



WAKE COUNTY
PUBLIC SCHOOL SYSTEM

Superintendent's Proposed 2015-16 Operating Budget

Overview and highlights

Superintendent's Proposed 2015-16 Operating Budget

- Background on development
- Overview of Proposed 2015-16 Budget
- Risk Factors
- Board's Proposed Budget development timeline

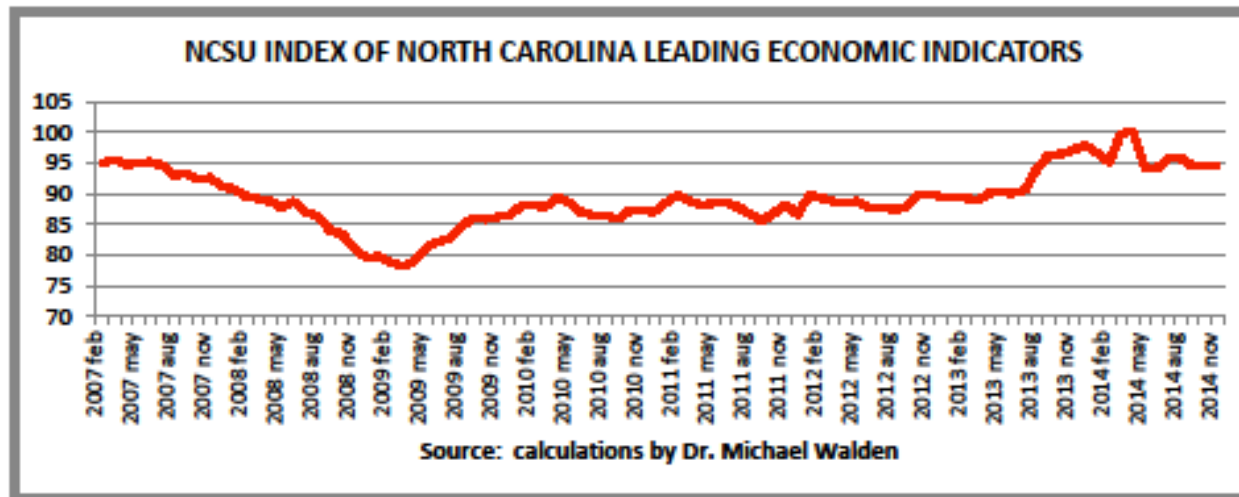
Superintendent's Proposed 2015-16 Operating Budget

- Over 1 million Wake County residents
- Student growth follows → Approx. 3,000 additional students 2015-16
- More students → increased expenditures
- Inflationary costs continue

Superintendent's Proposed 2015-16 Operating Budget

State Economy is growing

- Index of NC's Leading Economic Indictors continues to indicate pre-great recession levels & support continuing growth for NC into 2015*



*Dr. Michael Walden, NCSU

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State Economy is growing

NC General Assembly Fiscal Research Division outlook positive:

Economic Outlook

- The economy has settled into a steady growth pattern. Most economists expect growth to remain near average, or slightly below, throughout 2015. The pace of the recovery has not created a robust job market; however, employment conditions have improved noticeably since this time last year.
 - A survey of 50 economists by the Wall Street Journal expects national economic growth will remain steady this year. Growth is projected between 2.8 and 2.9 percent. The survey also suggested most economists think inflation will be in check and the national unemployment rate will drop to 5.3 percent by year's end.
- Given that the national economy in 2015 is positioned for stable, sustained growth, the risks of small economic shocks curtailing the pace of growth have been greatly reduced.
- The steady, moderate economic growth that re-emerged last summer is expected to continue throughout the fiscal year. In 2015, most economic forecasts anticipate a continuation of this growth path with the economy operating at near average growth.
- Employment growth has steadily improved over the last six months.

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State Economy is growing *and* first six months show.....

- Sales Tax Revenues \$78 m over target & 6.2% over last year*
- Corporate Income Tax \$57 m over target*

State Economy is growing *but* first six months show.....

- Personal Income Tax Revenue \$247 m below target*
- Franchise Tax Revenue is \$54 m below target*

So half-way through the fiscal year

- *State General Fund Revenues \$199.2 m below target**

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State Economy is growing & General Fund Revenues below target

- Will April 2015 tax collections close the gap?
- What will 2015-16 state revenue projections look like?
- Will 2015-16 bring additional state funding reductions to public education?

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State Funding

- Legislature will develop biennial budget (2015-17)
- Assumes no further state funding reductions
- Assumes state allotment formulas remain constant
- Assumes beginning teachers → \$35 k & no other legislated increases

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Federal Funding

- Assumes current federal funding continues for:
 - Title I
 - Title II
 - IDEA Title VIB
 - Early Intervening Services

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Strategic Plan Town Hall Priority Areas include

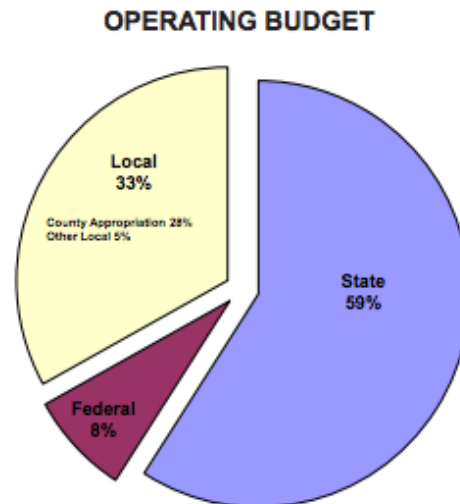
- Recruiting, developing & retaining high quality employees,
- Providing an appropriate rigorous education at all academic levels,
- Offering students wide ranging curriculum, and
- More

Board Member Priority Areas include

- Funding for high needs schools (Elementary Support Model),
- Professional Development,
- Expansion of Pre-K Services
- Innovative designs within existing schools, and
- More

Budget framework

- State: \$827 million (59%)
- County: \$389.8 million (28%)
- Other local*: \$72.9 million (5%)
- Federal: \$109.6 million (8%)



\$1.4 billion total operating budget

*Enterprise funds, fund balance appropriation, current expense non-restricted, misc.

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Budget Focus*

Growth & Program Continuity (staying in place)

- ≈ 3,000 more students & 3 additional schools
- Medicaid/Counselors, CTE conversion/Teachers, Professional Development
- \$12.9 m local funding required for growth & program continuity alone

Recruit & Retain high quality employees

- Assumes state will legislate beginning teacher changes \$33 k → \$35 k
- First of five year phase in to bring teachers to national salary average
- Recurring salary increase for non-certified staff
- First of five year phase in to revise entire extra duty salary schedule
- \$27.3 m local funding required

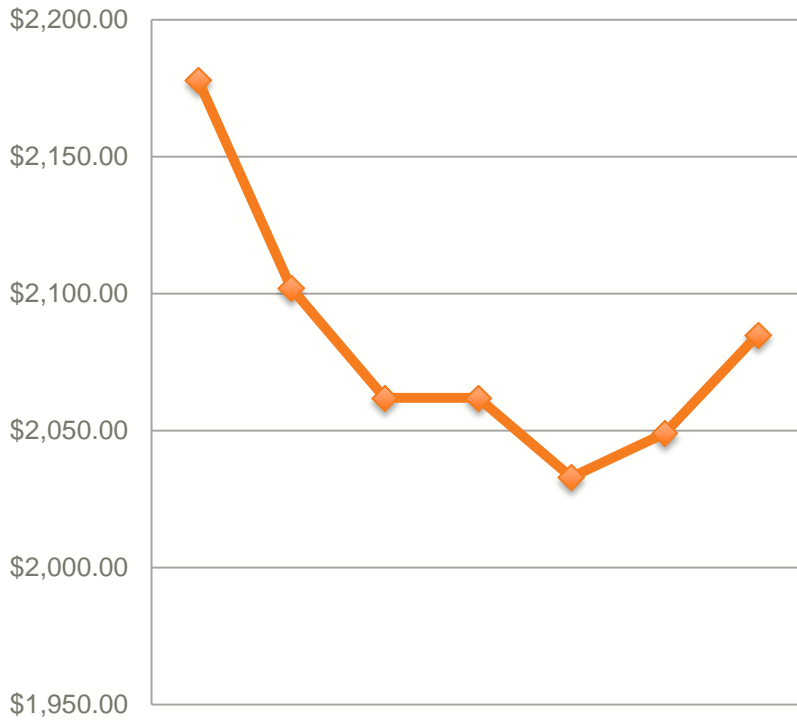
Academics, Innovative School Design, High Needs Schools,

- Funding to address first 12 high needs elementary schools
- Instructional Technology Facilitators phase in
- Knightdale HS redesign
- Magnet Program expansion & theme alignment
- \$2.3 m local funding required, and \$5.4 m total funding required

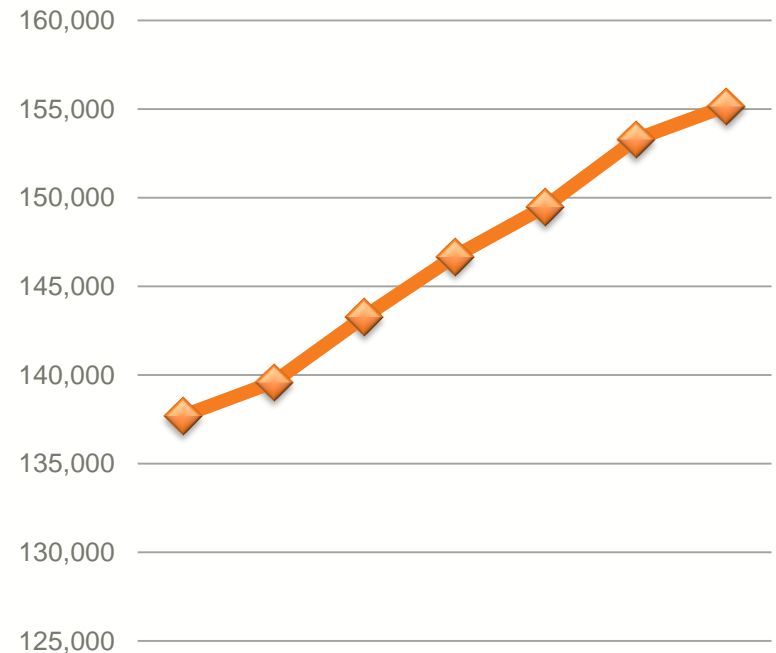
*Local funding required for items on this page represents 88% of the county appropriation increase included in the proposed budget

Local County Appropriation funding vs. growth

**Local County Appropriation Per Pupil Funding
2008-2015**



**Additional students
2008-2015**



Source: WCPSS

Superintendent's Proposed 2015-16 Operating Budget

Investment in focus areas

- \$367 k - Magnet program expansion & theme alignment (p. 132, 133)
- \$670 k - Knightdale HS Innovative redesign (p.135)
- \$3.7 m – Elementary Support Model for 12 schools* (p. 136)
- \$2.3 m - Expansion of Pre-K services (p.91)
- \$600 k - Instructional Technology Facilitators (p. 131)

* Includes \$3.1 m of Title 1 funding

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Investment in focus areas

- \$3.5 m to cover local portion of beginning teachers → \$35 k
- \$16 m for 1st year of 5 year phase in to bring teachers to national average
- \$ 6 m to provide a 3% recurring salary increase to non-certified staff
- \$1.8 m for 1st year of 5 year phase in of changes to extra duty schedule

Fiscal Year	Salary Change
2009-10	0
2010-11	0
2011-12	0
2012-13	1.20%
2013-14	0
2014-15	\$500 *
2015-16	???

2015-16	\$ 19,728
2014-15	\$ 19,728
2013-14	\$ 19,228
2012-13	\$ 19,228
2011-12	\$ 19,000
2010-11	\$ 19,000
2009-10	\$ 19,000
Net change / day before taxes	
	\$ 3

* Non-Certified staff received a one-time \$1,250 bonus in 2014-15

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Cost increases

- \approx 3,000 additional students
- Operating costs associated with three new schools opening
 - Abbotts Creek ES
 - Scotts Ridge ES
 - Apex Friendship HS

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County Appropriation (CA)

- Requested increase of \$48.3 m
- Requested increase per student represents \$146 over 2008-09 level
- Inflation 2008-present (approx. 11%) of CA represents \$239 per student
- Majority of requested CA increase → Compensation changes
→ Growth & Program Continuity
 - \$16 m for 1st of 5 year phase in / teachers to national average
 - \$6 m for 3% locally funded increase for all non-certified staff
 - \$1.8 m for 1st year of 5 year phase in of changes to extra duty schedule
 - \$12.9 m for growth & program continuity

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Potential Risks

- 3,540 months of employment w no funding underneath
- Utility base budget reductions for 2014-15
 - Weather & usage? / Rate increases?
- Required to provide Drivers Ed training w no funding?
 - NC DOT funding from state restored?
 - Allowed to charge full cost of \approx \$250 instead of \$65
- State Teaching Assistant funding that is non-recurring?
- Senate Bill 744 – growth no longer funded in state continuation budget
 - Will the state fund statewide student growth?
 - Will other state reductions be required to fund the growth?
- Employer contributions increases for Retirement & Health Insurance?

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Building on success

- More than 90 percent of our teachers met or exceeded academic growth standards set by the state in 2013-2014
- SAT results increased five points over the previous year, surpassing the state average by 94 points and the national average by 80 points



Building on success

- The graduation rate of 82.9 percent reached its highest level ever
- The increase in graduation rates for minority students exceeded that of the district, including a gain of 5.1 percentage points for African Americans



Building on success

- The percentage of students considered college-ready on the ACT exam exceeded state and national averages
- The school district continues to lead the nation in teachers who are Nationally Board Certified



Building on success

- The class of 2014 earned more than \$101 million in scholarships
- 24 magnet schools were named among the best in the nation, including the top school in the country at A.B. Combs Elementary



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Board Time-Line

- Public Hearing – April 21
- Board Work-Session – April 21
- Additional Work-Sessions as required
- Board's approves Proposed 2015-16 Budget - May 5 Meeting (?)
- Board's Proposed Budget to County – by May 15

Budget Document

- Budget document now posted at www.wcpss.net
- PDF available to view or download
- All budget documents posted online:
 - Superintendent's Proposed Budget
 - Board's Proposed Budget
 - Board's Adopted Budget