

# Financial

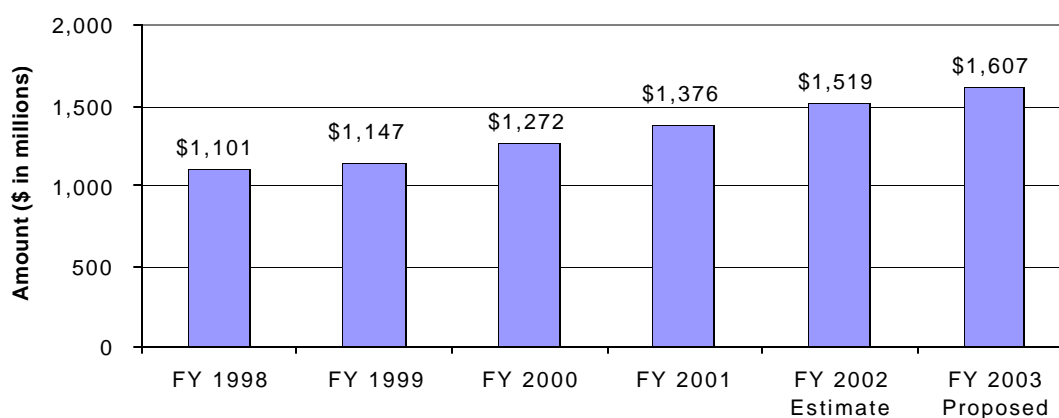
- Operating Fund Overview
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# Operating Fund Overview

Fairfax County Public Schools (FCPS) uses the Operating Fund to account for the revenues and expenditures necessary for everyday operational needs. Revenue is collected from local, state, and federal sources. Expenditures are divided into major categories (compensation, logistics, etc.) The FY 2003 operating budget totals \$1.6 billion and 20,976.5 positions.

The fund statement for the Operating Fund presents revenue by source, transfers in, expenditures, and transfers out for the budgeted year, current year estimate, and prior year actual. Additionally, changes in fund balances are displayed.

## Operating Fund Disbursements



A complete description of the Operating Fund is found in this section. A summary of all other funds is found in the Other Funds section.

# Operating Fund Overview

## School Operating Fund Statement

	FY 2001 Actual	FY 2002 Estimate	FY 2003 Proposed
<b>BEGINNING BALANCE, July 1</b>	\$ 56,768,845	\$ 50,201,190	\$ 10,000,000 <sup>1/</sup>
<b>RECEIPTS:</b>			
Sales Tax	103,934,411	104,051,679	107,173,229
State Aid	213,020,263	213,745,418	205,584,896
Federal Aid	28,201,017	34,273,103	31,025,538
City of Fairfax Tuition	23,903,048	25,950,550	27,350,000
Tuition, Fees, and Other	12,680,991	9,385,987	8,724,876
<b>Total Receipts</b>	<b>381,739,730</b>	<b>387,406,737</b>	<b>379,858,539</b>
<b>TRANSFERS IN:</b>			
Combined County General Fund	986,379,544	1,078,290,392	1,215,760,577
Teacher Liability Payment	1,621,364	1,621,364	1,621,364
School Insurance Fund	-	1,516,947	-
<b>Total Transfers In</b>	<b>988,000,908</b>	<b>1,081,428,703</b>	<b>1,217,381,941</b>
<b>Total Receipts &amp; Transfers</b>	<b>1,369,740,638</b>	<b>1,468,835,440</b>	<b>1,597,240,480</b>
<b>Total Funds Available</b>	<b>1,426,509,483</b>	<b>1,519,036,630</b>	<b>1,607,240,480</b>
<b>EXPENDITURES</b>	<b>1,352,322,379</b>	<b>1,482,839,106</b>	<b>1,567,455,349</b>
School Board Reserve	-	8,000,000	-
Teacher Liability Payment	1,621,364	1,621,364	1,621,364
<b>TRANSFERS OUT:</b>			
School Construction Fund	9,179,857	13,824,667	14,540,709
Grants & Self-Supporting Fund	8,413,428	11,382,456	16,529,685
Adult & Community Education Fund	3,683,218	1,100,131	1,100,131
School Debt Service Fund	833,926	-	5,700,000
Health and Flexible Benefits Fund	254,121	268,906	293,242
<b>Total Transfers Out</b>	<b>22,364,550</b>	<b>26,576,160</b>	<b>38,163,767</b>
<b>Total Disbursements</b>	<b>1,376,308,293</b>	<b>1,519,036,630</b>	<b>1,607,240,480</b>
<b>ENDING BALANCE, June 30</b>	<b>\$ 50,201,190</b>	<b>\$ -</b>	<b>\$ -</b>

<sup>1</sup> Reflects an additional \$10.0 million in projected FY 2002 ending balance to be carried over to balance the FY 2003 budget.

# Operating Revenue

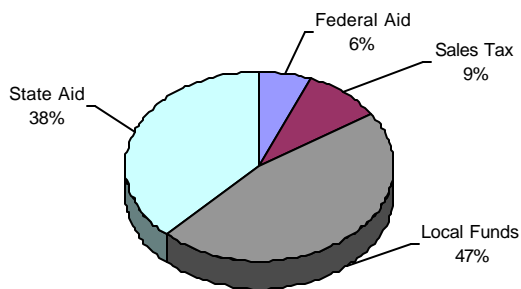
## Revenue Overview

As reflected in the chart to the right, all sources of revenue are expected to increase \$88.2 million, or 5.8 percent, over the FY 2002 estimate. In FY 2003, it is anticipated that funds will be available for a \$10.0 million beginning balance. The primary source of operating revenue, the County General Fund transfer, is projected to increase 12.7 percent. State aid, another major funding source, is projected to decrease 3.8 percent. Together, these two funding sources comprise 88.5 percent of all revenue projected for FY 2003.

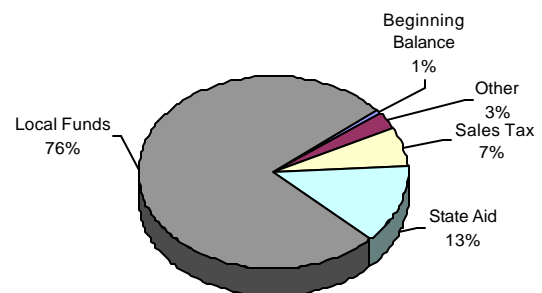
When compared with other school divisions in Virginia, Fairfax County funds a much larger portion of its school budget with local funds. The average Virginia school division receives less than half of its financial support from their local government, while FCPS must rely on local funds for three-fourths of its budget. Conversely, FCPS only receives 20 percent of its funding from the state, significantly less than the 47 percent share other Virginia school divisions receive.

Revenue Comparison (\$ in millions)			
Category	FY 2002 Estimate	FY 2003 Proposed	Change
<b>Beginning Balance</b>	<b>\$50.2</b>	<b>\$10.0</b>	<b>-80.1%</b>
<b>Transfers In</b>			
County Transfer	\$1,079.9	\$1,217.4	12.7%
Insurance Fund Transfer	1.5	-	-100.0%
<b>Subtotal Transfers In</b>	<b>\$1,081.4</b>	<b>\$1,217.4</b>	<b>12.6%</b>
<b>Revenue</b>			
State Aid	\$213.7	\$205.6	-3.8%
Sales Tax	104.1	107.2	3.0%
Federal Aid	34.3	31.0	-9.6%
City of Fairfax	26.0	27.4	5.4%
Other	9.3	8.6	-7.5%
<b>Subtotal Revenue</b>	<b>\$387.4</b>	<b>\$379.8</b>	<b>-2.0%</b>
<b>Total School Operating Fund</b>	<b>\$1,519.0</b>	<b>\$1,607.2</b>	<b>5.8%</b>

**Funding Source Breakdown  
All Virginia School Divisions**



**FCPS Revenue Breakdown  
by Source**



# Operating Revenue

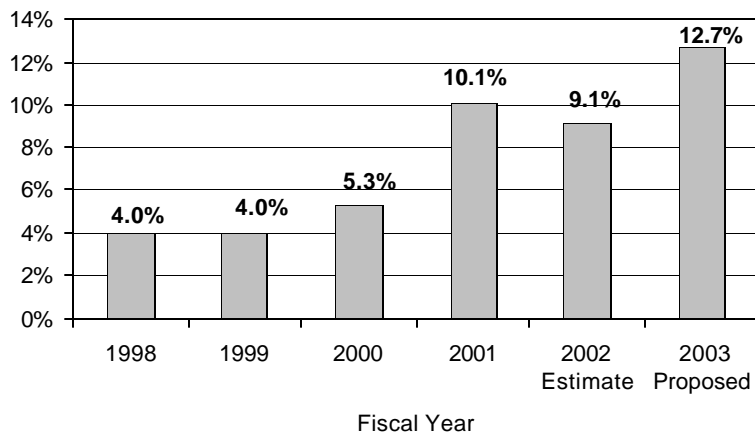
**Beginning Balance** \$10.0 million  
 A \$10.0 million beginning balance is projected for FY 2003 based on savings generated in FY 2002.

**Transfers In - County General Fund** \$1.2 billion  
 Real and personal property tax dollars are the primary revenue sources for Fairfax County. The Board of Supervisors approves a transfer from county funds to FCPS to finance the Operating Fund.

Based on the FY 2003 requests, the County General Fund transfer (local tax dollars) will provide approximately 76 percent of the Operating Fund's revenue. Included in this total is \$1.6 million to fund the retirement of the outstanding teacher salary liability, based on a ten-year plan.

The county's projected FY 2003 revenue increase is 6.46 percent.

**County General Fund Transfers to the School Operating Fund**  
(Percent Change)



**County General Fund Transfer to Schools**  
(as a percentage of total disbursements)

FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Adopted	FY 2003 Advertised
50.6%	49.3%	50.4 %	51.3%	TBD

Financial

# Operating Revenue

## State Aid

\$205.6 million

State aid will decrease from \$213.7 million in FY 2002 to a projected level of \$205.6 million in FY 2003. This decrease is due primarily to an increase in the local composite index (LCI) from .7171 to .7518. Included in state aid is \$15.3 million in lottery proceeds and \$3.7 million in the state's support for the funding of the Standards of Learning (SOL).

State Aid	
	(\$ in millions)
SOQ/Equalized	\$174.7
Categorical	5.9
Incentive	<u>25.0</u>
	\$205.6

## Standards of Quality (SOQ) Accounts

The Standards of Quality prescribe the minimum foundation program that all public schools in Virginia must meet. SOQ funding is designed to meet the basic operating costs of each school division. Selected SOQ accounts are described in the following paragraphs.

### Basic Aid

Basic aid, the primary source of state aid, was established as an integral part of the SOQ under the revised Virginia Constitution, adopted in 1972. Standards were established and are revised periodically for personnel, instructional materials, program and systemwide planning and management, as well as performance objectives for the Virginia Board of Education and local school divisions. The constitutional mandate of 1972 requires the General Assembly to apportion the cost of funding the prescribed SOQ between state and local governments. Through basic aid, the state should fund 55 percent of the cost of basic operations, adjusted by an equalization formula. In FY 2003, the state entitlement is estimated to be \$804 for each student included in the average daily membership (ADM). In comparison, the average cost to educate each student in FCPS in FY 2003 is \$9,641.

(continued on page 60)

# Operating Revenue

## Definition of Terms

**Average Daily Membership (ADM).** Average daily membership is determined by dividing the total aggregate days membership by the number of days in session for the first seven months (or equivalent period) of the school year. Included in this count are all students in grades K-12 and all handicapped students ages 5-21, except for special education pupils placed in state institutions. Kindergarten membership is reduced to 85 percent of ADM for FCPS and all other school divisions that provide half-day kindergarten programs. City of Fairfax students are not included in this Basic Aid computation because the city computes and receives separate Basic Aid for its students.

**SOQ Operations Cost Per Pupil.** The state establishes, individually for each local school division, a per-pupil amount representing the basic operations costs for that school division. For FCPS, this amount is estimated to be \$4,173. It is based on (1) instructional staffing - the number of instructional personnel required by the SOQ and the statewide prevailing salary levels for these positions (adjusted in Planning District Eight for the cost of competing); and (2) support costs - fixed number of noninstructional positions statewide at the statewide prevailing salary levels for these positions (adjusted in Planning District Eight) and other prevailing costs attributable to administration, instructional support, attendance and health, transportation, operation and maintenance, and fixed charges. The positions and salary levels for both components are as cited in the Joint Legislative Audit and Review Commission (JLARC) report, "Funding the Standards of Quality - Part II: SOQ Costs and Distribution."

**Local Composite Index (LCI).** The composite index of local ability-to-pay mathematically combines three separate measures of local fiscal capacity into a single index. This index weighs a locality's ability-to-pay relative to other localities in the state. The state average is .5500, and counties and cities with a lower composite index receive more state funding, while those with a higher index receive less. The LCI is based on true values of real estate and public service corporations (weighted 50 percent), adjusted gross income (weighted 40 percent), and taxable retail sales (weighted 10 percent), divided by state ADM and population. The state nominal share of the costs of the SOQ is to be funded at 55 percent in FY 2003.

# Operating Revenue

## Special Education

A per-pupil payment is disbursed to support the state's share of the number of special education instructors required by the SOQ. Included in this per-pupil cost are the majority of costs previously supported through the preschool categorical account. Also included are funds for educable mentally retarded (EMR) pupils which compensate for the difference between staffing for EMR classes and those classes for students with specific learning disabilities.

## Remedial Education

Funding is for the state's share of the cost of educating students who score in the bottom quartile on Virginia State Assessment Program Tests or who fail the state's literacy tests.

## State Retirement, State Group Life Insurance, Social Security

Partial reimbursement is made for the total employer's share of state retirement, state group life insurance, and social security.

## Categorical Accounts

The categorical programs focus on particular needs of special student populations or fulfill particular state obligations. These programs are typically required by state or federal law or regulation. The following paragraphs detail selected categorical aid accounts.

## Wine Tax

Section 4.1-235 of the Code of Virginia authorizes a tax on wine, and provides that two-thirds of wine tax receipts be returned to counties and cities based on their percent of the total for Virginia population as reported in the latest census on the United States. Receipts are distributed quarterly.

## Foster Home

Section 22.1-101 of the Code of Virginia authorizes the Virginia Board of Education to reimburse localities for educating students who are residents of one county or city, but are placed in a foster home and attend school in another county or city. Reimbursement is based on the local cost per pupil and the number of days the students attended classes during the school year. Because reimbursement cannot be requested until after the year has been completed, revenue to be received in FY 2003 will be for services provided in the 2001-2002 school year.

## SOQ/Equalized Accounts (\$ in millions)

Type	FY 2003 Budget
Basic Aid	\$127.4
Routine Updates	\$13.6
Textbooks	\$2.4
Vocational Education	\$2.0
Gifted Education	\$15.8
Special Education	\$13.4
Remedial Education	\$1.1
State Retirement	\$4.7
Social Security	\$8.0
State Group Life	\$0.3

# Operating Revenue

## Thomas Jefferson High School for Science and Technology (TJHSST)

State funds are provided to support the Governor's regional magnet schools, which are designed to attract and serve students with special interests and aptitudes. Thomas Jefferson High School for Science and Technology (TJHSST) was designed to serve students with special abilities and interests in science, mathematics, and computer science. For FY 2003, FCPS is projected to receive \$1.3 million for TJHSST to partially offset the additional costs incurred to educate students on a regular basis.

## Vision Program

The Virginia Commission for the Visually Handicapped provides 19 percent of teacher salaries, up to a maximum of \$4,466 per teacher for itinerant teachers assigned to the vision program. In FY 2003, FCPS will have 23.5 teachers for the visually impaired students. These teachers provide students and general education teachers with adapted instructional materials, library materials, and books that are recorded on tape or reproduced in large print or braille.

<b>Categorical Accounts</b>	
(\$ in millions)	
<b>Type</b>	<b>FY 2003 Budget</b>
Wine Tax	\$1.1
Foster Home	\$0.4
Homebound	\$0.1
Thomas Jefferson High School	\$1.3
Vision Program	\$0.1
Hearing Appeals	\$0.0
Vocational Education	\$0.6
English for Speakers of Other Languages	\$2.0
Advancement Via Individual Determination	\$0.0
Adult Secondary Education	\$0.1
Adult Literacy Services	\$0.1

## English for Speakers of Other Languages (ESOL)

State funds are provided to support the provision of necessary educational services to children not having English as their primary language. These funds support English language assistance instructional materials and in-service activities. Payments are based on the number of state funded teacher positions calculated on a ratio of nine teachers per 1,000 ESOL students.

# Operating Revenue

## Incentive Accounts

Incentive-based programs are not required by law but are intended to target resources for specific student or school needs statewide.

### Lottery

The 1999 State General Assembly approved the distribution of 100 percent of lottery proceeds to K-12 education. The distribution to FCPS for FY 2003 is based on a per-pupil rate of \$192.90. A local match, based on the local composite index, is required. At least 50 percent of lottery funds must be spent on school construction, technology, and expenditures related to modernizing classroom equipment; no more than 50 percent can be spent on recurring costs.

### At-Risk Students

Payments are based on the number of free lunch participants, with school divisions having the lowest percentage of free lunch participants receiving an additional 2 percent of the basic aid per-pupil amount for each at-risk student. Divisions having the highest percentage will receive an additional 12 percent of the basic aid per-pupil amount.

### Primary Class Size K-3

Funding is provided in FY 2003 to lower student-teacher ratios in grades K-3 in schools with high concentrations of students living in poverty. Payments are based on the number of students in grades K-3 in each school and a per-pupil amount determined by the percent of free lunch participation in each school.

<b>Incentive Accounts</b>	
(\$ in millions)	
<b>Type</b>	<b>FY 2003 Budget</b>
Maintenance Supplement	\$0.6
Lottery	\$7.6
Lottery Hold-Harmless	\$7.7
At Risk	\$0.9
Primary Class Size K - 3	\$1.7
Early Reading Intervention	\$0.5
SOL Teaching Materials	\$0.4
SOL Remediation	\$0.6
SOL Teacher Training	\$2.4
SOL Algebra Readiness	\$0.4
Additional Teachers	\$1.9
Technology Resource Assistants	\$0.3
GED Funding	\$0.1

## Sales Tax

\$107.2 million

This projection is based on a 3.0 percent increase in sales tax. The method the state uses for distributing sales tax revenue affects FCPS' level of funding. Of the 4.5 cents sales-and-use tax levied in Virginia, 1 cent of the amount collected is returned directly to the local government (point of collection) for County General Fund use. When distributing the 1 cent of sales tax designated for education, the state equalizes the funds among the school divisions based on each locality's number of school-age children. If sales tax revenues were distributed to public schools using the same methodology used for local governments, FCPS would receive approximately \$29 million in additional revenue in FY 2003.

# Operating Revenue

Federal Aid \$31.0 million

Federal aid is projected to be \$31.0 million in FY 2003. Major sources of federal funds are provided through the Impact Act Program and categorical aid for specific purposes. Federal programs, except for Impact Aid, are budgeted by the federal government a year in advance of actual use by localities. Actual entitlements, however, are not known until the beginning of the school year.

## Impact Aid (PL 103-382)

This program is designed to provide assistance to local educational agencies for the operating costs of educating children in areas by federal activity. The purpose of the program is to minimize the fiscal inequities caused by both the presence of federal tax exempt property and the increased burden of providing education to large numbers of children whose parents reside on federal property and/or work on federal installations. Under this program, the majority of the federal funding is provided for pupils whose parents live and work on federal property, primarily Fort Belvoir, and a minimum amount for pupils whose parents live or work on federal property. Impact aid is projected to be \$2.7 million in FY 2003.

## Special Education – Individuals with Disabilities Education Act (PL 94-142)

The Individuals with Disabilities Education Act (IDEA) is designed to ensure that all school-age handicapped children are provided a free, appropriate public education. This act authorizes federal aid to assist in the implementation of this mandate. Federal funds are to be used only for the excess cost of educating handicapped students. No locality may spend less on the education of handicapped students than it does for nonhandicapped students. Further, federal funds may not supplant existing locally funded programs. IDEA funding is projected to be \$19.2 million in FY 2003.

## Federal E-Rate

FCPS participates in the federal E-rate program that was established by the Telecommunications Act of 1996. This program is managed through the Federal Communications Commission (FCC) and provides a fund to discount telecommunication and other technology products and services used by public schools, libraries, and other selected entities. The annual discount for eligible expenditures is based on the percentage of students receiving free or reduced lunch prices. The total E-rate revenue anticipated in FY 2003 is \$2.7 million.

City of Fairfax Tuition \$27.4 million

Fairfax County Public Schools operates the schools owned by the City of Fairfax in accordance with a contractual agreement developed in August 1978 among the City of Fairfax, the City of Fairfax School Board, the Fairfax County Board of Supervisors, and the Fairfax County School Board. This School Services Agreement employs a complex tuition formula to derive the payment due to FCPS from the City of Fairfax. FCPS is projected to receive \$27.4 million from the City of Fairfax to provide educational services to 2,735 City of Fairfax students projected for FY 2003.

# Operating Revenue

Tuition, Fees, and Other

\$8.7 million

Day School Tuition

This budget is for funding received from students who reside outside of Fairfax County, including:

**Northern Virginia Training Center:** \$150,000 is estimated to be received for residents of the Northern Virginia Training Center who are educated in FCPS schools.

**Thomas Jefferson High School for Science and Technology:** \$1,455,000 is projected to be received from local school divisions who send approximately 213 students to the Thomas Jefferson High School for Science and Technology.

**Other Nonresident Tuition:** FCPS receives \$791,000 in tuition for pupils who do not reside in Fairfax County, but who are approved to attend Fairfax County Public Schools in accordance with Section 22.1-6 of the Code of Virginia.

Other Tuition

This budget is for funding received from students in various programs including Woodson Alternative High School, Alternative Schools, Licensed Practical Nurse, and Modified School Calendar Intercession Fees.

Student Fees

This student fees budget includes funds collected from students for parking permits (\$100 per year), musical instrument repair, and National Symphony concerts.

Other Fees

The other fees budget includes fees received for staff development and dues collection.

Local Fund Revenue

This is funding received from local schools and PTAs to pay for substitute teachers, equipment, supplies, and field trips paid through normal FCPS procurement channels.

Miscellaneous Revenue

This budget includes revenue received for FCPS employees on loan to other agencies, insurance proceeds, and extracurricular charges as well as funding from the FCPS Education Foundation.

Facilities Use

This revenue is obtained from community use of school facilities by outside groups such as colleges and universities, churches, civic and cultural groups, etc.

Sale of Equipment

This revenue is from sales of used equipment, retired vehicles, and other miscellaneous sources.

# Operating Expenditures

## Expenditure Overview

The FY 2003 proposed expenditures in the Operating Fund total \$1.6 billion, an increase of approximately \$88.2 million, or 5.8 percent, over the FY 2002 estimate. The increase over the FY 2002 approved budget is 9.2 percent or \$136.0 million. The increase is due primarily to an average salary adjustment of 4.6 percent, which includes step increments, membership growth, benefit rate increases, program growth, and transfers for the summer school program and debt service payment.

Expenditure Comparison (\$ in millions)							
	FY 2002 Approved	FY 2002 Estimate	FY 2003 Proposed	Change Over FY 2002 Approved		Change Over FY 2002 Estimate	
Compensation	\$1,269.4	\$1,272.0	\$1,369.7	\$100.3	7.9%	\$97.7	7.7%
Logistics	176.3	220.4	199.3	23.0	13.0%	(21.1)	-9.6%
Transfers	25.5	26.6	38.2	12.7	49.8%	11.6	43.6%
<b>Total</b>	<b>\$1,471.2</b>	<b>\$1,519.0</b>	<b>\$1,607.2</b>	<b>\$136.0</b>	<b>9.2%</b>	<b>\$88.2</b>	<b>5.8%</b>

When looking at the various categories of expenditures, it is immediately evident that the majority of the budget, over 85 percent, is for employee compensation. This is not surprising considering that education is a labor-intensive enterprise. FCPS budgets for 20,976.5 full-time equivalent positions.

In this section, the major factors that contributed to the overall budget increase are detailed, followed by other significant expenditure categories. The Program Budget volume reviews the changes in expenditures by program.

The following are the major factors impacting the FY 2003 proposed budget:

- \$55.0 million for salary adjustments
- \$27.8 million for membership growth
- \$22.5 million for benefit rate increases
- \$9.6 million for program growth
- \$12.7 million for transfers

## Major Factors

### Salary Adjustment

\$55.0 million

The single largest increase in the budget, \$55.0 million, is for annual employee compensation adjustments, including estimated costs for both salaries and salary-sensitive employee benefits. The 20,976.5 full-time equivalent employees, as well as bus drivers, will receive an average salary increase of 4.6 percent which includes step increments. Hourly employees will receive an increase of 2 percent.

# Operating Expenditures

## Membership Growth

\$27.8 million

FCPS has seen membership increase by an average of 2.4 percent a year since FY 1998, or a total increase of 12.5 percent over the past five years. The capacity to absorb this growth without purchasing more buses, building more schools, adding on to existing schools, and hiring additional school- and nonschool-based staff diminishes as high rates of growth continue. In the 1980s membership growth averaged only 0.2 percent per year, but since 1991, membership growth averaged 1.9 percent. The consistently higher rates of membership growth have caused FCPS to lose its capacity to absorb growth without major additional expenditures.

The cost of the growth is calculated using the FY 2002 approved budget as the base. These costs reflect an additional 2,959 students, an increase of 1.8 percent. Details on enrollment history can be found in the Information Section.

It is estimated that membership-driven costs of growth will total \$27.8 million in FY 2003.

<b>Costs of Growth</b> (\$ in millions)	
Position Growth	\$18.3
New School Start-Up Costs	2.0
Teacher/Classroom Equipment	1.3
Per-Pupil Allocations	2.4
Library Supplies and Textbooks	1.0
Transportation	0.5
Temporary Classrooms	2.0
Other Compensation Growth-Related Increases	0.3
<b>Total</b>	<b>\$27.8</b>

Details on the cost of growth are reflected in the chart above. Position growth will cost \$18.3 million and is 66 percent of the total cost of growth. Other major costs are also shown. New schools start-up costs of \$2.0 million are associated with the opening of Southwest County Middle School and the start up of four new elementary schools scheduled to open in FY 2004: Andrew Chapel, Island Creek, Lorton Station, and NE Centreville sites. Equipment and classroom supplies for new teachers will cost an estimated \$1.3 million. Per-pupil allocations for textbooks and supplies will cost an additional \$2.4 million, and library supplies and books will require another \$1.0 million. Transportation and temporary classrooms for the added students will cost \$2.5 million. Allocations for substitutes, school-based staff development, and dining room aides total \$0.3 million.

# Operating Expenditures

To meet the educational needs of these additional students, 371.9 positions are being added to schools, centers, and alternative schools and programs. The distribution of these positions by general and special education is shown in the chart below. General education, which includes itinerant music and art and new schools, represents 65.7 percent of the position growth; English for speakers of other languages positions are 14.6 percent; special education increases will require 17.3 percent of the growth positions, and psychologists and social workers will take the remaining 2.4 percent. Teacher scale positions are 86.4 percent of the total.

<b>FY 2003 Proposed Membership-Based Growth Positions</b>				
	<b>Elementary</b>	<b>Middle</b>	<b>High</b>	<b>Total</b>
<b>General Education</b>				
Assistant Principals	4.0	2.0	4.0	10.0
Teacher Scale Positions	26.9	60.6	79.5	167.0
Instructional Assistants	0.5	0.0	(1.0)	(0.5)
Office Personnel / US Scale Positions	6.5	7.0	3.5	17.0
Custodial	6.0	7.0	5.0	18.0
<b>Subtotal General Education</b>	<b>43.9</b>	<b>76.6</b>	<b>91.0</b>	<b>211.5</b>
<b>English for Speakers of Other Languages</b>				
Teacher Scale Positions	32.0	4.8	17.4	54.2
<b>Itinerant Music and Art</b>				
	12.0	2.0	2.0	16.0
<b>New Schools (4 Elementary)</b>				
Principal				3.0
Assistant Principal				3.0
Teacher Scale Positions				3.0
Office Personnel / US Scale Positions				5.0
Custodial				3.0
<b>Subtotal of New Schools</b>				<b>17.0</b>
<b>Special Education</b>				
Teacher Scale Positions				81.2
Instructional Assistants/Attendants				(19.0)
Technical				2.0
<b>Subtotal Special Education</b>				<b>64.2</b>
<b>Psychologists /Social Workers</b>				
				<b>9.0</b>
<b>Total</b>				<b>371.9</b>

# Operating Expenditures

## Benefit Rate Increases

\$22.5 million

The \$22.5 million benefit rate increase funds a \$2.6 million rate increase in ERFC, a \$1.1 million increase for Virginia State Life, and an \$18.8 million increase for health and dental insurance coverage. Details on benefit rate increases are found later in this section.

## Program Growth (97.0 Positions)

\$9.6 million

### **Project Excel: \$6,710,347**

**48.8 Positions**

The Project Excel program will be implemented at eight additional elementary schools in FY 2003: Belle View, Braddock, Bren Mar Park, Brookfield, Bush Hill, Mosby Woods, Parklawn, and Weyanoke. In FY 2003, a total of 28 schools will provide this program. Funding totaling \$6.7 million includes the following:

- 26.8 teachers, 17.0 instructional assistants, 3.0 assistant principals, and 2.0 clerical positions - \$2.2 million
- Extended contract - \$1.3 million
- Excel bonus - \$1.3 million
- Waterford - \$1.0 million
- Supplies, materials, substitutes, training - \$.9 million

The goal of Project Excel is to provide students with additional instructional time and an augmented academic program. Project Excel schools elect to have either a uniform school day or a modified calendar. All Excel schools offer full-day kindergarten, focused instructional programs, and computer-based phonics instruction.

### **Student Accountability Model: \$2,036,865**

**33.0 Positions**

The Student Accountability Model begins in elementary school and continues through high school. The plan requires elementary and middle school students to meet specific academic promotion benchmarks at the end of each grade from kindergarten through eighth grade. Students who do not meet these benchmarks will need additional time to learn the skills that a student needs to master. High school students must meet the established Standards of Learning (SOL) verified credits and course requirements for high school graduation with a Standard or Advanced Studies Diploma.

Funding will provide \$1.7 million for 20.0 teacher positions for middle schools, 13.0 teacher positions for high schools, and \$.3 million for hourly teacher and instructional supplies.

### **Success by Eight: \$757,292**

**12.2 Positions**

The Success by Eight program will be implemented at six additional elementary schools in FY 2003. Virginia Run Elementary will be one of the six and the remaining five schools will be identified before the budget is adopted. Funding totaling \$757,292 includes the following:

- 10.2 teachers, 1.5 instructional assistants, and .5 clerical positions - \$.58 million
- hourly funding, staff development, supplies, and equipment - \$.18 million

# Operating Expenditures

Each Success by Eight school restructures kindergarten through grade 2 classes to include a combination of multiage groups, multiyear and single grades. Full-day kindergarten programs are a major component of the program. FCPS will receive increased state aid for those students participating in the all-day kindergarten component of Success by Eight.

**Modified Calendar: \$79,412**

Parklawn and Annandale Terrace Elementary Schools will implement a modified calendar program in FY 2003. Both schools will use Project Excel funding to partially offset the total cost of providing this program. The net additional cost to expand this program to these two schools is \$79,412.

**Other: \$51,640**

**3.0 Positions**

The FY 2003 budget provides for an additional 1.0 Latin teacher to be shared by the Daniels Run and Providence Elementary Schools. This additional position will fully implement the program started in FY 2001 and will allow each school to have a full-time Latin teacher.

Edison and Mount Vernon High Schools are realigning Focus 2004 funds to increase resource teachers. The net increase to the program is 1.0 position. Focus 2004 funds are being used; therefore there is no budget impact.

The FY 2003 budget provides for an additional 1.0 position for the grants development program due to an increase in the number of grants awarded. The position will be offset by additional revenues from indirect costs.

Transfers:

\$12.7 million

**Construction Fund - \$1.5 million**

The FY 2003 transfer from the Operating Fund to the Construction Fund, of \$14.5 million, is increasing \$1.5 million over the FY 2002 approved budget primarily because of an increase in the equipment transfer. The Operating Fund pays for one-third of the cost of equipment in new or renovated schools. The remaining two-thirds of the equipment cost is paid by bond funding.

**Grants & Self-Supporting Fund - \$5.5 million**

The transfer to the Summer School and SOL Remediation Subfund is projected to increase by \$5.5 million. The increase of \$2.9 million is due to the loss of prior year balances that were available in FY 2002. The remaining \$2.6 million of the increase covers additional summer school sites and enrollment growth in both general and special education summer school courses.

**School Debt Service Payment - \$5.7 million**

During FY 2000 and FY 2001, the county agreed to sell an additional \$60.0 million in school construction bonds with the understanding that FCPS would make the debt service payments. FCPS agreed to transfer a portion of their state lottery proceeds to the debt service fund, a cost of \$6.1 million for FY 2002. However, these payments were waived for FY 2002 as part of an agreement between the Board of Supervisors and the School Board. The debt service transfer resumes in FY 2003, at a cost of \$5.7 million.

# Operating Expenditures

## Expenditures by Category

The chart below illustrates total expenditures by category:

Expenditure Comparison					
(\$ in millions)					
	FY 2002	FY 2002	FY 2003	Change Over	Change Over
	Approved	Estimate	Proposed	FY 2002	FY 2002
				Approved	Estimate
Regular Salaries	\$944.5	\$942.2	\$997.8	5.6%	5.9%
Hourly Salaries-Contracted	39.7	40.4	42.6	7.3%	5.4%
Hourly Salaries-Noncontracted	35.5	41.2	43.0	21.1%	4.4%
Salary Supplements	16.5	15.8	19.3	17.0%	22.2%
Reimbursable Salaries	(2.8)	(3.0)	(3.1)	10.7%	3.3%
Employee Benefits	236.0	235.4	270.1	14.4%	14.7%
<b>Subtotal Compensation</b>	<b>\$1,269.4</b>	<b>\$1,272.0</b>	<b>\$1,369.7</b>	<b>7.9%</b>	<b>7.7%</b>
Materials/Supplies	\$62.7	\$72.3	\$65.7	4.8%	-9.1%
Utilities	35.5	36.5	39.1	10.1%	7.1%
Other Operating Expenses	11.0	15.2	12.8	16.4%	-15.8%
Privatized Services	25.9	29.8	28.6	10.4%	-4.0%
County Services	18.0	18.4	19.9	10.6%	8.2%
Capital Outlay	22.6	39.3	29.1	28.8%	-26.0%
Other Funds	0.6	0.9	3.1	416.7%	244.4%
School Board Reserve	0.0	8.0	1.0	0.0%	-87.5%
<b>Subtotal Logistics</b>	<b>\$176.3</b>	<b>\$220.4</b>	<b>\$199.3</b>	<b>13.0%</b>	<b>-9.6%</b>
<b>Transfers</b>	<b>\$25.5</b>	<b>\$26.6</b>	<b>\$38.2</b>	<b>49.8%</b>	<b>43.6%</b>
<b>Total</b>	<b>\$1,471.2</b>	<b>\$1,519.0</b>	<b>\$1,607.2</b>	<b>9.2%</b>	<b>5.8%</b>

Below is a brief explanation of the major expenditures that are included in each of these categories:

### Compensation

The majority of the budget, over 85 percent, is for employee compensation, reflecting the fact that education is a labor-intensive enterprise. The FY 2003 compensation portion of the budget totals \$1.4 billion. This includes salaries for full-time equivalent accounts, hourly salaries, supplements, and employee benefits.

#### Salaries

Position salary accounts total \$997.8 million for 20,976.5 full-time equivalent salaried employees, an increase of \$55.6 million over the FY 2002 estimate. This increase is due to an average salary adjustment of 4.6 percent which includes step increments and the net increase of 466.9 positions primarily due to membership growth. The net increase of \$55.6 million also includes anticipated savings from employee turnover and vacancy.

# Operating Expenditures

- Turnover: Position turnover represents the savings realized when experienced employees retire or leave the system and are replaced by workers with less experience earning a lower salary. For FY 2003, the savings resulting from turnover is budgeted at \$14.6 million.
- Vacancy: The FY 2003 budget has also been reduced by \$8.0 million to recognize position vacancies anticipated throughout the year.

Annual savings from position turnover and vacancy can fluctuate as a result of changes in the economy or compensation increases given by FCPS. These and other factors can significantly influence employees' decisions, thereby affecting the turnover rate and the amount of savings realized from year to year.

The recent changes in retirement rules by both Virginia Retirement System and Educational Employees' Supplementary Retirement System of Fairfax County (designed to retain experienced employees) and the slowdown of the economy are expected to have an impact and reduce turnover and vacancy savings. To reflect these conditions, the anticipated savings is reduced to approximately 1.7 percent of total compensation in FY 2003 as compared to 2.1 percent in FY 2002.

The FY 2003 total adjustment for anticipated turnover and vacancy savings is budgeted at \$22.6 million. In FY 2001, the methodology for budgeting turnover and vacancy savings was revised to more accurately reflect projected savings. A portion of the savings is now budgeted in employee benefits. A total of \$4.5 million of the \$22.6 million is budgeted in employee benefit codes.

## Hourly Salaries/ Supplements

The budget for this category totals \$101.8 million, an increase of \$7.4 million over the FY 2002 estimate. This increase is the result of the increasing substitute costs and the overall salary adjustment of 2.0 percent for hourly employees and an average of 4.6 percent (which includes step increments) for bus drivers and attendants. Also included in these accounts are baseline adjustments as appropriate, and funding of \$3.4 million for Project Excel bonuses.

In FY 2003, the overall budget for substitutes totals \$16.8 million, an increase of \$2.8 million over the FY 2002 estimate. The most significant increase occurred in the sick and personal leave account. The primary reasons for the increase are:

- The Department of Human Resources has been able to achieve a higher substitute filled rate. The early trend in FY 2002 indicates that over 95 percent of the requests for substitutes were filled. The filled rate for the comparable period in FY 2001 is 87 percent.
- More FCPS retired teachers have been recruited to serve as substitutes. In FY 2002, over 500 retired teachers are working as substitutes compared to 383 in FY 2001. The pay rate for these substitutes is substantially higher than a regular substitute as reflected in the chart to the right.

FY 2002 Substitute Teacher Hourly Pay Rates	
Substitute Teacher	
Short-term assignment*	\$12.16
Long-term assignment	\$16.02
FCPS Retired Teacher	
Short-term assignment*	\$23.53
Long-term assignment	\$26.89
*less than 11 consecutive days	

# Operating Expenditures

## Employee Benefits

Employee benefits total \$270.1 million, an increase of \$34.7 million over the FY 2002 estimate. This increase includes turnover and vacancy savings and is due to the following:

- The employer cost for health and dental insurance is increasing \$18.8 million due to double-digit rate increases in most plans.
- The employer contribution rate to ERFC will increase from 3.69 percent to 4.0 percent in FY 2003, which will require an additional \$2.6 million.
- The employer contribution rate for state life insurance will increase from 0.8 percent to 0.98 percent in FY 2003. This change will require an additional \$1.1 million.
- The cost for employee benefits attributable to student membership and program growth is approximately \$12.2 million.

In July 2001, the School Board approved major revisions to the health benefit plans structure, including an employer contribution to a dental plan, which becomes effective January 1, 2002. The impact of open enrollment was not available when this budget was developed and specific data on employee enrollment in the various medical and dental plans is not available. The cost estimate of the employer health insurance contributions may change if there is a major shift in health plan coverages.

Employee Benefits Summary		
	Employer Contribution	Employee Contribution
Educational Employees'		
Supplementary Retirement		
System of Fairfax County (ERFC)	4.00%	2.00%
Virginia Retirement System	4.24%	5.00%
Fairfax County Employees'		
Retirement System (FCERS)	6.12%	5.33%
Social Security	7.65%	7.65%
Health Insurance <sup>1,2</sup>		
Family Plan	\$8,248/year	\$2,749/year
Individual Plan	\$3,739/year	\$660/year
County Life Insurance	\$.29/\$1,000	0.0
State Life Insurance	0.98%	0.22%
Long-Term Disability	0.0	\$.18/\$100
<sup>1</sup> Based on Blue Card (PPO) Insurance		
<sup>2</sup> Health insurance rates based on calendar year 2003		

# Operating Expenditures

## Logistics

The FY 2003 logistics portion of the budget totals \$199.3 million. This figure consists of the following major categories:

### Materials and Supplies

Major expenditures in this category include instructional, general office, custodial, and computer supplies; textbooks; postal service; and tests. The FY 2003 budget totals \$65.7 million. Of this, the instructional materials, supplies, and testing allocations total \$44.2 million in FY 2003, an increase of approximately \$3.8 million over the FY 2002 approved. This reflects slight changes in the per-pupil allocation rates. The allocation for textual materials include adopted basal texts, identified program materials, and additional or replacement books for required texts that have already been phased in. Mathematics is the single largest expenditure for all three levels because new texts will be adopted this year.

FCPS has a six- to eight-year replacement cycle for student texts. With the introduction of the state SOL objectives, the adoption cycle was accelerated for some subjects. Textbooks and materials are being adopted in mathematics, language arts, science, and social studies with the SOL objectives in mind.

The following chart illustrates the projected budget for instructional and textual materials for an average elementary, middle and high school. These budgets are based on the standard allocation rates provided in the Appendix Section.

<b>Level</b>	<b>Enrollment</b>	<b>Supplies</b>	<b>Textbooks</b>
High	1,900	\$95,444	\$245,822
Middle	1,000	\$49,654	\$115,560
Elementary	600	\$30,929	\$54,341

The FY 2003 instructional supply and textbook allocation to each school and center was reduced by 15 percent. These funds will be held in a set-aside account. After an assessment of the revenue and expenditure trends is completed prior to the FY 2003 Midyear Budget Review, a determination will be made to either return the funds to the schools and centers or reallocate to address other school system needs.

# Operating Expenditures

## Utilities

The utilities budget of \$39.1 million provides for the divisionwide use of electricity, fuel oil, natural gas, telephone, water, sewer, and refuse collection. The Office of Energy Management Services in the Department of Facilities Services has aggressively instituted several energy saving and cost saving measures in recent years. FCPS participates in contracts negotiated on behalf of a consortium of governmental agencies in the metropolitan area to obtain the most favorable pricing available, and has also locked in rates on some escalating utilities to secure prices and more accurately budget for long-term needs. When funds allow, facilities have been retrofitted to improve energy efficiency, and conservation efforts and energy performance award programs are in place to further reduce costs.

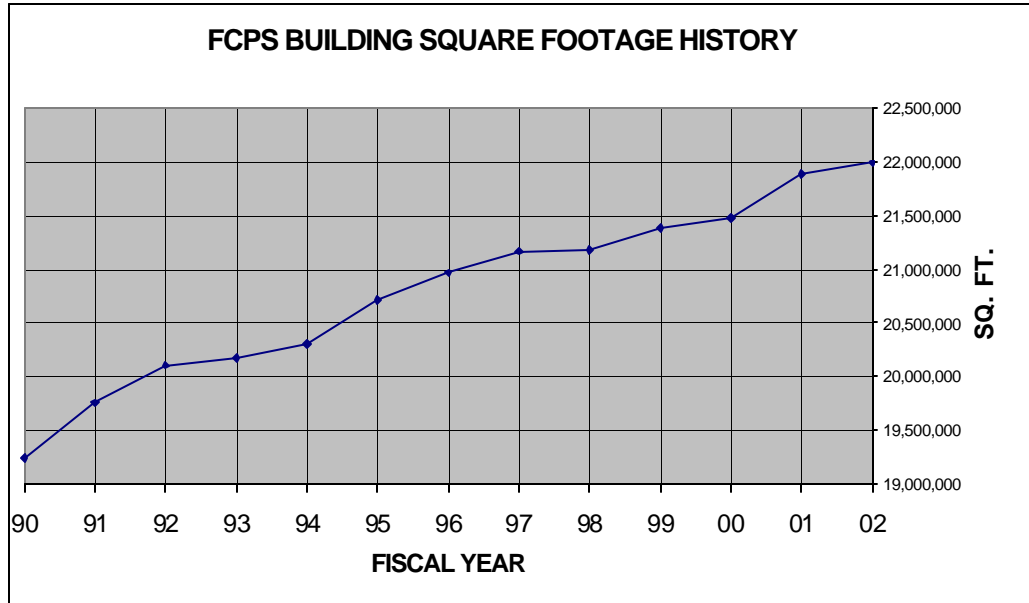
The telephone budget for FY 2003 is \$10.4 million. This funding provides for per-call charges and line charges for all phones, faxes, and modems. This budget is based on the FY 2002 budget and adjusted to provide for additional membership, an increase to the number of faxes and modems in FCPS. In addition, funding is included to cover the additional cost of mobile communications and upgrades to new high speed telecommunication lines throughout the enterprise.

### Energy Cost-Saving Measures

- Energy Conservative Building Systems Design in New Construction & Renovation
- Central Control and Monitoring System (CCMS) (This Program is the main reason utility consumption on a square foot basis has been reduced by about 20 percent since FY 1980 even though air-conditioning, computer use, and community use have been greatly expanded.)
- Energy Budget & Energy Conservation Awards Programs (It is estimated that these two programs alone reduce utility consumption by at least 6 percent annually.)
- Efficient Lighting Retrofit Program
- Window Film Projects
- Gas to Oil Burning Switch-Over Program
- Council of Governments Competitive Oil Procurement Contracts
- Deregulated Gas Procurement Contracts (In FY 2000, the average price of natural gas was \$0.56 per therm, but in FY 2001 the average price jumped to \$0.95 per therm, and the natural gas bill increased by about \$3.0 million. To avoid such high cost fluctuations in the immediate future, a fixed average price of about \$0.80 per therm (total) was secured for FY 2002, with an option to extend it through FY 2003.)
- Deregulated Electricity Procurement Pilot Project

# Operating Expenditures

The electricity budget of \$20.4 million is an increase of approximately \$1.6 million over FY 2002 and provides for heating, air conditioning, building and field lighting, and power throughout FCPS. This budget funds the power source for all FCPS faxes, modems, and computer equipment, as well as new buildings, additions to buildings, and air conditioning due to increased square footage.



The fuel oil and natural gas allocation for FY 2003 is budgeted at \$5.6 million which is a \$0.1 million decrease from FY 2002. This level of funding will be adequate based on industry analysts' predictions of fuel oil and gas prices. The budgets for electricity, fuel oil, and gas are all budgeted assuming normal weather.

## Privatized Services

Major expenditures in this category include equipment maintenance contracts including copiers, professional/consulting services, private transportation costs, and equipment and building rental fees. The total budget for this category in FY 2003 is \$28.6 million, an increase of \$2.7 million from FY 2002 approved.

In FY 2003, FCPS will assume responsibility for \$2.0 million for items that Fairfax County previously paid. These items include:

- \$1.5 million for transportation costs for FCPS special education students in private day schools. These costs include parent transportation, private school expenditures for FCPS student transportation, and payments to a private cab company to transport students to private day schools.
- \$.5 million for hourly teachers to provide educational services to students whose medical needs prevent school attendance. These students are either hospitalized or homebound.

# Operating Expenditures

## County Services

Major expenditures in this category include Department of Vehicle Services (DVS) charges. All of FCPS' buses, trucks, and vehicles are repaired and maintained by the county's Department of Vehicle Services. The FY 2003 budget includes \$16.9 million for these services, an increase of \$1.7 million over the FY 2002 estimate. This also provides for the fueling and maintenance of approximately 600 nonbus vehicles, such as patrol cars for security services, vans and pickups for plant operations and electronic systems services operations, and dump trucks and bucket trucks for maintenance services operated by FCPS.

### Did You Know?

Here's a brief list of what a 78-passenger bus requires:

- 60 gallons of diesel fuel to fill tank—mileage is about 9 miles per gallon
- 9 gallons of antifreeze
- 18 quarts of transmission fluid
- 2 oil filters
- 3 fuel filters
- 18 quarts of oil
- 3 batteries
- 100 pounds of air pressure per tire

## Capital Outlay

Major expenditures in this category include replacement equipment, replacement vehicles and buses, and temporary buildings. The FY 2003 budget totals \$29.1 million, an increase of \$6.5 million over the FY 2002 approved.

- **Replacement Equipment:** The Replacement Equipment Oversight Committee (REOC) provides guidelines for central offices and schools in replacing equipment that can no longer be maintained by the school system. The current funding level allows for the replacement of only those items that are critical to safety or directly related to the instructional program. Currently, the REOC committee maintains a pending equipment list of over \$10.0 million. Instructional program needs, which include computers, science, music, and media items, and equipment for Professional Technical Studies, account for \$7.3 million of the pending list. This list includes unrepairable equipment as well as equipment deemed obsolete or unsuitable. The FY 2003 budget includes \$1.35 million for replacement equipment.
- **Replacement Vehicles:** Funding of \$0.5 million will provide for the payments due on vehicles obtained through lease/purchase in FY 2001.

# Operating Expenditures

- **Replacement Buses:** The FY 2003 proposed budget includes \$5.7 million in lease/purchase payments for prior year bus purchases. More specifically, this amount includes \$2.6 million for 189 buses leased/purchased in FY 1999, \$1.6 million for 114 buses leased/purchased in FY 2000, and \$1.5 million for 93 buses leased/purchased in FY 2001. All of these buses were purchased using a five-year lease/purchase plan requiring equal annual payments through FY 2003, FY 2004, and FY 2005. The FY 2003 budget includes an additional \$2.0 million to lease/purchase 122 buses.

## Transfers

Transfers in FY 2003 total \$38.2 million, an increase of \$12.7 million over FY 2002. Transfers include \$5.7 million to the Debt Service Fund, \$14.6 million to the Construction Fund, \$1.1 million to Adult and Community Education Fund, \$16.5 million to the Summer School and SOL Remediation Subfund, and \$0.3 million to the Health and Flexible Benefits Fund.

### Debt Service

During FY 2000 and FY 2001, the county agreed to sell an additional \$60.0 million in school construction bonds with the understanding that FCPS would make the debt service payments. FCPS agreed to transfer a portion of their state lottery proceeds to the debt service fund, a cost of \$6.1 million for FY 2002. However, these payments were waived for FY 2002 as part of an agreement between the Board of Supervisors and the School Board. The debt service transfer resumes in FY 2003, at a cost of \$5.7 million. In FY 2002, the School Board and the Board of Supervisors agreed to increase the amount of bonds sold for school construction to \$130.0 million yearly. Debt service on new bond sales will be paid by Fairfax County.

### Buses Are Big Business

- In December 2000, School Bus Fleet, a national trade magazine reporting on the size of the top 100 school district fleets for the year 2000, reported that the New York City Public School system contracted for 5,066 buses to transport the largest number of students in the nation. Fairfax County Public Schools ranked as the seventh largest fleet, but was the only other school system in the nation that transported in excess of 100,000 students each day. Fairfax County Public Schools used a fleet of nearly 1,200 buses to transport approximately 105,000 students while New York City used 5,066 to transport 170,000 students.
- Buses manufactured after April 1, 1977, are equipped with more safety equipment than any other vehicle on the road. Well-padded, high back seating, improved braking systems, lamps and reflective devices, special mirrors, stop arms on newer buses that extend to warn motorists when buses are loading/unloading, emergency exits, rollover protection, protected fuel tanks and systems have all been incorporated to promote safety and reduce injury.
- Buses are designed with features to improve comfort as well. Rear engine design reduces interior heat and noise, white roofs and roof vents reduce interior heat, AM/FM radios provide music for students, and bus-mounted cameras reduce discipline issues.
- Since FY 1991, enrollment has increased 28 percent; programs have increased 36 percent, while the bus fleet has increased only 9 percent. The Automated Routing System provides more management information resulting in greater efficiency in designing routes; there is greater seating capacity on transit buses, going from 64 to 78 passengers; two-way radios on all buses decrease the number of spare buses needed; and bell schedule changes at schools reduce layover time where possible.

# Operating Expenditures

## **Construction**

Transfer to the Construction Fund includes equipment, facility modification, and building maintenance transfers from the Operating Fund.

- **Equipment Transfer:** Equipment funding for new construction, renewals, and additions is provided through a transfer from the Operating Fund to the Construction Fund. In FY 2003, the transfer of \$4.9 million represents one-third of the projected requirement. School bond funding is used to address the balance of the equipment funding needs.
- **Facility Modifications:** A transfer of \$0.7 million from the Operating Fund to the Construction Fund supports facility modifications to schools. The modifications only include remarking parking lots, installing electrical switches, replacing windows, and other minor improvements.
- **Building Maintenance:** Funding for building maintenance is \$9.0 million in FY 2003. Funding for major infrastructure maintenance is required to prevent failure of critical systems, deterioration of major capital investments, and significant health and safety hazards. Due to reductions in funding since FY 1990, maintenance programs have been seriously restricted. These funding reductions have, among other things, deferred repair of boilers; maintenance of ball fields, outdoor bleachers, and running tracks; replacement of auditorium seats; resurfacing of roads, parking lots, and play areas; carpet replacement; chalkboard refinishing; security systems upgrades; replacement of deteriorating light poles; and other upgrades, replacements, and maintenance programs.

According to the Department of Facilities Services, an acceptable level of yearly funding for major infrastructure maintenance should be in the range of \$10-\$12 million. The increased square footage coupled with aging buildings has made increases in this funding even more critical.

## **Summer School**

To help support the cost of summer school, \$16.5 million is transferred to the Summer School and SOL Remediation Subfund from the Operating Fund. Among the activities funded by the Summer School and SOL Remediation Subfund are opportunities to enhance skills, prepare for the Virginia Standards of Learning, and gain credits for high school completion. The total cost of summer school is \$19.7 million.

## **Adult and Community Education**

The transfer to the Adult and Community Education (ACE) Fund is \$1.1 million which is used to support the adult ESOL programs.

## **Health and Flexible Benefits**

The transfer to the Health and Flexible Benefits Fund totals \$0.3 million. This fund provides for the administration of health care costs for employees. This funding represents the employer FICA savings that result from employees electing to reduce their taxable earnings by participating in the Flexible Spending Account Program.

# Capital Improvement Program

## School Construction Fund

All construction projects are budgeted in the School Construction Fund. This fund, which totals \$147.1 million in FY 2003, contains funding for new construction and facility renovation, expansion, and improvement projects. Annual appropriations are made to cover the total value of multiyear contracts regardless of the year in which actual payments are made to contractors.

The Office of Design and Construction Services is responsible for the acquisition of school sites, the design and construction of new school facilities, (including additions to existing schools) and renovations of existing school facilities in accordance with approved educational specifications. Currently, the Office of Design and Construction Services:

- Implements projects contained in the 1997, 1999, and 2001 School Bond Referenda which totaled \$232.9 million, \$297.2 million, and \$378.0 million, respectively
- In the Operating Fund, \$6.0 million is provided for portable classrooms, along with \$0.7 million for facility modifications
- Coordinates facility modification (minor improvement) projects and the installation and relocation of temporary classroom facilities provided to house students and instructional services at schools with insufficient space
- Provides funding for equipment for new schools, additions to existing schools, and renovations of existing school facilities. Funding for this equipment is provided from approved bond sales and a transfer from the Operating Fund. In FY 2003 the transfer from the Operating Fund to the School Construction Fund will be \$4.9 million, an increase of \$1.4 million over FY 2002 funding.

Each year the School Board, the school staff, and the community study, update, and extend the five-year school Capital Improvement Program (CIP) for incorporation into the overall county Capital Improvement Program. The CIP is used as a basis for determining the timing and size of proposed bond referenda.

The primary source of funding for school construction projects is the sale of bonds authorized by the voters through referenda. Actual bond sales are based on a review of cash needs prior to each sale and the condition of the bond market. The FY 2003 total budget for bond sales is \$130 million.

# Capital Improvement Program

## Addressing Unprecedented Growth through Bond Funding

### Facts About the 2001 School Bond Referendum

- School enrollment is expected to increase by approximately 20,000 students during the next eight years, causing additional overcrowding
- The 2001 Bond Referendum, totaling \$378 million, will add about 7,200 students “seats” to the 3,150 already under construction
- Approximately \$56 million will be spent to build three new elementary schools and construct one permanent addition to an existing school
- The referendum includes approximately \$142.8 million for modular (relocatable) additions at 14 schools, providing 122 new classrooms in half the time and at half the cost of conventional construction
- Planning and renovation of 19 elementary, middle, high, and secondary schools will cost \$200.8 million
- Infrastructure for technology needs in schools that are not undergoing renovation will be provided for at a cost of \$22.0 million

On November 6, 2001, voters in Fairfax County demonstrated their dedication to public education and students by passing the largest bond referendum in Fairfax County Public Schools’ history, \$377,955,000, with 80 percent approval.

On November 6, 2001, voters approved a school construction bond referendum totaling \$378.0 million (with a 80 percent majority). The projects in the FY 2003 School Construction Fund budget are funded from the sale of bonds authorized in the 1999 school bond referendum.

### Impact on Operating Budget

Since Fairfax County Public Schools has been experiencing tremendous population growth over the past ten years, the Capital Improvement Program (CIP) has been a significant expenditure. The CIP has struggled to keep up with the demands of population increases. When population growth occurs, temporary trailers are added to a school as an interim solution to the need for additional classroom space. More teachers are added to the growing school, based on pupil-teacher ratios, and operating expenses are increased to provide the school with its per-pupil allocation of funding. The growth of existing schools reaches beyond their physical capacity to contain the pupils, and more temporary trailers are added. Eventually, new construction, an addition, or a movement of special populations may occur to alleviate the overcrowding.

<u>Year</u>	<u>Amount</u> (\$ in millions)
1988	\$178.9
1990	\$169.3
1993	\$140.1
1995	\$204.1
1997	\$232.9
1999	\$297.2
2001	\$378.0

# Capital Improvement Program

When the Construction Fund pays for the building of a new school or an addition, there is an impact on the Operating Fund. In the typical scenario of a new moderate-size elementary school, FCPS would add the following new positions: 1.0 principal, 1.0 guidance counselor, 1.0 librarian, 1.0 reading teacher, 2.0 instructional assistants, 3.0 administrative assistants, and 3.0 custodians. The cost of these positions amounts to approximately \$0.6 million.

In addition, the Operating Fund transfers one-third of the cost to equip a new school. Bond funds are used to fund the remaining two-thirds. The two-thirds, one-third assumption is based on estimates that approximately two-thirds of the equipment will have a useful life of 20 years, and is therefore appropriate for bond funding. It is assumed that the remainder of the equipment has a shorter than 20 year useful life and therefore should be funded by the Operating Fund.

In FY 2003, \$4.9 million dollars is budgeted in the Operating Fund to be transferred into the Construction Fund for equipment funding to provide furnishings and necessary equipment for new and renovated schools. A moderately sized new elementary school would receive approximately \$720,000 in bond funding and \$360,000 for one-time start-up equipment costs from the Operating Fund.

This year's Capital Improvement Program estimates that \$1.8 billion will be needed to meet FCPS' facility requirements over the next 10 years.

## Accounting Basis

The School Construction Fund is a capital projects fund which follows the modified accrual basis of accounting. Under this method, revenues are recognized when they become measurable and available and expenditures are

# Capital Improvement Program

## Major New Projects for FY 2002 and FY 2003

### New Construction

New construction funding is provided for three new elementary schools.

Lorton Station Site	\$18.1 million
Island Creek Site	\$17.4 million
Andrew Chapel Site	\$17.4 million

### Additions

Additions are made to existing schools when a need is identified and included in the CIP for additional classrooms and other instructional space.

Lake Anne Elementary	\$3.1 million
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### Modular Buildings

12 Elementary Schools	\$19.2 million
2 Middle Schools	\$3.6 million

### Renewals

Renewal projects seek to upgrade the existing school facility to increase its usable life by 20 to 30 years. The facility is modernized through replacement of existing infrastructure and by upgrading instructional facilities to current educational standards. Improvements include: upgrading heating, air conditioning, lighting, and plumbing; remodeling library media centers; upgrading gyms, labs, and vocational facilities; refurbishing classrooms and creating small instructional spaces; installing wiring for cable television and computers; providing upgraded furnishings and equipment where appropriate, etc.

Hayfield Secondary	\$9.0 million
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### Equipment

Funding for equipment needs is provided to schools involved in new construction, renewals, and additions.

Equipment (new, renewals, and additions)	\$4.9 million
---------------------------------------------	---------------

# Capital Improvement Program

## High School Progressive Renewal

“Progressive renovation” is a way to complete refurbishment of Annandale, Lee, Madison, McLean, and Stuart High Schools earlier than would be the case under the conventional renewal program. These five high schools were last renovated in the late 1970s and early 1980s. According to the current criteria, these facilities have serious infrastructure and program support deficiencies. Technology and communications infrastructures, as well as supporting power distribution systems, demand particular attention.

The progressive renovation program is improving all five high schools to current standards by renovating them simultaneously, in stages, funded by successive referendums. The 1995, 1997, and 1999 school bonds funded the prior stages of these renovations. Funding proposed in the 2001 referendum will finance their completion.

Annandale	\$11.5 million
Lee	\$12.0 million
Madison	\$10.2 million
McLean	\$8.9 million
Stuart	\$12.0 million

## Building Maintenance

The life cycles of major building systems in some schools are out of phase with, or are shorter than, the 20 to 25 years expected of their host facilities. These infrastructure elements include heating and air conditioning plants and roofing systems. These facility requirements are funded in the building maintenance category.

Building Improvements	\$9.0 million
Roof Repair	\$2.0 million
Air Conditioning Replacement	\$1.5 million
Boiler Replacement	\$1.5 million
Americans with Disabilities Act (ADA) Improvement	\$.8 million
Electrical Upgrades	\$4.5 million
Technology Network Upgrades	\$5.0 million
Asphalt	\$1.0 million
Bus Parking	\$.8 million

## Other

State Construction Grant	\$2.1 million
Miscellaneous Facility Modifications	\$.7 million