

Gwinnett County Public Schools

FY 2012 Superintendent's Recommended Budget Overview

Total Budget = \$1.702 billion; Decrease of (\$111.2M) or (6.1%)

General Fund (Operations) Budget = \$1.226 billion; Decrease of (\$38.9M) or (3.1%)

Average Expenditure/Student = \$7549; Decrease of (\$322/Student) or (4.1%)

Projected Enrollment = 162,459; Increase of 1,715 or 1.1%

- The Special Revenue fund budget reflects a decrease of approximately (\$23.3) million or (24.3%). The primary reason for the decline is the sunset of the federal ARRA (stimulus) funding in FY2011. The budget will be amended after grant appropriations are finalized and FY2011 grants are closed out.
- The Capital Projects Fund budget is decreasing by (\$60.1) million or (38.1%). Includes both SPLOST III and Series 2008 G.O. Bond projected expenses for FY2012. The large reduction is the result of "front-loading" the Plan with SPLOST bond proceeds in FY2009 & FY2010. SPLOST III proceeds in FY2011-FY2013 will primarily be used for debt service (see below) to retire the SPLOST bonds.
- The Debt Service Fund budget shows a slight increase of \$7.5 million or 3.8%. \$135.6 million of the \$206.8 million total budget is the principal and interest payments on the Series 2007 SPLOST bonds. These payments will be made with accumulated SPLOST III proceeds and WILL NOT require any additional debt service property tax levy. The Debt Service millage rate is projected to remain at 1.30 mills.
- The Enterprise Fund budget reflects GCPS' School Nutrition Program operations. It includes a recommended \$.25 cent increase in student lunch & breakfast prices for the 2011-12 school year due to new federal meal pricing mandates and increased operating costs. This would be the first increase in student prices since the 2007-08 school year.
- The Internal Service Fund budget will remain consistent with the current year.

No Salary Increases – 2 Furlough Days for All Employees (except bus drivers & school nutrition)

- 1 less furlough day than 2010-11 school year. 188 work days for teachers = 0.5% increase in base annual salary over FY2011.
- No longevity salary step increase. Funding would add over \$16 million to the shortfall for FY2012.
- 2 Furlough days = budget savings of approximately \$10.4 million

Additional QBE Funding Formula Reductions + Reduced Federal "ARRA" Funding = State Funding Cuts

- The Governor's recommended state budget for FY2012 calls for a QBE funding formula reduction of approximately (\$113.3) million for GCPS – reduction of (\$6.0) million more than in the mid-term FY2011 budget.
- Total QBE funding formula reductions since 2003 for GCPS = \$517 million (\$429 million net of "ARRA" funding).
- Federal "ARRA" state funding is eliminated in FY2012. This is a loss of (\$12.4) million from the mid-term FY2011 budget for GCPS.
- State "Equalization Grant" funding appropriations are projected to increase slightly by \$1.3 million, helping to offset a portion of the state cuts listed above.

Local Revenue Decline: (\$42.3) million or (7.4%)

- Property tax digest is projected to decline based on the current trend in the residential and commercial real estate market and the number assessment appeal notices filed – equates to a decrease of (\$43.1) million or (8.0%).
- Decline of nearly **(\$97) million in annual property tax revenue** in 3 years = approx. **(18%) decline in property tax digest values.**

Measures Taken to Balance Budget

- Revised school staffing "point" allocation formulas = **(\$47.8) million** or 650 positions gained primarily through retirements and attrition. Average student/teacher allocation ratios will remain within State maximum class-size limits.
- Salary measures mentioned above – No COLA, no salary step increases, & 2 furlough days = **(\$10.4) million.**
- Cut district-level operating expenses (excluding fuel, utilities, school allotments and instructional materials) by an additional 5.0% across all divisions = **(\$5.2) million.** This brings the total to 17.5% or over (\$21) million in the past 3 years.
- Continue district-level hiring freeze except for critical need positions = **(\$4.3) million.**
- Prior-year encumbrances & local school carryover expenditures included in FY2011 mid-term budget = **(\$15.6) million**
- Instructional materials funding for growth & replacement only; no funding included for new adoptions. Same as in FY2011.

Additional Funding Required for Growth/Improvements/Loss of Federal Funding = \$29 million

- Instructional & operational start-up costs for 1 new school facility (Moore Middle School) = \$1.1 million.
- 72 additional teacher positions required to support 1715 additional students = \$5.3 million.
- Cost of eliminating 1 furlough day = \$5.0 million.
- Instructional salaries & benefits funded from ARRA federal funds the past two years which must once again be funded by the General Fund budget in FY2012 = \$15.2 million.
- Restoration of local school operations "per pupil" allotments cut in prior years = \$2.7 million.

Projected Millage Rates: 19.25 (M&O) + 1.30 (Debt Svc.) = 20.55

- The budget, as recommended, will not require an increase in FY 2012 and will remain unchanged for the 7th consecutive year.

Value of a Mill = \$25.6 million

- Projected 8% decline in property tax digest from prior year budget.

State Transportation Funding = \$5.3 million

- Total budgeted transportation expenditures = \$71.8 million.

Five Mill Buy-In = \$148.6 million

- Consistent with FY2011 amount.

Equalization Grant Funding = \$38.6 million

- An increase of \$1.3 million over FY2011.
- Increase is due to GCPS' continued student growth coupled with the continued decline in the tax digest relative to other school districts. The \$38.6 million appropriated is still approx. \$16 million less than the amount actually earned under the current QBE funding formula.
- GCPS ranks 70th of 180 school districts state-wide in property wealth per student or the 61st percentile state-wide.

Beginning Teacher Salary = \$38,009-190 days/\$37,609-188 days (Bachelor's degree)

- The average teacher will hold a Master's degree or higher, have 13 years experience, and earn \$55,208 for the 2011-12 school year (188 contract days). This equates to a total compensation package of \$73,902 including benefits.
- Employee salaries and benefits make up 87.7% of the general fund operating budget.

Average Funding per Student

- State/Federal funding = \$4,095 or 55.6%; Local funding = \$3,263 or 44.3%.

General Fund Unreserved Fund Balance = \$103.0 million

- The budget is balanced using \$30.8 million from FY2011 fund balance accumulated from general funds "freed up" by the Federal Education Jobs Grant funding received in FY2011.
- The reserve represents 8.4% of the budgeted expenditures, remaining within Board fiscal policy/procedure target range.

Percentage of the General Fund (Operating) Budget Devoted to Instruction = 73.7%

- General administration and business/central support services makeup only 6.0% of the total operating budget.

Total General Fund Teacher Positions = 9,892

- Fewer budgeted teacher positions as a net result of the revised school staffing allocation formulas (-650) plus positions added due to student growth and ARRA funded positions returning to the General Fund in FY2012 (see "Additional Funding Required" above).