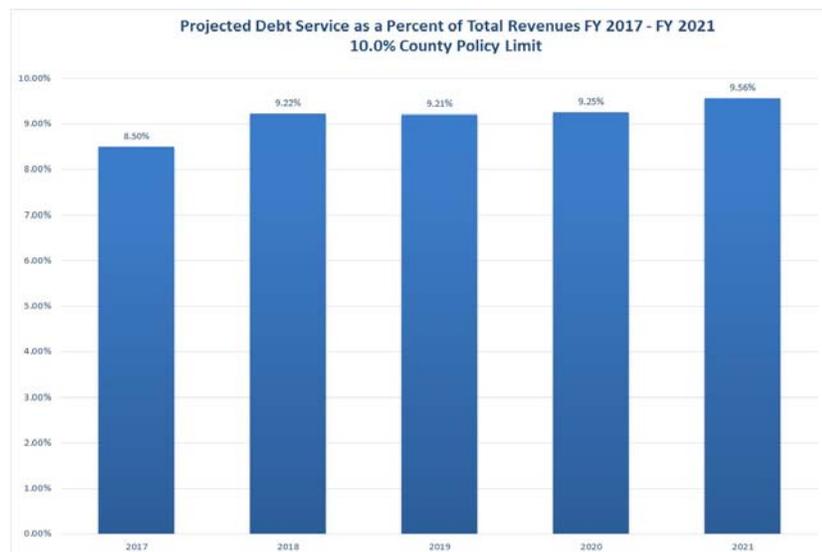
Response to Questions on the FY 2018 Budget

Request By: Supervisor McKay

Question: Please recirculate information previously written on the County's bond sale limits and capacity.

Response: The County is the only legal entity allowed to issue debt on behalf of County and School capital spending, and the County is responsible for all annual debt service payments. The *Ten Principles of Sound Financial Management* debt policies have specific debt ratios that provide guidance on the County's issuance of debt. General Obligation Bonds and General Obligation supported debt will be managed so as not to exceed a target of \$275 million per year, or \$1.375 billion over five years, with a technical limit of \$300 million in any given year. The amount of annual general obligation bonds sold for the Schools has been based on a mutual agreement between the Board of Supervisors and the Fairfax County School Board. In FY 2007, the FCPS General Obligation bond sale limit was temporarily raised from \$130 million to \$155 million for a 6-year period in exchange for the return of surplus school property to County control. In FY 2012, at the end of the 6-year period, the Board of Supervisors approved the continuation of \$155 million in annual general obligation bond sales. The FY 2017 Capital Improvement Program maintains the \$155 million for the Fairfax County Public Schools for the entire five year period through FY 2021.

The County has strictly adhered to the debt ratio policy whereby debt service expenditures as a percentage of general fund disbursements shall not exceed 10 percent. Any increase above the currently projected funding levels risks further encroachment on reaching the County's ceiling debt limit. These debt ratio projections are documented in the FY 2017 Capital Improvement Program (as a percent of total revenues for planning purposes):



Debt limits for refunding bonds are excluded from a spending limit as they seek to reduce the County's outstanding debt which translates to lower annual debt service costs. The County reviews on a monthly basis the ability to refund all its outstanding debt provided certain criteria are achieved (e.g. the refunding generates at a minimum \$1 million in savings and 3% net present value savings of the refunded principal).

Staff is currently evaluating projections for current and out-year bond sales and will provide updated projections during the FY 2018 budget development process.

Response to Questions on the FY 2018 Budget

Request By: Supervisor Herrity

Question: Please provide living wage information with the age of each employee, including how many employees earning the living wage are under age 21.

Response: The Living Wage Policy was implemented September 15, 2007 for both merit and benefit eligible non-merit staff. The living wage is currently \$14.50. The following three charts provide additional information about the 225 employees earning the living wage. Of note, 25 of the 225 individuals are under the age of 21.

Age Band	Number of Employees
17-20	25
21-25	87
26-30	42
31-35	11
36-40	6
41-45	8
46-50	8
51+	38
Total	225

Agency	Number of Employees
Procurement and Material Management	1
Human Resources	4
Reston Community Center	2
Office of Elections	3
DPWES Wastewater Management	2
McLean Community Center	2
Park Authority	191
Community Services Board	1
Neighborhood and Community Services	14
Police	5
Total	225

Classification	Number of Employees
Administrative Assistant I	7
Custodian I	1
Day Care Center Aide	2
Head Lifeguard	20
Lifeguard I	7
Lifeguard II	19
Maintenance Worker	14
Night Guard	1
Park/Rec Support Assistant I	7
Park/Rec Support Assistant II	1
Park/Rec Support Assistant III	39
Park/Rec Support Assistant IV	24
Park/Rec Support Assistant V	25
Park/Rec Support Assistant VI	37
Police Cadet	5
Recreation Leader II	12
Recreation Leader III	3
Stock Clerk	1
Total	225