

Balancing the FY2014 Budget



Each spring Gwinnett County Public Schools (GCPS) develops and adopts its budget for the next fiscal year. As district leaders engage in the budget-setting process, they must consider a number of options in order to balance the budget. The district's conservative approach to budgeting has helped the district achieve balanced budgets in the past and has positioned GCPS well for this coming budget season. While there are still challenges— a continued decline in local tax revenue, growth in student enrollment, and increases in employee benefit costs— an increase in state funding means that the district will most likely be able to balance its budget by continuing the cost-saving measures already in place. When it comes to the budget, GCPS always has lived within its means, presenting a balanced budget and keeping spending within that budget. This is not an easy task and it is important for employees and citizens to understand the current budget situation and the steps the district takes to ensure it is a good steward of our tax dollars.

The challenges...

- A continued decline in local tax revenue— **\$10.3 million**. Gwinnett's 2013 tax digest is expected to decline by another 2.5%. Since 2008, the tax digest has shrunk 26%, costing GCPS \$143 million in annual local revenue.
- Increased costs to the school district for employee health insurance benefits— **\$14.6 million**
- Increased school district contributions to fund the employee retirement benefit plan— **\$7.5 million**
- The need to hire more teachers due to growth— **\$6.2 million**

How GCPS will balance the budget...

- The district will receive additional state revenue—
 - **\$21.8 million** in additional earning from "Equalization Grant" funding for low-wealth districts.
 - **\$9 million** for additional earnings due to enrollment growth
 - **\$1.8 million** in additional earnings for teacher "Training and Experience"
- GCPS will receive a temporary benefit of a **\$7 million increase** in operating revenue from the collection of the new Title Fee Tax beginning on March 1, 2013. However, the district will **lose approximately \$10 million** in sales tax revenue because of this same tax.
- Additional **\$2 million** in savings from the continuation of leaving vacant district-level positions unfilled from the previous year (to the extent possible).
- Cuts to central office budgets have not been restored. To date, these budgets have sustained a 20% cut, saving \$23 million annually.
- 54 central office positions eliminated last year have not been restored.
- Even with the proactive steps taken to date in terms of refunding or refinancing existing bonds— steps that have resulted in millions in dollars of savings to the district— the decreases in the tax digest mean the current 1.30 millage rate for debt service will not be sufficient to fund existing debt in the future.

Measures that will not be used to balance the budget...

- No district-level elimination of instructional programs.
- No additional reduction in employees' salaries.
- No additional furlough days.
- No reduction in instructional days or instructional time.
- No increases in class sizes.

See "What a difference a few years can make" for more about school funding and the impact the decline in tax revenue has had on schools.

GCPS Budget by the Numbers...

Value of 1 mill of property tax	\$22.9 million based on 2013 tax digest (In 2008, a mill was worth \$31 million)
Revenue lost for each 1% decline in tax digest	\$4.5 million
Cost of reinstating each furlough day	\$4.3 million
Cost to provide salary step increase for all employees	\$14.4 million
Cost of 1% cost of living salary increase for all employees	\$8.3 million