

Response to Questions on the FY 2014 Budget

Request By: Supervisor Foust

Question: For FY 2012, the total of reserves and carryover amounts for the FCPS School Operating Budget exceeded \$260 million.

- Could any portion of the FCPS reserves and other carryover funds be included in its FY 2014 proposed budget for the beginning balance of the School Operating Fund?
 - If so, please describe and identify the amount that can be added to the Beginning Balance.
 - If not, please explain in detail why none of the reserves and carryover amounts are unavailable to include in the Beginning Balance.

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

A total of \$159.7 million of the \$259.1 million funding available at the FY 2012 Final Budget Review was used for beginning balance. Following is a chart detailing the funding used for beginning balance.

Funding Used for Beginning Balance	FY 2012 Ending Balance Amounts (\$ in millions)
FY 2013 Budgeted Beginning Balance	\$57.5
FY 2014 Budgeted Beginning Balance	\$41.6
VRS Reserve Used in FY 2013	\$43.7
VRS Reserve Used in FY 2014	\$16.9
Total	\$159.7

The remaining funding available from the FY 2012 ending balance was allocated for other specific purposes approved by the School Board. Following are the details of the FY 2012 ending balance allocations approved by the School Board and as detailed in FCPS Budget Question 16 for FY 2014.

Ending Balance Composition	FY 2012 (\$ in millions)	Definition
FY 2013 Budgeted Beginning Balance	\$57.5	An amount of funding identified from the current or prior years to assist with balancing the budget of the coming year.
FY 2014 Budgeted Beginning Balance	\$41.6	
VRS Reserve Used in FY 2013	\$43.7	When state officials set VRS rates lower than actuarially recommended to provide fiscal relief and declared that future year's would require repayment with interest, FCPS opted to establish a reserve to try to mitigate the financial impact of these decisions on future budgets.
VRS Reserve Used in FY 2014	\$16.9	
Flexibility Reserve	\$8.0	The School Board flexibility reserve is normally maintained at \$8.0 million to meet unbudgeted needs. Any unused portion is carried forward to the next fiscal year with School Board approval. For this reason, the flexibility reserve is only reflected in the current year estimate and is not included in the approved budget totals.
Undelivered Orders	\$46.0	An obligation of funding for orders where goods or services have not been received or performed as of June 30.
Schools and Projects Carryover	\$26.4	Unobligated funding from the current year that is moved forward to the next year. This form of carryover is reserved for schools and primarily covers their supply and hourly accounts. It allows schools the flexibility of multi-year planning for a portion of their funding and has been especially helpful during the economic downturn.
Critical Needs Carryover	\$5.2	See "automatic carryover" with the exception that this funding must be requested by the department and approved by the Superintendent. Also referred to as "critical needs" carryover, this is the avenue for schools and departments to carry forward funding to the next fiscal year for non-recurring costs. Examples include the carryover of the balance of special funds (equal opportunity, neediest kids, etc) and to cover the anticipated costs of the implementing the health care reform requirements.
Grant Balances Carryover	\$0.0	The unobligated balance available in a subsequent grant period. This funding must still be used for purposes as stated in the grant.
Centralized Textbook Fund	\$7.7	Beginning in FY 2013, FCPS will centralize textbook purchasing for math. FCPS will fund the purchases centrally, and then reduce per-pupil textbook funding allocated to elementary, middle and high schools annually and return that funding to the central account. At the end of six years, the centralized fund will be completely replenished through these per-pupil reductions.
Teacher Evaluation	\$2.0	Resources were provided to develop and implement the new teacher evaluation system mandated by the Virginia Department of Education. Implementation is required by July 1, 2012.
Clinical Support for Students	\$0.4	Funding was provided to expand clinical support (psychologists and social workers) to schools to assist in special education eligibility assessments where volume is high; to coordinate community resources for high-need schools; and extend contracts for six social workers to manage intervention cases during the summer.
ACE Transfer	\$1.0	The Adult and Community Education Fund ended FY 2012 with a shortfall of \$1.0 million, primarily due to lower than projected tuition revenue. In the FY 2013 Approved Budget, ACE had restructured its course offerings, streamlined its administration, and reduced its staff. To support the FY 2013 projected revenue and expenditure assumptions, a one-time transfer increase of \$1.0 million was provided.
Audit Adjustments	\$2.6	FCPS is audited by an external auditor each year. Any adjustments made after year end are included as an audit adjustment. This funding was available and allocated to the FY 2014 Beginning Balance.
TOTAL	\$259.1	