



County of Fairfax, Virginia

MEMORANDUM

DATE: January 8, 2021

TO: Board of Supervisors

FROM: Bryan J. Hill
County Executive *[Signature]*

SUBJECT: *FY 2021 Mid-Year Review Update*

This memo outlines recommendations which are in addition to those included in the initial *FY 2021 Mid-Year Review* dated November 16, 2020. All adjustments included in this memorandum are related to the County's continued response to the COVID-19 pandemic.

The original *FY 2021 Mid-Year Review* package contained very few adjustments, with the focus primarily on right-sizing General Fund revenue projections based on trends. This memorandum includes no additional revenue adjustments and focuses on new positions to support the Health Department and the recognition of additional COVID-19 related grant funds. No General Fund revenue or expenditure changes are included as part of this update.

As the Board is aware, the County's Health Department continues to pivot its pandemic response efforts to accommodate ongoing vaccination efforts. As the initial vaccination stage has increased the agency's already sizeable workload, staff is working aggressively to ensure that adequate resources are in place for the coming months and the prolonged vaccination campaign. As part of this memorandum, an additional 13 new merit positions are recommended, including 8 Community Health Specialists to provide outreach to communities where confidence in the vaccine is likely to be low, 3 Emergency Management Specialists to assist in emergency planning efforts, and 2 Business Analysts to manage and integrate call center communications. These positions will be funded through stimulus funds, including funding anticipated from the state to directly support vaccination efforts. Post-pandemic, these positions will be utilized to expand the agency's capabilities to prepare and respond to public health events, including focusing efforts on communities whose public health outcomes may be improved through increased outreach, consistent with the County's One Fairfax policy. Due to the critical needs, the Health Department will immediately move forward with the creation and recruitment of these positions unless otherwise directed by the Board.

As part of the County's pandemic response, the Board has demonstrated its commitment to providing relief for nonprofits and businesses impacted by COVID-19. In early December, the County received a request from ArtsFairfax with a creative option to support arts organizations. The County currently provides funding to ArtsFairfax for County Challenge Grants for the Arts. These grants require that the recipient demonstrate that it has attracted two net new dollars for every one awarded through the arts funding pool. As art organizations are struggling to survive the ongoing effects of the pandemic, the County has approved the suspension of the matching requirement for FY 2021 and until the economy recovers. Waiving the match is an effective way to provide relief to the arts organizations without additional cost to the County.

Grant Adjustments

Subsequent to the original *FY 2021 Mid-Year Review*, the County received notices of stimulus funding for specific programs which are recommended to be appropriated in Fund 50000, Federal-State Grant Fund. These awards would typically come to the Board of Supervisors for approval as part of a grant Board item. However, in order to expedite approval of these funds, they are recommended for Board action as part of the *FY 2021 Mid-Year Review*.

- An increase of \$5,043,548 to both revenues and expenditures is recommended for the COVID-19 Health Department Lab - PPP and Health Care Enhancement Act grant, 1CV7101-2020, as a result of an award from the Virginia Department of General Services. Funding will support the Health Department Lab and will target additional laboratory testing equipment and supplies, and staff salary for positions targeted to increase laboratory testing capacity. Funding was provided through the state's Coronavirus Relief Fund and had to be expended by December 30, 2020. Staff has requested the state extend funding through December 31, 2021 to align with the federal extension of the Coronavirus Relief Fund. There are no positions associated with this funding and no Local Cash Match is required.
- An increase of \$2,657,661 to both revenues and expenditures is recommended for the COVID-19 Office of Environmental Health Services (OEHS) Enforcement - CARES Act grant, 1CV7105-2020, as a result of an award from the Virginia Department of Health. Funding will support the Community Health Workers who are collaborating with the contact tracing teams, the Health Department Outreach Team, and the community to provide culturally competent supports and communication to individuals and families in following COVID-19 related self-isolation or quarantine protocols. Funding was provided through the state's Coronavirus Relief Fund and had to be expended by December 30, 2020. Staff has requested the state extend funding through December 31, 2021 to align with the federal extension of the Coronavirus Relief Fund. There are no positions associated with this funding and no Local Cash Match is required.
- An increase of \$3,132,285 to both revenues and expenditures is recommended for the State Funded COVID-19 Contact Tracing - CARES Act grant, 1CV7102-2020, as a result of a supplemental award from the Virginia Department of Health. The Virginia Department of Health has provided state Coronavirus Relief Funds to support the County's contact tracing program. This funding is in lieu of the state hiring case and contact interview staff for the County. Funding was provided through the state's Coronavirus Relief Fund and had to be expended by December 30, 2020. Staff has requested the state extend funding through December 31, 2021 to align with the federal extension of the Coronavirus Relief Fund. There are no positions associated with this funding and no Local Cash Match is required. It should also be noted that the contact tracing program is also supported through the County's CARES Coronavirus Relief Fund allocation.
- An increase of \$20,000,000 to both revenue and expenditures is recommended for the FEMA-Public Assistance Funding COVID19 grant, 1CV9301-2020, as a result of costs incurred from the COVID-19 pandemic. Many of the expenses incurred related to the County's response to the pandemic (categories such as personal protective equipment, cleaning supplies, security, and non-congregate shelter) are eligible to be reimbursed by FEMA. Based on current and projected expenditures, an additional \$20.0 million will be needed. This brings the total estimate of expenses to be pursued for FEMA reimbursement to \$50.0 million. Based on a 25 percent cost share, a total of \$12.5 million will be set aside as an allocation against the General Fund Pandemic Reserve. The Office of Emergency Management is managing the documentation for all allowable COVID-19

related expenses and will submit for reimbursement. To date, the County has received a total of \$5.82 million in federal reimbursement.

- An increase of \$215,000 to both revenues and expenditures is recommended for the WIOA National Emergency Grant, 1670100-2021, as a result of an award from the Virginia Community College System. Funding will provide disaster relief employment opportunities, employment, training, and supportive service delivery to dislocated workers who have been adversely impacted by the COVID-19 pandemic. There are no positions associated with this funding and no Local Cash Match is required.
- An increase of \$76,833 to both revenues and expenditures is recommended for the Prince William County Workforce Reskilling & Transition Program, 1CV6711-2021 as a result of a supplemental award from the SkillSource Group, Inc. The Department of Family Services is the One-Stop Operator for the Northern Virginia Workforce Development Area. This area is comprised of the counties of Fairfax, Prince William, and Loudoun, and the cities therein. As the One-Stop Operator for this region, DFS operates and manages various employment programs assisting job seekers with occupational training and job placement assistance. The SkillSource Group, Inc. (SSG) has awarded additional funding to DFS to assist Prince William County Economic Development, using Federal Coronavirus Relief Funds awarded to SSG by that jurisdiction from the Commonwealth of Virginia, for a variety of workforce services that are focused on helping both jobseekers and employers as part of their Workforce Reskilling and Transition grant. There are no positions associated with this funding and no Local Cash Match is required.
- The Commonwealth has appropriated \$100 million of its Coronavirus Relief Funds to provide financial assistance to utility customers. A portion of this appropriation is allocated to the COVID-19 Municipal Utility Relief Fund Program. Under this Program, the Commonwealth will make funds available to qualifying municipal utilities so that the municipal utilities can provide financial assistance to customers who cannot pay their utility bills due to economic hardships caused by the COVID-19 pandemic. The following adjustment to both revenues and expenditures is recommended for the County's wastewater program as a result of an award from the Virginia Department of Accounts:
 - \$1,468,639, Utility Relief, County - State CRF, 1CV2501-2021

Additionally, each municipal utility within the County's jurisdiction had to partner with the County to act as the utility's fiscal agent in order to receive funds. A total increase of \$943,266 to both revenues and expenditures is recommended in Fund 50000, Federal-State Grant Fund, for the following grants as a result of the awards from the Virginia Department of Accounts:

- \$843,852, Utility Relief, Fairfax Water - State CRF, 1CV2502-2021
- \$49,290, Utility Relief, Town of Vienna - State CRF, 1CV2503-2021
- \$50,124, Utility Relief, Town of Herndon - State CRF, 1CV2504-2021

Funding was provided through the state's Coronavirus Relief Fund and originally all funding had to be expended by December 30, 2020; however, the state has extended the program to February 19, 2021, with future extensions possible. There are no positions associated with this funding and no Local Cash Match is required.

The total of grant adjustments listed above total \$33,537,232. In addition, the Federal-State Grant Fund maintains a reserve in order to allow the appropriation of grant awards that have been approved by the Board of Supervisors as part of the Adopted budget or through a Board item. The reserve amount is determined based on grants anticipated to be received during the fiscal year as well as limited funding for new grants that were not anticipated. Funding is moved from the reserve to the specific grant as grant awards are received. The County has utilized this approach to minimize adjustments to the total expenditure level in Fund 50000, Federal/State Grants, and to expedite grant appropriation changes following Board approvals. Due to the significant funding anticipated to be received in response to the Coronavirus Pandemic, additional funding is needed in the reserve in order to have enough funding to appropriate grant budgets after Board approval is received. As a result, the reserve for grant awards in Agency 87, Unclassified Administrative Expenses, is recommended to increase by \$50,000,000. This increase is to account for anticipated grant funding to support the County's COVID-19 response. Therefore, as part of the *FY 2021 Mid-Year Review*, including grant awards outlined in the original package, the total expenditure level for Fund 50000, Federal-State Grant Fund, is increased by \$93,948,415 from \$416,804,910 to \$510,753,325.

Schools Mid-Year Review

Also included as part of this memorandum is an attachment containing the Fairfax County Public Schools FY 2021 Mid-Year Budget Review package, which was approved by the School Board on December 17, 2020. The package includes a minimal number of adjustments which will be formally included in the County's financial schedules as part of the *FY 2021 Third Quarter Review*.

Attachments: Attachment I – Fairfax County Public Schools FY 2021 Mid-Year Budget Review

cc: Tisha Deeghan, Deputy County Executive
Rachel Flynn, Deputy County Executive
Christopher A. Leonard, Deputy County Executive
Joseph M. Mondoro, Chief Financial Officer
David M. Rohrer, Deputy County Executive
Christina C. Jackson, Director, Department of Management and Budget
Philip Hagen, Deputy Director, Department of Management and Budget

Subject: FY 2021 Midyear Budget Review

Staff Contact: Leigh Burden, assistant superintendent, Department of Financial Services

Other Staff Present: Marty Smith, chief operating officer
Alice Wigington, director, Office of Budget Services

Meeting Category: December 17, 2020 – Regular Meeting

School Board Action Required: Action

Key Points:

In the School Operating Fund, funds available are increasing by \$2.1 million. The FY 2021 beginning balance is increasing by \$2.1 million due to final year-end adjustments made after the FY 2020 Final Budget Review.

The adjustments include an increase of \$3.1 million in revenue primarily in sales tax based on actual receipts; City of Fairfax tuition based on actual expenditures for FY 2020; and the federal IDEA grant offset by an expenditure increase of \$0.8 million primarily in unemployment claims. Additionally, FY 2021 revenue adjustments include an increase federal grant revenue and an adjustment to the FY 2022 Beginning Balance to support the Food and Nutrition Services program.

Recommended FY 2021 expenditure adjustments reflect a net increase of \$0.4 million in federal grant expenditures and position authorization to recognize positions approved by the School Board utilizing the recurring COVID-19 reserve after the adoption of the FY 2021 Approved Budget. Additionally, it is recommended that \$9.6 million be allocated from the FY 2022 Beginning Balance to the Food and Nutrition Services Fund to address the revenue shortfall due to the continued impact of COVID-19 and to sustain the Food and Nutrition Services program.

Revenue and expenditure adjustments result in \$16.9 million available for the FY 2022 Beginning Balance.

Changes to other School Board funds for FY 2021 are detailed in the attachment. Also attached is an update on the status of grants in FY 2020 and FY 2021.

Recommendation:

That the School Board approve revenue and expenditure changes reflected in the FY 2021 Midyear Budget Review as detailed in the agenda item.

Attachment:

FY21 Midyear Budget

	<u>AMOUNT</u>
I. FY 2021 REVENUE ADJUSTMENTS	
A. Beginning Balance	\$2,127,018
The FY 2021 beginning balance reflects a net increase of \$2.1 million at midyear due to FY 2020 revenue and expenditure adjustments made after the FY 2020 Final Budget Review. The FY 2020 year-end adjustments include a \$3.1 million increase in revenue and a \$0.9 million increase in expenditures, resulting in a net increase of \$2.1 million in available funding.	
B. Grants Adjustment <i>(Revenue adjustments are offset by corresponding expenditure adjustments in II. A.)</i>	361,535
Federal grant awards are received after the approved budget is adopted in May. Changes to awards are therefore recognized at the midyear review.	
1. IDEA Section 611 and 619 Preschool	
The FY 2021 IDEA Section 611 Grant award increased by \$1.2 million and Section 619 (Preschool) award increased by \$6,473 from the FY 2021 Revised Budget estimate. This increase is offset by a decrease of \$0.8 million due to FY 2020 adjustments made after the FY 2020 Final Budget Review, resulting in a net increase of \$0.4 million.	
C. FY 2022 Beginning Balance	7,521,013
As part of the FY 2020 Final Budget Review, \$24.4 million was set aside for the FY 2022 beginning balance. To address the revenue shortfall due to the impact of COVID-19 and to sustain the Food and Nutrition Services program in FY 2021, it is recommended that available FY 2022 Beginning Balance funding of \$7.5 million is transferred to the School Food and Nutrition Services Fund. This will result in \$16.9 million available for the FY 2022 Beginning Balance.	
TOTAL FY 2021 MIDYEAR FUNDS AVAILABLE	<u>\$10,009,566</u>

	AMOUNT	POSITIONS
II. FY 2021 EXPENDITURE ADJUSTMENTS		
X A. Grants Adjustment <i>(Expenditure adjustments are offset by corresponding revenue adjustments in I.B.)</i> Federal grant awards are received after the approved budget is adopted in May. Changes to awards are therefore recognized at the midyear review.	\$361,535	0.0
1. IDEA Section 611 and 619 Preschool The FY 2021 IDEA Section 611 Grant award increased by \$1.2 million and Section 619 (Preschool) award increased by \$6,473 from the FY 2021 Revised Budget estimate. This increase is offset by a decrease of \$0.8 million due to FY 2020 adjustments made after the FY 2020 Final Budget Review, resulting in a net increase of \$0.4 million.		
√ 2. Staffing Position Authorization Following the adoption of the FY 2021 Approved Budget, the School Board approved the addition of 58.0 positions, and funding for five nurses that are part of the Fairfax County Government budget, totaling \$7.5 million. These positions are being funded from the recurring COVID-19 Pandemic Response Placeholder and the Technology and Infrastructure Supports Reserve that were included in the FY 2021 Approved Budget. This agenda item requests position authorization to recognize the additional 58.0 positions included in the FCPS budget (24.5 technology support specialists, 13.5 school-based technology specialists, 10.0 psychologists, and 10.0 counselors).	0.0	58.0
TOTAL FY 2021 MIDYEAR EXPENDITURE ADJUSTMENTS	<u>\$361,535</u>	<u>58.0</u>
III. FY 2021 MIDYEAR RECOMMENDED TRANSFERS OUT ADJUSTMENTS		
X A. Transfer to Food and Nutrition Services Fund The Food and Nutrition Services Fund (FNS) was negatively affected by the COVID-19 pandemic due to school closures in FY 2020. It is recommended that \$9.6 million be allocated from the FY 2022 Beginning Balance to the Food and Nutrition Services Fund to address the revenue shortfall due to the continued impact of COVID-19 and to sustain the Food and Nutrition Services program.	\$9,648,031	0.0
TOTAL FY 2021 MIDYEAR TRANSFERS OUT ADJUSTMENTS	<u>\$9,648,031</u>	<u>0.0</u>
TOTAL FY 2021 MIDYEAR EXPENDITURES AND TRANSFER OUT ADJUSTMENTS	<u>\$10,009,566</u>	<u>58.0</u>

SCHOOL OPERATING FUND SUMMARY

	<u>AMOUNT</u>
TOTAL BEGINNING BALANCE AND REVENUE INCREASE	\$10,009,566
TOTAL EXPENDITURE AND TRANSFER OUT INCREASE	<u>10,009,566</u>
FY 2021 MIDYEAR FUNDS AVAILABLE	\$0

FY 2022 BEGINNING BALANCE SUMMARY

	<u>AMOUNT</u>
FUNDING SET ASIDE AT THE FY 2020 FINAL BUDGET REVIEW	\$24,442,769
FY 2021 MIDYEAR RECOMMENDED BEGINNING BALANCE ADJUSTMENT	<u>(7,521,013)</u>
FY 2022 BEGINNING BALANCE AVAILABLE	<u>\$16,921,756</u>

FY 2021 Enrollment Update

Official enrollment for general education is 7,680 students less than the projection, an over projection of 4.8 percent in large part due to the COVID-19 pandemic. Official special education, nontraditional programs, and FECEP enrollment counts are not taken until December or later as noted in the chart below.

	Projection	Official Enrollment	Variance
Kindergarten	12,349	10,362	(1,987)
Elementary (1 – 6)	76,041	72,008	(4,033)
Middle (6 – 8)	27,197	26,425	(772)
High (9 – 12)	<u>53,697</u>	<u>52,809</u>	<u>(888)</u>
Subtotal	169,284	161,604	(7,680)
Special Education Level 2	17,753	December	
Nontraditional Programs	838	January	
FECEP	1,962	March	
Total	189,837		

IV. OTHER FUNDS**SCHOOL CONSTRUCTION FUND**

The FY 2021 beginning balance increased by \$0.3 million due to FY 2020 revenue and expenditure adjustments reported after the FY 2020 Final Budget Review. The beginning balance increase is offset by a corresponding increase in expenditures for FY 2021.

Authorized but unissued bonds increased by \$163.0 million due to additional projects from the 2019 bond referendum. The budget for additional contractual commitments increased by \$163.0 million to account for the renovation and planning projects which include renovations for Braddock ES, Fox Mill ES, Oak Hill ES, and Frost MS and capacity enhancements for the construction of Justice HS addition.

FOOD AND NUTRITION SERVICES FUND

The FY 2021 beginning balance for the Food and Nutrition Services Fund (FNS) increased by \$25,575 due to FY 2020 revenue and expenditure adjustments reported after the FY 2020 Final Budget Review. Similar to FY 2020, the fund continues to be affected by the COVID-19 pandemic causing a significant revenue shortfall in FY 2021. The USDA recently extended flexibility to allow free meals to continue to all children throughout the entire 2020-2021 school year. To reflect changes in meal service through emergency meal distributions, the FY 2021 midyear revenue budget includes a net decrease of \$30.7 million. This decrease includes an expected decrease of \$39.7 million from food sales which are mostly generated through student meal sales offset by an increase of \$0.2 million for the Share your Strength grant, and \$8.7 million in state and federal aid due to emergency meal distributions. As a result of these revenue adjustments, expenditures reflect a decrease of \$16.2 million due to lower costs from fewer meals served, offset by an increase in grant expenditures of \$0.2 million.

To address the revenue shortfall and to sustain the Food and Nutrition Services program in FY 2021, it is recommended that \$9.6 million be transferred from the School Operating Fund. In addition, the Food and Nutrition Services General Reserve of \$5.0 million, which is an allocated reserve, is expected to be fully utilized with no balance by the close of FY 2021.

ADULT AND COMMUNITY EDUCATION FUND

The Adult and Community Education (ACE) Fund totals \$8.4 million. The FY 2021 beginning balance increased by \$2,420 due to FY 2020 adjustments reported after the FY 2020 Final Budget Review. Revenue changes include a net increase of \$0.2 million for the Adult Education and Family Literacy Act (AEFLA) grant awards. A corresponding \$0.2 million increase in expenditures is also reflected as a result of the additional federal and state grant awards.

GRANTS AND SELF-SUPPORTING PROGRAMS FUND

The FY 2021 beginning balance increased by \$10,832 in the Grants and Self-Supporting Programs Fund due to revenue and expenditure adjustments reported after the FY 2020 Final Budget Review. The net impact of the increasing beginning balance, new and revised grant awards, and other FY 2021 adjustments results in an increase of \$8.5 million in expenditures in the Grants and Self-Supporting Fund.

Summer School Subfund:

The Summer School Subfund totals \$19.4 million. The FY 2021 beginning balance increased by \$6,885 due to FY 2020 revenue adjustments reported after the FY 2020 Final Budget Review. This increase in available funding for FY 2021 is offset by a corresponding increase to the summer school reserve.

Grants Subfund:

The FY 2021 beginning balance increased by \$3,948 due to adjustments reported after the FY 2020 Final Budget Review. The adjustments include a decrease in revenue of \$986 and an increase in expenditure budget of \$4,934 to reflect actual balances in the Grants Subfund as of June 30, 2020. After accounting for year-end and carryover adjustments of \$3,948 and new and revised grant awards totaling \$8.5 million, the Grants Subfund reflects a net increase of \$8.5 million including an increase of 2.0 positions. Listed below are the new and revised grant awards:

Grants Subfund		
	Amount	Positions
Federal		
21st Century CLC (Herndon/Jackson MS, Herndon HS)	\$ 182,291	0.0
AYPYN	60,000	0.0
Department of Defense Education Activity Grants	576,832	0.0
ESSER Cleaning/Sanitizing Supplies for Schools and School Buses	49,967	0.0
ESSER Facilities Upgrades/Protective Equipment	22,441	0.0
ESSER Special Education Services and Supports	777,612	0.0
GEER Virginia Initiative to Support Internet Outside of School Networks (VISION)	1,941,047	0.0
Project Aware	(595,491)	0.0
Safe Routes to Schools	67,060	0.0
StarTalk	89,975	0.0
Title I, Part A	2,255,138	2.0
Title II, Part A	(72,530)	0.0
Title III, Immigrant and Youth	(6,749)	0.0
Title III, Part A	156,986	0.0
Title IV, Part A	2,008,584	0.0
State		
ISAP	6,862	0.0
Middle School Teacher Corps	25,000	0.0
Other Grants (under \$20,000)	16,000	0.0
Project Graduation	37,500	0.0
Race to GED	250,000	0.0
Other		
Apple FCU Great Beginnings	100,000	0.0
Apple FCU Mentor Program	55,000	0.0
Boeing	130,000	0.0
Claud Moore	340,610	0.0
Kaiser	40,000	0.0
Other Grants (under \$20,000)	(28,387)	0.0
	\$8,485,747	2.0

SCHOOL INSURANCE FUND

The increase of \$12,060 in the FY 2021 beginning balance is due to year-end adjustments to FY 2020 workers' compensation claims paid and claims management expenditures that were adjusted after the FY 2020 Final Budget Review. A corresponding increase of \$12,060 was made to the projected allocated reserves as a result of the increase in funds available in FY 2021.

SCHOOL HEALTH AND FLEXIBLE BENEFITS FUND

The increase of \$0.9 million to the FY 2021 beginning balance is due to year-end adjustments to FY 2020 that were reported after the FY 2020 Final Budget Review. These adjustments increased revenue by \$71,025 and decreased expenditures by \$0.8 million. The expenditure decrease was primarily due to an adjustment lowering health benefits paid by \$1.2 million offset by an increase in the actuarial valuation for claims incurred but not yet reported (IBNR) for FCPS' self-insured medical, vision, prescription drug, and dental plans as of June 30, 2020 of \$0.3 million.

The FY 2021 midyear revenue budget includes projected increases in rebates and subsidies of \$3.2 million and net contributions of \$2.6 million offset by lower interest income of \$0.8 million and lower receipts for Flexible Accounts of \$1.3 million. This results in a net increase of \$3.6 million for total revenue. FY 2021 expenditures reflect an increase of \$3.3 million due primarily to higher projected claims paid including net health benefits paid and premiums paid of \$5.5 million offset by lower administrative expenses of \$0.9 million and lower disbursements for Flexible Accounts of \$1.3 million. The decrease in administrative expenses is primarily due to the elimination of the new health insurer fee at the end of calendar year 2020. The projected FY 2021 ending balance of \$100.1 million reflects a \$1.2 million increase as compared to the FY 2021 Revised Budget due to the net impact of projected revenue and expenditures and the higher beginning balance.

**EDUCATIONAL EMPLOYEES' SUPPLEMENTARY RETIREMENT SYSTEM
OF FAIRFAX COUNTY (ERFC) FUND**

The FY 2021 beginning balance reflects an increase of \$14.7 million due to FY 2020 year-end adjustments reported after the FY 2020 Final Budget Review. The increase is due to higher FY 2020 investment income of \$15.9 million offset by higher expenditures for investment services of \$1.1 million. Adjustments are an annual occurrence due to the timing of the preparation of the year-end budget agenda and the determination of final portfolio values, which are not available until late July.

Revenue for FY 2021 is projected to be \$0.5 million higher than the FY 2021 Revised Budget as a result of higher projected investment income of \$1.5 million offset by lower contribution revenue of \$1.0 million. In FY 2021, expenditures reflect a net decrease of \$4.0 million as compared to the FY 2021 Revised Budget, primarily due to lower spending projections for ERFC retiree benefit payments of \$3.6 million and investments services expenditures of \$0.6 million offset by increases in administrative costs of \$0.2 million for encumbrances carried over from FY 2020. As a result of these adjustments, the FY 2021 fund ending balance is projected to be \$2.8 billion, an increase of \$19.2 million as compared to the FY 2021 Revised Budget.

SCHOOL OTHER POST-EMPLOYMENT EMPLOYEE BENEFITS (OPEB) TRUST FUND

The beginning balance for the School Other Post-Employment Employee Benefits (OPEB) Trust Fund reflects an increase of \$3.0 million due to a year-end adjustment to FY 2020 revenue reported after the FY 2020 Final Budget Review. The adjustment was made to capture June 2020 investment results, which increased net investment income by \$3.0 million. This adjustment is an annual occurrence due to the timing of the preparation of the year-end budget agenda and the determination of final portfolio values, which were not available until after the FY 2020 Final Budget Review. As a result of the FY 2020 final adjustments, the FY 2021 projected ending balance reflects an increase of \$3.0 million.

SCHOOL OPERATING FUND STATEMENT

	FY 2021 Revised¹	FY 2021 Midyear Revised	Variance
BEGINNING BALANCE, JULY 1:	\$ 142,332,524	\$ 144,459,542	\$ 2,127,018
RECEIPTS:			
State Revenue	\$ 772,888,813	# \$ 772,888,813	\$ -
Federal Aid	100,879,868	101,241,403	361,535
City of Fairfax Tuition	49,573,557	49,573,557	-
Tuition, Fees, and Other	27,450,690	27,450,690	-
Total Receipts	\$ 950,792,928	\$ 951,154,463	\$ 361,535
TRANSFERS IN:			
Combined County General Fund	\$ 2,143,322,211	\$ 2,143,322,211	\$ -
County Transfer - Cable Communications	875,000	875,000	-
Total Transfers In	\$ 2,144,197,211	\$ 2,144,197,211	\$ -
Total Receipts & Transfers	\$ 3,094,990,139	\$ 3,095,351,674	\$ 361,535
Total Funds Available	\$ 3,237,322,663	\$ 3,239,811,216	\$ 2,488,553
EXPENDITURES:			
School Board Flexibility Reserve	\$ 3,166,755,293	\$ 3,167,116,828	\$ 361,535
	8,000,000	8,000,000	-
Total Expenditures	\$ 3,174,755,293	\$ 3,175,116,828	\$ 361,535
TRANSFERS OUT:			
School Construction Fund	\$ 13,078,444	\$ 13,078,444	\$ -
Grants & Self-Supporting Fund	20,371,245	20,371,245	-
Food and Nutrition Services Fund	-	9,648,031	9,648,031
Adult & Community Education Fund	1,201,537	1,201,537	-
Consolidated County & School Debt Fund	3,473,375	3,473,375	-
Total Transfers Out	\$ 38,124,601	\$ 47,772,632	\$ 9,648,031
Total Disbursements	\$ 3,212,879,894	\$ 3,222,889,460	\$ 10,009,566
ENDING BALANCE, JUNE 30	\$ 24,442,769	\$ 16,921,756	\$ (7,521,013)
LESS:			
FY 2022 Beginning Balance	\$ 24,442,769	\$ 16,921,756	\$ (7,521,013)
AVAILABLE ENDING BALANCE	\$ -	\$ -	\$ -

¹The budget for FY 2021 was revised on July 23, 2020 based on the approval of the FY 2020 Final Budget Review. In addition, funding from federal aid includes additional appropriation of \$32.2 million for the CARES Act CRF funding which was approved by the School Board on October 22, 2020.

SCHOOL CONSTRUCTION FUND STATEMENT

	<u>FY 2021 Revised¹</u>	<u>FY 2021 Midyear Revised</u>	<u>Variance</u>
BEGINNING BALANCE, JULY 1	\$ 17,900,819	\$ 18,222,849	\$ 322,030
RESERVES:			
Reserve For Turf Replacement	\$ 1,783,394	\$ 1,783,394	\$ -
Total Reserve	<u>\$ 1,783,394</u>	<u>\$ 1,783,394</u>	<u>\$ -</u>
RECEIPTS:			
General Obligation Bonds	\$ 180,000,000	\$ 180,000,000	\$ -
TJHSST Tuition - Capital Costs	800,000	800,000	-
Miscellaneous Revenue	306,000	306,000	-
Turf Field Replacement Revenue	377,793	377,793	-
Total Receipts	<u>\$ 181,483,793</u>	<u>\$ 181,483,793</u>	<u>\$ -</u>
AUTHORIZED BUT UNISSUED BONDS	\$ 158,945,806	\$ 321,926,933	\$ 162,981,127
Total Referendums	<u>\$ 158,945,806</u>	<u>\$ 321,926,933</u>	<u>\$ 162,981,127</u>
TRANSFERS IN:			
School Operating Fund			
Building Maintenance	\$ 10,000,000	\$ 10,000,000	\$ -
Classroom Equipment	1,215,360	1,215,360	-
Facility Modifications	880,000	880,000	-
Synthetic Turf Field Replacement	983,084	983,084	-
County General Construction and Contributions Fund			
Joint BOS/SB Infrastructure Sinking Reserve	13,100,000	13,100,000	-
Total Transfers In	<u>\$ 26,178,444</u>	<u>\$ 26,178,444</u>	<u>\$ -</u>
Total Receipts and Transfers	<u>\$ 366,608,043</u>	<u>\$ 529,589,170</u>	<u>\$ 162,981,127</u>
Total Funds Available	<u>\$ 386,292,256</u>	<u>\$ 549,595,414</u>	<u>\$ 163,303,157</u>
EXPENDITURES AND COMMITMENTS:			
Expenditures	\$ 225,502,179	\$ 225,824,210	\$ 322,030
Additional Contractual Commitments	158,945,806	321,926,933	162,981,127
Total Disbursements	<u>\$ 384,447,985</u>	<u>\$ 547,751,142</u>	<u>\$ 163,303,157</u>
ENDING BALANCE, JUNE 30	<u>\$ 1,844,271</u>	<u>\$ 1,844,271</u>	<u>\$ -</u>
Less:			
Reserve For Turf Replacement	\$ 1,844,271	\$ 1,844,271	\$ -
Available Ending Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

¹ The budget for FY 2021 was revised on July 23, 2020 based on the approval of the FY 2020 Final Budget Review.

FOOD AND NUTRITION SERVICES FUND STATEMENT

	<u>FY 2021 Revised¹</u>	<u>FY 2021 Midyear Revised</u>	<u>Variance</u>
BEGINNING BALANCE, JULY 1	\$ 6,544,171	\$ 6,569,746	\$ 25,575
RECEIPTS:			
State Aid	\$ 1,492,819	\$ 1,844,788	\$ 351,969
Federal Aid	41,304,750	49,702,687	8,397,937
Food Sales	40,915,946	1,244,550	(39,671,396)
Other Revenue	176,277	376,277	200,000
Total Receipts	\$ 83,889,792	\$ 53,168,302	\$ (30,721,490)
TRANSFERS IN:			
School Operating Fund	\$ -	\$ 9,648,031	\$ 9,648,031
Total Transfers In	\$ -	\$ 9,648,031	\$ 9,648,031
Total Receipts and Transfers	\$ 83,889,792	\$ 62,816,333	\$ (21,073,459)
Total Funds Available	\$ 90,433,963	\$ 69,386,079	\$ (21,047,884)
EXPENDITURES:			
	\$ 85,386,079	\$ 69,386,079	\$ (16,000,000)
Food and Nutrition Services General Reserve	\$ 5,047,884	\$ -	\$ (5,047,884)
Total Disbursements	\$ 90,433,963	\$ 69,386,079	\$ (21,047,884)
ENDING BALANCE, JUNE 30	\$ -	\$ -	\$ -

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ADULT & COMMUNITY EDUCATION FUND STATEMENT

	<u>FY 2021 Revised¹</u>	<u>FY 2021 Midyear Revised</u>	<u>Variance</u>
BEGINNING BALANCE, JULY 1	\$ (226,537)	\$ (224,117)	\$ 2,420
RECEIPTS:			
State Aid	\$ 913,767	\$ 1,080,364	\$ 166,597
Federal Aid	2,134,615	2,209,820	75,205
Tuition and Fees	4,033,603	4,033,603	-
Other	102,771	102,771	-
Total Receipts	\$ 7,184,756	\$ 7,426,558	\$ 241,802
TRANSFERS IN:			
School Operating Fund	\$ 1,201,537	\$ 1,201,537	\$ -
Total Transfers In	\$ 1,201,537	\$ 1,201,537	\$ -
Total Receipts and Transfers	\$ 8,386,293	\$ 8,628,094	\$ 241,802
Total Funds Available	\$ 8,159,756	\$ 8,403,978	\$ 244,222
EXPENDITURES:	\$ 8,159,756	\$ 8,403,978	\$ 244,222
ENDING BALANCE, JUNE 30	\$ -	\$ -	\$ -

¹ The budget for FY 2021 was revised on July 23, 2020 based on the approval of the FY 2020 Final Budget Review.

GRANTS & SELF-SUPPORTING PROGRAMS FUND STATEMENT

	FY 2021 Revised¹	FY 2021 Midyear Revised	Variance
BEGINNING BALANCE, July 1			
Grants	\$ 16,651,066	\$ 16,655,014	\$ 3,948
Summer School	7,433,914	7,440,798	6,885
Total Beginning Balance	\$ 24,084,980	\$ 24,095,812	\$ 10,832
RECEIPTS:			
Grants			
State Aid	\$ 8,834,676	\$ 9,170,038	\$ 335,362
Federal Aid	51,221,412	58,734,575	7,513,163
Industry, Foundation, Other	150,476	787,699	637,223
Unallocated Grants	6,000,000	6,000,000	-
Summer School			
State Aid	857,000	857,000	-
Tuition	3,308,550	3,308,550	-
Industry, Foundation, Other	40,000	40,000	-
Total Receipts	\$ 70,412,114	\$ 78,897,861	\$ 8,485,747
TRANSFERS IN:			
School Operating Fund (Grants)	\$ 12,614,847	\$ 12,614,847	\$ -
School Operating Fund (Summer School)	7,756,398	7,756,398	-
Cable Communications Fund (Grants)	1,886,781	1,886,781	-
Total Transfers In	\$ 22,258,026	\$ 22,258,026	\$ -
Total Funds Available	\$ 116,755,120	\$ 125,251,700	\$ 8,496,580
EXPENDITURES:			
Grants	\$ 91,359,259	\$ 99,848,954	\$ 8,489,695
Unallocated Grants	6,000,000	6,000,000	-
Summer School	15,440,447	15,440,447	-
Total Expenditures	\$ 112,799,706	\$ 121,289,401	\$ 8,489,695
RESERVES:			
Summer School Reserve	\$ 3,955,415	\$ 3,962,299	\$ 6,885
Total Reserves	\$ 3,955,415	\$ 3,962,299	\$ 6,885
Total Disbursements	\$ 116,755,120	\$ 125,251,700	\$ 8,496,580
ENDING BALANCE, JUNE 30	\$ -	\$ -	\$ -

¹ The budget for FY 2021 was revised on July 23, 2020 based on the approval of the FY 2020 Final Budget Review.

SCHOOL INSURANCE FUND STATEMENT

	FY 2021 <u>Revised</u>¹	FY 2021 Midyear <u>Revised</u>	<u>Variance</u>
Workers' Compensation Accrued Liability	\$ 40,560,585	\$ 40,560,585	\$ -
Other Insurance Accrued Liability	5,852,599	5,852,599	-
Allocated Reserves	3,399,044	3,411,104	12,060
BEGINNING BALANCE, JULY 1	\$ 49,812,228	\$ 49,824,288	\$ 12,060
RECEIPTS:			
Workers' Compensation			
School Operating Fund	\$ 10,738,928	\$ 10,738,928	\$ -
School Food & Nutrition Serv. Fund	324,284	324,284	-
Other Insurance			
School Operating Fund	4,468,127	4,468,127	-
Insurance Proceeds/ Rebates	200,000	200,000	-
Total Receipts	\$ 15,731,339	\$ 15,731,339	\$ -
Total Funds Available	\$ 65,543,567	\$ 65,555,627	\$ 12,060
EXPENDITURES:			
Workers' Compensation Administration	\$ 679,794	\$ 679,794	\$ -
Workers' Compensation Claims Paid	9,170,000	9,170,000	-
Workers' Compensation Claims Management	1,205,000	1,205,000	-
Other Insurance	6,181,750	6,181,750	-
Allocated Reserves	1,893,839	1,905,899	12,060
Total Expenditures	\$ 19,130,383	\$ 19,142,443	\$ 12,060
ENDING BALANCE, JUNE 30	\$ 46,413,184	\$ 46,413,184	\$ -
Available Ending Balance	\$ 46,413,184	\$ 46,413,184	\$ -
Restricted Reserves			
Workers' Compensation Accrued Liability	\$ 40,560,585	\$ 40,560,585	\$ -
Other Insurance Accrued Liability	5,852,599	5,852,599	-
Allocated Reserves	-	-	-
Total Reserves	\$ 46,413,184	\$ 46,413,184	\$ -

¹ The budget for FY 2021 was revised on July 23, 2020 based on the approval of the FY 2020 Final Budget Review.

SCHOOL HEALTH AND FLEXIBLE BENEFITS FUND STATEMENT

	FY 2021 Revised¹	FY 2021 Midyear Revised	Variance
BEGINNING BALANCE, JULY 1	\$ 100,783,722	\$ 101,685,897	\$ 902,176
RECEIPTS:			
Employer Contributions	\$ 265,739,576	\$ 266,937,431	\$ 1,197,855
Employee Contributions	78,785,977	79,214,592	428,615
Retiree/Other Contributions	58,155,316	59,083,865	928,549
Interest Income	1,300,000	500,000	(800,000)
Rebates and Subsidies	33,358,962	36,523,767	3,164,805
Subtotal	\$ 437,339,831	\$ 442,259,654	\$ 4,919,823
Flexible Accounts Withholdings	\$ 11,502,283	\$ 10,166,924	\$ (1,335,359)
Total Receipts	\$ 448,842,114	\$ 452,426,578	\$ 3,584,464
Total Funds Available	\$ 549,625,836	\$ 554,112,475	\$ 4,486,640
EXPENDITURES/PAYMENTS:			
Health Benefits Paid	\$ 345,706,208	\$ 352,219,157	\$ 6,512,949
Premiums Paid	76,161,011	75,112,713	(1,048,298)
Claims Incurred but not Reported (IBNR)	16,515,120	16,806,120	291,000
IBNR Prior Year Credit	(15,984,000)	(16,275,000)	(291,000)
Health Administrative Expenses	16,848,648	15,982,123	(866,526)
Subtotal	\$ 439,246,987	\$ 443,845,113	\$ 4,598,125
Flexible Accounts Reimbursement	\$ 11,309,821	\$ 9,985,349	\$ (1,324,472)
FSA Administrative Expenses	191,149	172,443	(18,706)
Subtotal	\$ 11,500,970	\$ 10,157,792	\$ (1,343,178)
Total Expenditures	\$ 450,747,957	\$ 454,002,905	\$ 3,254,947
ENDING BALANCE, JUNE 30	\$ 98,877,878	\$ 100,109,571	\$ 1,231,692
Less:			
Premium Stabilization Reserve	\$ 98,877,878	\$ 100,109,571	\$ 1,231,692
AVAILABLE ENDING BALANCE	\$ -	\$ -	\$ -

¹ The budget for FY 2021 was revised on July 23, 2020 based on the approval of the FY 2020 Final Budget Review.

**EDUCATIONAL EMPLOYEES' SUPPLEMENTARY
RETIREMENT SYSTEM OF FAIRFAX COUNTY FUND STATEMENT**

	<u>FY 2021 Revised¹</u>	<u>FY 2021 Midyear Revised</u>	<u>Variance</u>
BEGINNING BALANCE, JULY 1	\$ 2,578,637,850	\$ 2,593,374,917	\$ 14,737,067
RECEIPTS:			
Contributions	\$ 154,653,223	\$ 153,640,543	\$ (1,012,680)
Investment Income	259,600,000	261,100,000	1,500,000
Total Receipts	\$ 414,253,223	\$ 414,740,543	\$ 487,320
Total Funds Available	\$ 2,992,891,073	\$ 3,008,115,460	\$ 15,224,387
EXPENDITURES	\$ 223,817,247	\$ 219,849,097	\$ (3,968,150)
ENDING BALANCE, JUNE 30	<u>\$ 2,769,073,826</u>	<u>\$ 2,788,266,363</u>	<u>\$ 19,192,537</u>

¹ The budget for FY 2021 was revised on July 23, 2020 based on the approval of the FY 2020 Final Budget Review.

SCHOOL OTHER POST-EMPLOYMENT BENEFITS (OPEB) TRUST FUND STATEMENT

	FY 2021 Revised¹	FY 2021 Midyear Revised	Variance
BEGINNING BALANCE, JULY 1	\$ 152,926,070	\$ 155,969,068	\$ 3,042,998
REVENUE:			
Employer Contributions	\$ 24,894,000	\$ 24,894,000	\$ -
Net Investment Income	5,000,000	5,000,000	-
Total Revenue	\$ 29,894,000	\$ 29,894,000	\$ -
TOTAL FUNDS AVAILABLE	\$ 182,820,070	\$ 185,863,068	\$ 3,042,998
EXPENDITURES:			
Benefits Paid	\$ 19,894,000	\$ 19,894,000	\$ -
Administrative Expenses	100,500	100,500	-
Total Expenditures	\$ 19,994,500	\$ 19,994,500	\$ -
ENDING BALANCE, JUNE 30	\$ 162,825,570	\$ 165,868,568	\$ 3,042,998

¹ The budget for FY 2021 was revised on July 23, 2020 based on the approval of the FY 2020 Final Budget Review.

**Grants Development Section
Office of Budget Services**

Quarterly Report – FY 2021

Date: October 31, 2020

Update for FY 2021 Grants

This report provides the status of competitive grants for FY 2021:

- Competitive grants submitted: \$1.4 million (18 grants)
- Competitive grants awarded: \$0.4 million (10 grants)
- Competitive grants denied: \$0.1 million (2 grants)
- Competitive grants pending: \$0.9 million (6 grants)

This report provides the status of competitive grants awarded in collaboration with The Foundation for Fairfax County Public Schools for FY 2021:

- Competitive grants submitted: \$2.0 million (2 grants)
- Competitive grants awarded: \$0.0 million (0 grants)
- Competitive grants denied: \$0.0 million (0 grants)
- Competitive grants pending: \$2.0 million (2 grants)

The status of FY 2021 entitlement grants is as follows:

- Entitlement grants submitted: \$37.2 million (5 grants)
- Entitlement grants awarded: \$35.1 million (4 grants)
- Entitlement grants pending: \$2.0 million (1 grant)

The status of FY 2021 federal emergency stimulus funding is as follows:

- Federal stimulus grants submitted: \$78.4 million (9 grants)
- Federal stimulus grants awarded: \$76.5 million (8 grants)
- Federal stimulus grants pending: \$0.0 million (1 grant)

Final Update for FY 2020 Grants

This report provides the status of competitive grants for FY 2020:

- Competitive grants submitted: \$25.8 million (70 grants)
- Competitive grants awarded: \$12.8 million (54 grants)
- Competitive grants denied: \$0.8 million (15 grants)
- Competitive grants pending: \$0.1 million (1 grant)

This report provides the status of competitive grants awarded in collaboration with The Foundation for Fairfax County Public Schools for FY 2020:

- Competitive grants submitted: \$0.4 million (4 grants)
- Competitive grants awarded: \$0.4 million (3 grants)
- Competitive grants denied: \$0.0 million (1 grant)

The status of FY 2020 entitlement grants is as follows:

- Entitlement grants submitted: \$71.5 million (9 grants)
- Entitlement grants awarded: \$76.7 million (9 grants)

Total entitlement and competitive grants submitted does not equal the total grants awarded as the amount that is awarded differed from the amount requested.

Agenda Item Details

Meeting Oct 22, 2020 - Regular Meeting

Category 4. Action Items - 8:30 p.m.

Subject 4.03 FY 2021 Revised Budget

Type Action

Subject: FY 2021 Revised Budget

Staff Contact: Leigh Burden, assistant superintendent, Financial Services

Other Staff Present: Marty Smith, chief operating office
Alice Wigington, director, Office of Budget Services

Meeting Category: October 22, 2020 – Regular Meeting

School Board Action Required: Action

Key Points:

On October 8, 2020, Governor Northam announced a new allocation of federal Coronavirus Aid, Recovery, and Economic Security (CARES) Act under the Coronavirus Relief Fund to help K-12 public schools in Virginia. FCPS' allocation, including the City of Fairfax totals \$32.2 million. Funding can be used for eligible expenses from March 1 through December 30, 2020.

Typically, appropriation authority is handled at a regular quarterly review. However, the mid-year quarterly review is not scheduled until December 3, 2020. In order to access these funds for COVID-related expenses, funds must be spent by December 30, 2020. FCPS must have appropriation authority so that we may develop a plan for spending and meet Federal/State date requirements. Items that meet the allowable usage guidelines will need to be ordered as soon as possible to ensure receipt by December 30, 2020. For now, the funds will be allocated toward a CRF reserve with proposed expenditures to be determined.

Recommendation:

That the School Board approve appropriation authority totaling \$32.2 million as reflected below:

	FY21 Current Budget		Adjustments		FY21 Revised Budget	
Fund	Amount	Full-Time Positions	Amount	Full-Time Positions	Amount	Full-Time Positions
School Operating	\$3,180,663,951	24,699.6	\$32,215,943	0.0	\$3,212,879,894	24,699.6

Motion & Voting

That the School Board approve appropriation authority totaling \$32.2 million as reflected in the agenda item.

Motion by Tamara D Kaufax, second by Elaine V Tholen.

Final Resolution: Motion Carries

Yes: Megan McLaughlin, Ricardy J Anderson - Chair, Rachna S Heizer, Elaine V Tholen, Tamara D Kaufax, Karen Corbett Sanders, Karen A Keys-Gamarra, Stella Pekarsky - Vice Chair, Abrar Omeish, Laura Jane H Cohen, Karl V Frisch