

Community Budget Dialogue

"Fairfax County Public Schools inspires and empowers students to meet high academic standards, lead ethical lives, and be responsible and innovative global citizens."

FCPS Mission



March 14, 2015



FY 2016 Advertised Budget Approach

- Revenues have not kept pace with expenditures, and balancing each year's budget on continued reductions is not sustainable while protecting the quality of FCPS' educational programs
- In light of significant reductions taken since FY 2008, FCPS took a strategic and targeted approach to investments and reductions to protect our core programs in FY 2016
- FCPS faces continued fiscal challenges in FY 2016, FY 2017, and beyond

The cumulative impact of reductions has resulted in FCPS being at a tipping point

Cumulative Budget Reductions

- Since FY 2008, FCPS' budget reductions total nearly \$435 million and more than 2,175 positions eliminated
 - Class size increased 3 times for an increase of 1.5-2.0 students per teacher depending on school level
 - Central and school support significantly reduced
 - Programs eliminated or redesigned

FCPS Budget Summary							
(\$ in millions)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Budget Reductions	-\$54.5	-\$77.6	-\$40.4	-\$76.7	-\$27.9	-\$60.0	-\$97.8
Cumulative Total	-\$54.5	-\$132.1	-\$172.5	-\$249.2	-\$277.1	-\$337.1	-\$434.9

- FCPS completed the State School Efficiency Review
 - The total identified savings were achieved in the FY 2015 Approved Budget

Including the \$55.4 million in planned reductions for FY 2016, FCPS' reductions since FY 2008 total nearly a half a billion dollars

FY 2015 Expenditure Reductions

- Reductions totaled \$97.8 million and included the elimination of 723.7 positions
 - 22.5% of cumulative dollars and 33.3% of cumulative position reductions taken since FY 2008
- Protecting the classroom was the highest priority. The greatest percentage of reductions taken were in central support, reduced by 6%
- Reductions included:
 - Class sizes were increased
 - Needs-based staffing was reduced
 - Instructional assistants, school-based technology specialists, clerical support, custodians, and support from departments were all reduced

This current school year, FCPS implemented nearly \$100 million in reductions

FY 2016 Advertised Budget Overview

- **\$2.6 billion operating budget**
 - \$64.0 million, or 2.6%, increase from the FY 2015 Approved Budget
- **Key Expenditure Requirements**
 - Enrollment Growth and Demographic Adjustments
 - Compensation Increases
 - Full-Day Mondays
 - Later High School Start Times
 - Targeted Elementary School Class Size Relief
- **Reductions total \$55.4 million**

FY 2016 Unfunded Identified Needs

- Lower Class Size
- Family and Early Childhood Education Program
- Student Technology and Connectivity
- Innovation
- Preventive and Major Maintenance
- Replacement Equipment, Buses, and Vehicles

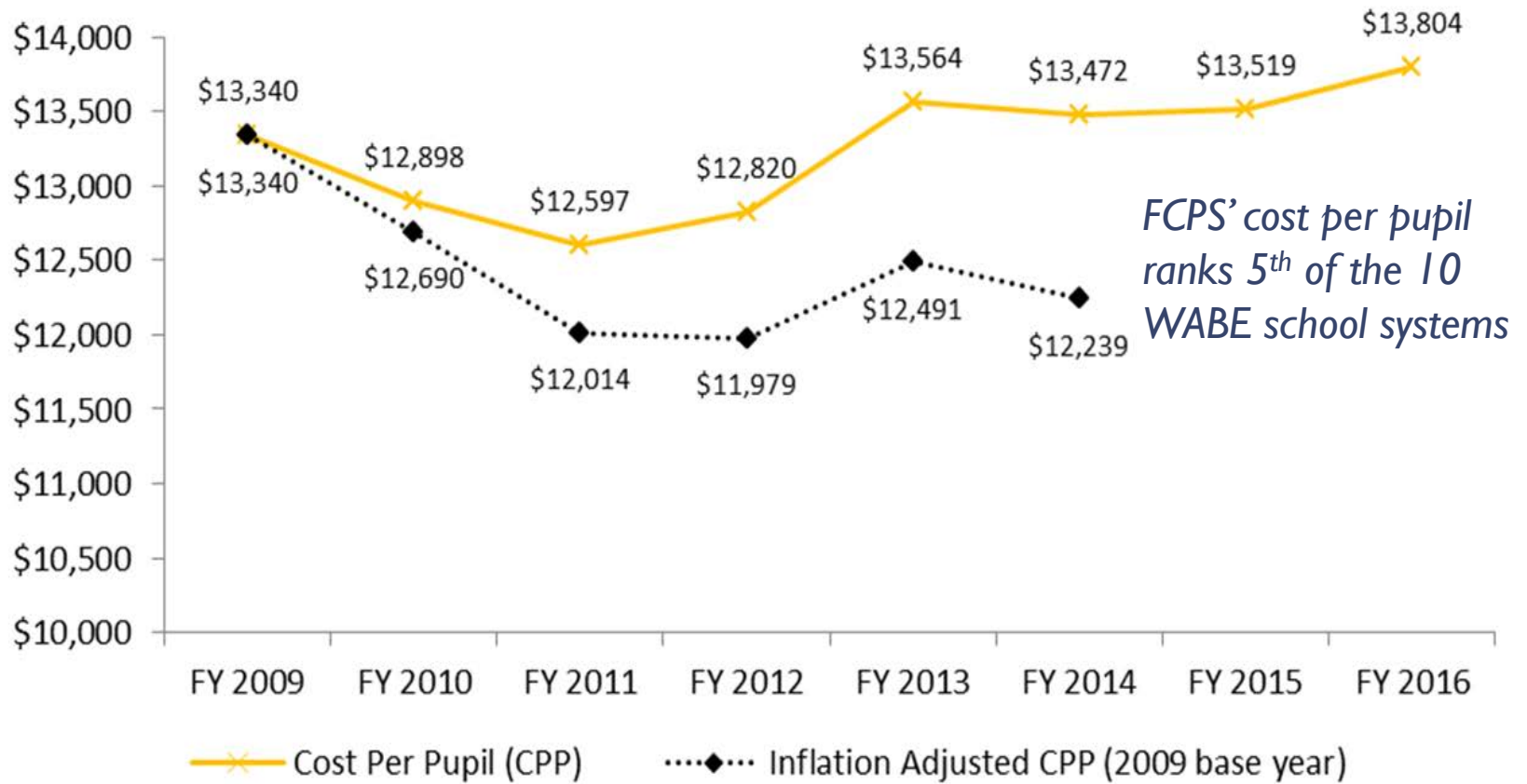
To maintain the current high educational standards and programs, FCPS must have funding to innovate and confront emerging needs and opportunities

FY 2017 Budget Drivers

- Limited Revenue ???
 - Beginning balance
 - State revenue impacted by LCI adjustment
- Student Enrollment \$21M
 - Student enrollment continues to increase and student demographics continue to shift, reflecting increased needs
- Mandatory Benefit Rate Increases \$40M
 - VRS will increase from 80% to 90% of the actuarial rate
 - Health insurance & FCERS rate increases
- Employee Salaries \$72M
 - Step and a 1.5 percent MSA

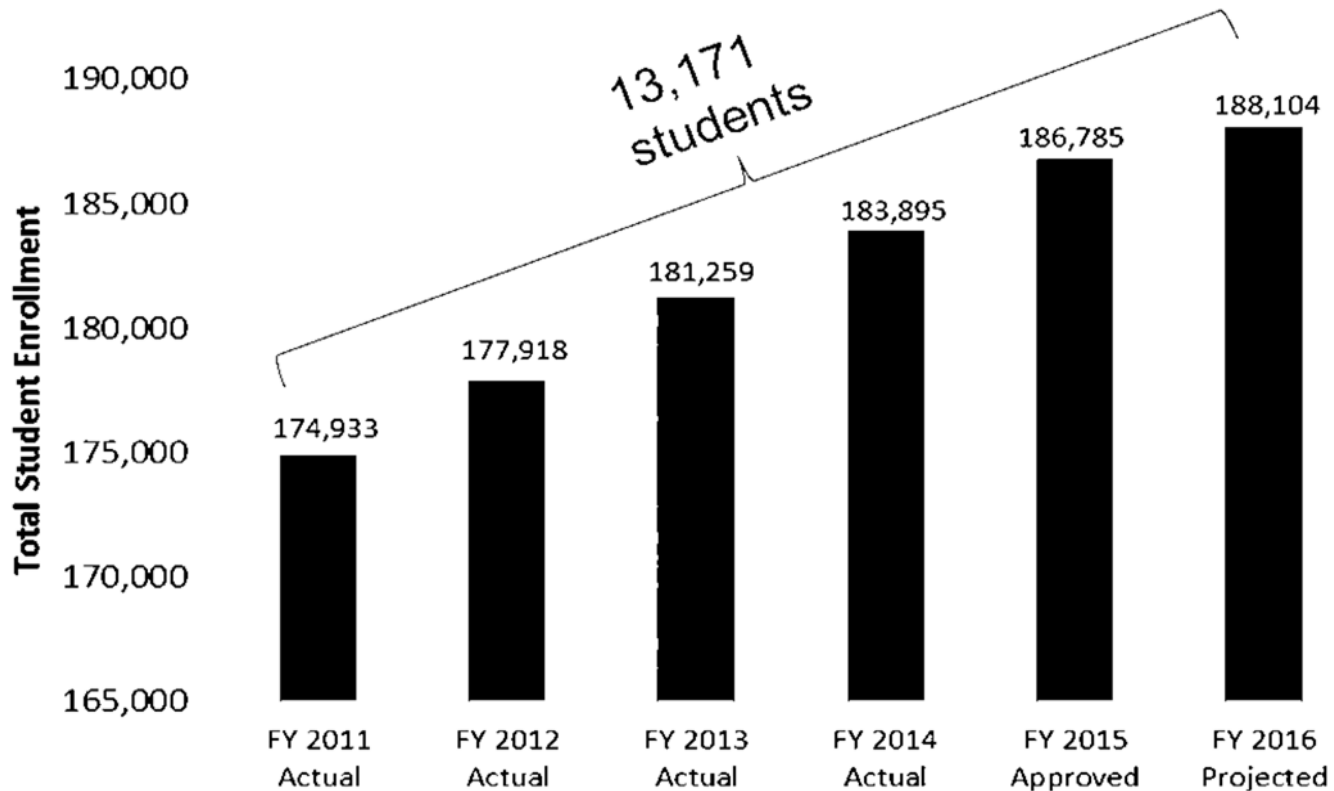
FY 2017 projected shortfall in excess of \$100 million

FCPS' Cost Per Pupil Over Time



Adjusted for inflation, FCPS is spending less per pupil than in FY 2009

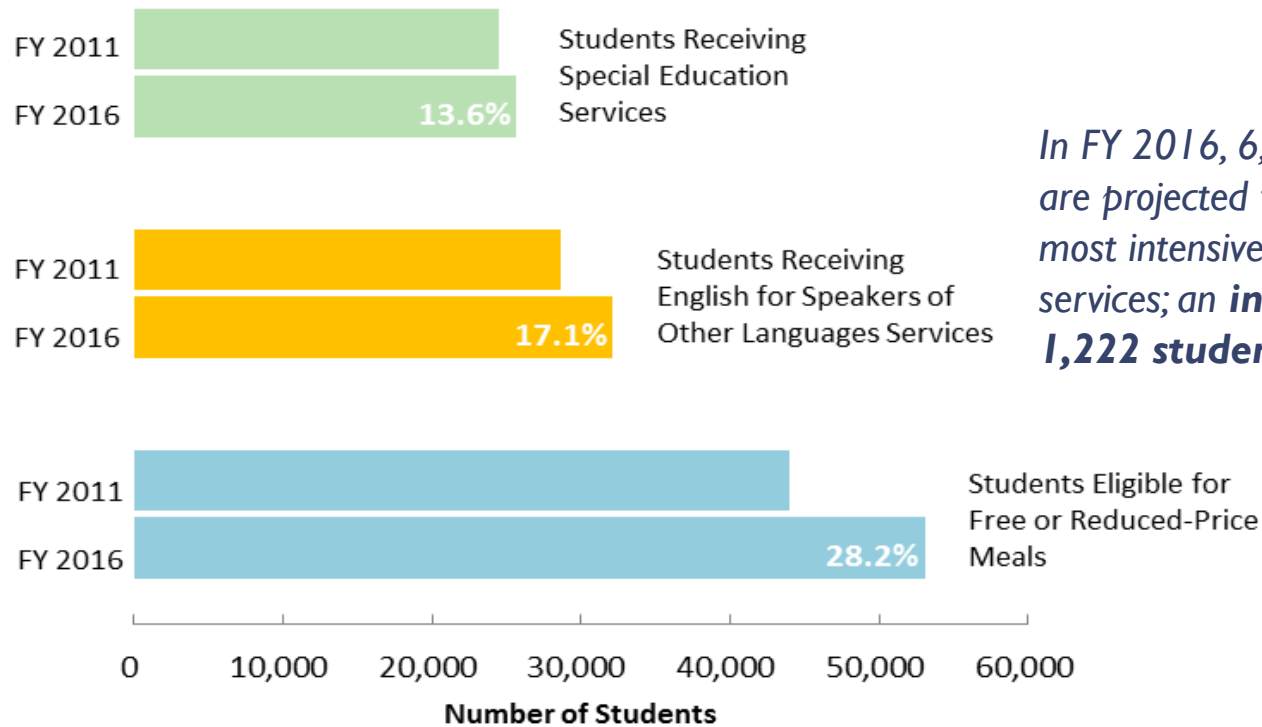
Student Enrollment



Enrollment continues to grow resulting in unavoidable cost increases each year

Demographic Trends

Number of Students and FY 2016 Percentage of Total Enrollment



*In FY 2016, 6,704 students are projected to receive the most intensive ESOL services; an **increase of 1,222 students, or 22%**.*

FCPS is diverse and is experiencing an increase in students needing more intensive ESOL services

FY 2015 Salary Comparisons

Starting Teacher Salaries* FY 2015		Teacher Salaries Beginning 10th Year + Master Degree* FY 2015		Maximum Teacher Salaries* FY 2015	
Division		Division		Division	
Falls Church City	\$48,500	Arlington	\$77,093	Arlington	\$111,260
Arlington	\$48,228	Alexandria City	\$76,626	Prince William	\$109,609
Loudoun	\$47,500	Falls Church City	\$68,541	Alexandria City	\$107,259
Alexandria City	\$47,242	Montgomery, MD	\$67,723	Manassas Park City	\$106,321
Fairfax	\$46,756	Prince George's, MD	\$64,776	Montgomery, MD	\$105,189
Montgomery, MD	\$46,410	Prince William	\$62,482	Loudoun	\$104,105
Prince George's, MD	\$46,380	Manassas City	\$61,642	Falls Church City	\$103,960
Manassas City	\$46,078	Fairfax	\$61,253	Manassas City	\$103,497
Prince William	\$45,998	Loudoun	\$60,086	Fairfax	\$100,898
Manassas Park City	\$44,490	Manassas Park City	\$58,373	Prince George's, MD	\$100,775

Source: FY 2015 WABE Guide

*Of the Virginia school divisions impacted by the mandated VRS shift and corresponding salary increase, all divisions except Loudoun and Prince William have completed the full 5 percent increase; Loudoun and Prince William have only completed 3 percent.

FCPS continues to lose ground in competitive salaries and as teachers advance FCPS falls farther behind

FY 2016 Expenditure Increases

Change from FY 2015 Approved Budget

	\$ in millions	FTE
■ Enrollment Growth	\$18.6	249.8
■ Projected enrollment of 188,104		
■ Demographic adjustments		
• English for Speakers of Other Languages		
• Free and Reduced-Price Meals Eligibility		
• Special Education		
■ Full-Day Mondays	\$4.9	63.8
■ Elementary Class Size	\$3.1	40.0
■ Placeholder to address large class sizes		

FY 2016 Expenditure Increases (cont.)

Change from FY 2015 Approved Budget

	\$ in millions	FTE
▪ Step Increases	\$39.7	0.0
▪ For eligible employees		
▪ 1.0% Market Scale Adjustment	\$19.7	0.0
▪ For all employees		
▪ Full-Year Impact of FY 2015 Step	\$10.4	0.0
▪ FCERS Retirement Rate Increase	\$3.1	0.0

FY 2016 Expenditure Increases (cont.)

Change from FY 2015 Approved Budget

	\$ in millions	FTE
▪ Later High School Start Times	\$4.9	1.0
▪ Vehicle/Equipment Replacement	\$3.0	0.0
▪ Contractual Increases	\$2.0	0.0
▪ School Bus Replacement	\$1.5	0.0

FY 2016 Expenditure Reductions

Change from FY 2015 Approved Budget

	\$ in millions	FTE
▪ Compensation Base Savings	(\$27.0)	(0.0)
▪ Health Insurance	(\$9.2)	(0.0)
▪ Other Post Employment Benefits	(\$5.0)	(0.0)
• No impact to retiree benefits		
▪ VRS Retiree Health/State Life	(\$2.8)	(0.0)
• Reduction due to state rate changes		
▪ Contract Length Reductions	(\$1.3)	(0.0)
▪ Divisionwide Reorganization	(\$0.7)	(7.2)

FY 2016 Expenditure Reductions (cont.)

Change from FY 2015 Approved Budget

	\$ in millions	FTE
▪ Bus Fuel	(\$2.8)	(0.0)
▪ Utilities	(\$2.5)	(0.0)
▪ Instructional Materials	(\$2.0)	(0.0)
▪ Legal Fees	(\$1.0)	(0.0)
▪ Workers' Compensation	(\$1.0)	(0.0)

FY 2016 Revenue Assumptions

Change from FY 2015 Approved Budget

\$ in millions

- **Beginning Balance** **(\$20.7)**
 - \$27.8 million set aside for FY 2016
 - FY 2015 beginning balance was \$48.5 million
- **Sales Tax** **\$8.5**
 - 4.9% projected increase based on trends
- **Federal Aid** **\$0.3**
- **Other Revenue** **\$1.2**
- **County Transfer Increase Request** **\$70.6**
 - There's a gap of \$14.0 million between FCPS' request and the County Executive's FY 2016 Advertised Budget

Since FCPS' Advertised Budget

Change from FCPS' FY 2016 Advertised Budget

\$ in millions

- **County Transfer Shortfall** **\$14.0**
 - As recommended by the County Executive
- **State Update**
 - **Employee Salary Increase Incentive** **(4.7)**
 - Contingent on State meeting revenue forecasts
 - **VRS Rate Reduction for FY 2016** **(5.8)**
- **Additional Spring Projection Costs** **4.0**
- **Projected Shortfall to Date** **\$7.5**

Summary of the FY 2016 Advertised Budget

- Overall budget increase of \$64.0 million, or 2.6%
 - Revenue
 - County transfer increase of \$70.6 million, or 3.99%, requested
 - Structural deficit remains but is being reduced
 - Expenditures – focused on priorities:
 - Enrollment, Student Demographics, and Instruction
 - Employee Compensation Increases
 - Reductions – targeted with long-term focus
 - Centrally Managed Accounts Reviewed

Summary of the FY 2016 Advertised Budget

- Long-term sustainable approach
- Realistic and balanced
 - Focused on priorities:
 - Enrollment, Student Demographics, Employee Compensation, and Instruction
 - Reductions – targeted with long-term focus
 - Unfunded needs remain
 - Developing strategic plan
- Strong partnership with the County

Important Dates

FY 2016 Budget Calendar*

Aug.- Dec., 2014	FCPS conducts internal program reviews and gathers community and employee feedback
January 8, 2015	Superintendent releases FY 2016 Proposed Budget
January 26	School Board holds public hearings on budget (January 27 if needed)
January 29	School Board conducts budget work session
February 5	School Board adopts FY 2016 Advertised Budget
February 17	Fairfax County Executive releases FY 2016 Advertised Budget Plan
February 27	School Board and BOS hold joint meeting
March 3	County Board of Supervisors (BOS) advertises tax rate
March 16	School Board conducts budget work session
April 7	School Board presents budget to County BOS
April 7-9	County BOS holds public hearings on budget
April 21	County BOS FY 2016 Budget mark-up - determine budget package and tax rate
April 27	School Board conducts budget work session
April 28	County BOS approves the FY 2016 Adopted County Budget, tax rate resolution, and transfer amount to schools
May 7	School Board FY 2016 Approved Budget presented for new business
May 12	School Board holds public hearings on budget (May 13 if needed)
May 14	School Board conducts budget work session
May 21	School Board adopts FY 2016 Approved Budget
July 1	FY 2016 begins

*Dates tentative

Participate In The Budget Process

- Watch School Board meetings on Red Apple 21
- School Board meetings are also streamed live via FCPS' website: <http://www.fcps.edu/index.shtml>
- To speak at a School Board meeting, call 571-423-1075 or visit: www.fcps.edu/schlbd/meetings/requestspeak.shtml
- To speak at a Board of Supervisors public hearing, call 703-324-3151 or visit: www.fairfaxcounty.gov/bosclerk/speaker_bos.htm
- Stakeholders are encouraged to submit comments and suggestions on how FCPS can improve programs by sending email to TIPS@fcps.edu or by calling 571-423-3597
- Further information, including budget documents, is available online: <http://www.fcps.edu/news/fy2016.shtml>