

FY18 Budget Development

Board Budget Work Session

March 25, 2017



Timeline

- Budget work session with Board
 - March 25
 - April 11 – Collins Hill HS (tentative adoption of budget)
- Public Hearings
 - May 11 – 7:00 p.m.
 - May 18 – 6:00 p.m.
- Final Budget / Tentative millage rate adoption
 - May 18
- Final Millage Rate adoption
 - June 2017

Total Budget

<u>FUNDS</u>	<u>FY2018 (In Millions)</u>	<u>FY2017 (In Millions)</u>	<u>Dollar Change (In Millions)</u>	<u>Percent Change</u>
General Fund	\$ 1,595.2	\$ 1,540.4	\$ 54.8	3.6%
Special Revenue Fund	80.3	90.9	(10.6)	(11.7%)
Capital Projects Fund	149.9	153.2	(3.3)	(2.2%)
Debt Service Fund	161.9	165.2	(3.3)	(2.0%)
Enterprise Fund	93.1	93.0	0.1	0.1%
Internal Service Fund	<u>11.2</u>	<u>11.2</u>	<u>0.0</u>	0.0%
Total Budget	<u>\$ 2,091.6</u>	<u>\$ 2,053.9</u>	<u>\$ 37.7</u>	1.8%

General Fund (Operations) Budget

Positive trends began in FY2015 . . . appear to have traction and the outlook remains favorable

State revenue growth = \$49.7 million

- Additional QBE formula earnings
 - Student growth = **\$8.2 million**
 - Teacher “training & experience” and additional certificated employees enrolled in state health benefit plan = **\$5.2 million**
 - 2% COLA on state teacher salary schedule = **\$14.3 million**
 - TRS employer contribution increasing = **\$17.3 million**
- Equalization funding increase of **\$12.4M** to \$81.8M
 - GCPS will rank #91 in “property tax wealth per student”
- Local Five-Mill Share = formula deduction increasing (**\$4.8M**)
- QBE “Austerity” reduction – unchanged
 - \$17.4M for FY18; \$899.2 million reduction since FY2003 (16 years)

Local revenue growth = \$27.6 million

- Continued growth in tax digest
 - Projected 4.7% growth in real property values = **\$23.7 million**
 - 4th consecutive year of digest growth . . . after five years of decline
 - Real property digest still 4.1% below FY2009 values
- Other increases = **\$3.9 million**
 - Interest income, real estate transfer tax, intangible tax

Recommended Salary Improvements

- **\$15.1 million** – step increase for eligible employees
 - 95% of teachers and 64% of “non-certificated” are expected to be eligible
- **\$19.6 million** – 2% cost-of-living salary increase for all employees
- Implementation of Performance-Based Teacher Salary Schedule

FY18 Performance-Based Teacher Salary Schedule

Performance				
Step	Level 1	Level 2	Level 3	Level 4
0	\$ 42,686	\$ 47,703	\$ 52,110	\$ 57,682
1	\$ 43,525	\$ 48,704	\$ 53,294	\$ 58,992
2	\$ 44,364	\$ 49,705	\$ 54,478	\$ 60,302
3	\$ 45,203	\$ 50,706	\$ 55,662	\$ 61,612
4	\$ 46,042	\$ 51,707	\$ 56,846	\$ 62,922
5	\$ 46,881	\$ 52,708	\$ 58,030	\$ 64,232
6	\$ 47,720	\$ 53,709	\$ 59,214	\$ 65,542
7	\$ 48,559	\$ 54,710	\$ 60,398	\$ 66,852
8	\$ 49,398	\$ 55,711	\$ 61,582	\$ 68,162
9	\$ 50,237	\$ 56,712	\$ 62,766	\$ 69,472
10	\$ 51,076	\$ 57,713	\$ 63,950	\$ 70,782
11	\$ 51,915	\$ 58,714	\$ 65,134	\$ 72,092
12	\$ 52,754	\$ 59,715	\$ 66,318	\$ 73,402
13	\$ 53,593	\$ 60,716	\$ 67,502	\$ 74,712
14	\$ 54,432	\$ 61,717	\$ 68,686	\$ 76,022
15	\$ 55,271	\$ 62,718	\$ 69,870	\$ 77,332
16	\$ 56,110	\$ 63,719	\$ 71,054	\$ 78,642
17	\$ 56,949	\$ 64,720	\$ 72,238	\$ 79,952
18	\$ 57,788	\$ 65,721	\$ 73,422	\$ 81,262
19	\$ 58,627	\$ 66,722	\$ 74,606	\$ 82,572
20	\$ 59,466	\$ 67,723	\$ 75,790	\$ 83,882
21	\$ 60,305	\$ 68,724	\$ 76,974	\$ 85,192
22	\$ 61,144	\$ 69,725	\$ 78,158	\$ 86,502
23	\$ 61,983	\$ 70,726	\$ 79,342	\$ 87,812
24	\$ 62,822	\$ 71,727	\$ 80,526	\$ 89,122
25	\$ 63,661	\$ 72,728	\$ 81,710	\$ 90,432
26	\$ 64,500	\$ 73,729	\$ 82,894	\$ 91,742
27	\$ 65,339	\$ 74,730	\$ 84,078	\$ 93,052
28	\$ 66,178	\$ 75,731	\$ 85,262	\$ 94,362
Uniform Amount	\$ 839	\$ 1,001	\$ 1,184	\$ 1,310

Required Salary & Benefit Changes

- **\$7.1 million** increase in employer state health benefit insurance premiums for “non-certificated” employees
 - Increases in 7 of past 8 years (over 480% since 2011)
 - Increasing from \$846 to \$945 per member per month (effective 1/1/18)
- **\$19.4 million** increase for TRS employer contributions
 - 14.27% to 16.81%
- **\$5.5 million** increase for GRS employer contributions
 - 3.19% to 3.69%
- **\$11.1 million** for new instructional positions due to student growth

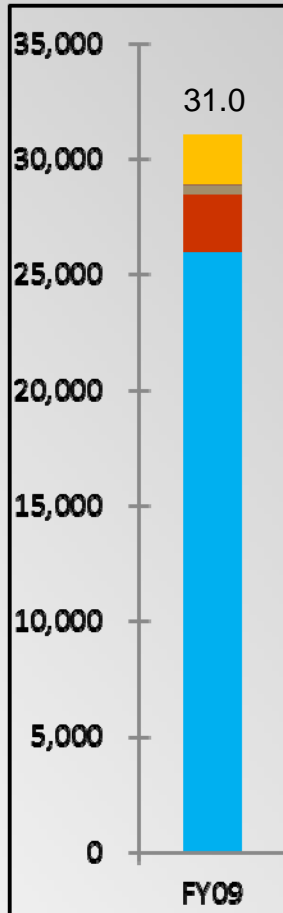
Recommended Program Improvements

- Additional support positions - **\$2.4 million**
 - E-STEAM Academy @ 2 MS / Technology support technicians / Psychologist / Behavior Intervention Specialist
 - Bus Drivers & Monitors / Building, Grounds & Equipment Maintenance / Internal Audit / Assessment Coordinator

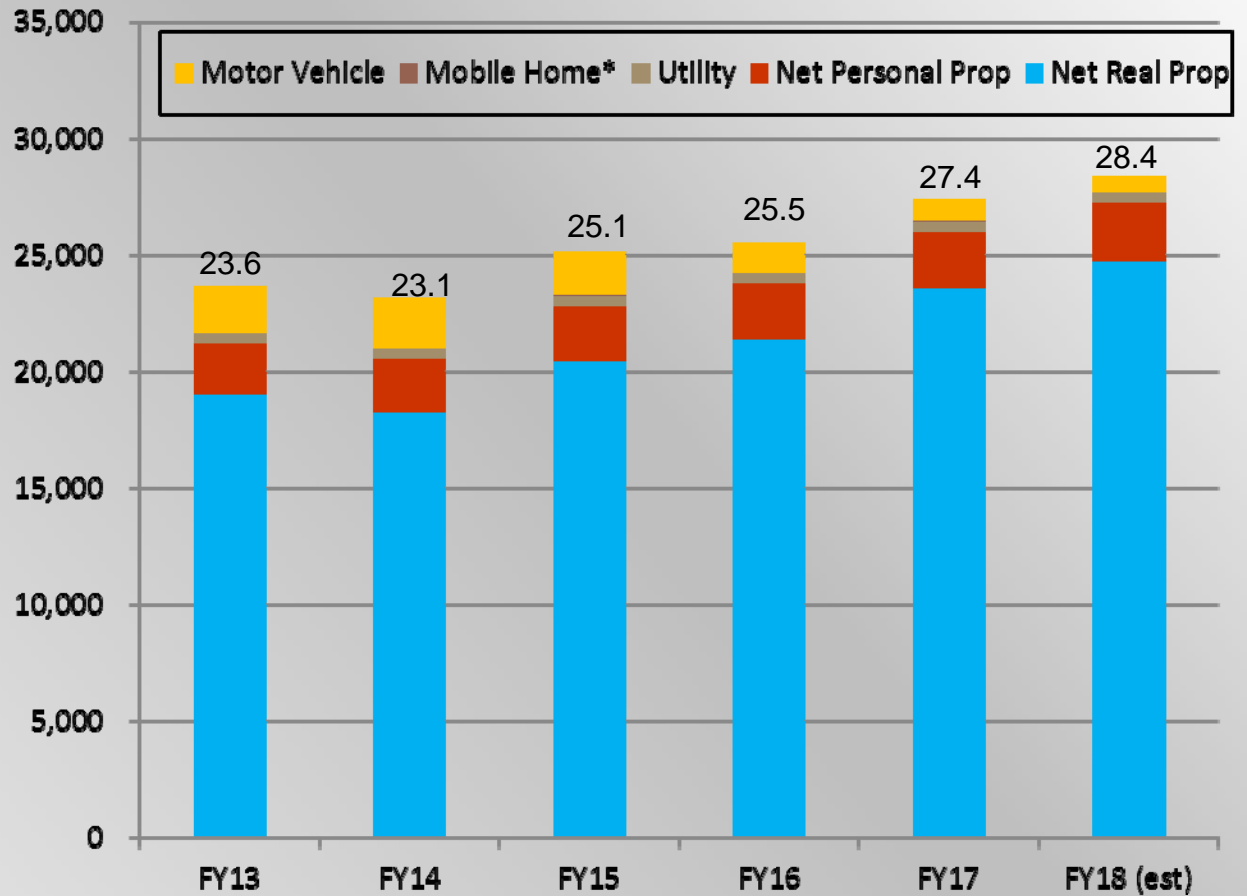
- Other Program Improvements - **\$2.6 million**
 - Additional operational & maintenance support for buildings / grounds support
 - Support for district IT applications / assessments
 - Support for Reading Recovery / Early Learning / Robotics program

Significant Trends and Indicators

Historical Tax Digest



Real Prop	25,946.95
Pers Prop	2,456.56
Utility	431.33
Mobile Home	18.03
Digest (Excl MV)	28,852.87
Motor Vehicle	2,175.82
Net M & O	31,028.69



Real Prop	18,960.43	18,223.77	20,418.94	21,341.63	23,511.96	24,707.49
Pers Prop	2,239.01	2,296.21	2,370.28	2,409.43	2,458.52	2,510.65
Utility	421.95	435.89	446.10	446.12	444.69	443.27
Mobile Home	13.95	13.65	13.66	13.70	8.30	5.02
Digest (Excl MV)	21,635.34	20,969.02	23,248.98	24,210.88	26,424.47	27,666.43
Motor Vehicle	2,002.18	2,176.88	1,900.10	1,313.79	949.55	668.30
Net M & O	23,637.52	23,146.40	25,149.08	25,524.67	27,374.02	28,352.73

State QBE Earnings

	Fiscal		QBE		QBE		
	Year	FTE	Formula Earnings	LFS	Reduction	Subtotal	% Reduction
1	2003	124,962	518,618,686	(98,295,593)	(10,723,143)	409,599,950	-2.55%
2	2004	131,586	552,642,472	(107,858,680)	(22,932,987)	421,850,805	-5.16%
3	2005	138,275	589,544,071	(115,057,096)	(27,016,132)	447,470,843	-5.69%
4	2006	146,466	644,888,786	(121,637,965)	(27,015,889)	496,234,932	-5.16%
5	2007	155,812	723,935,044	(130,615,083)	(15,468,491)	577,851,470	-2.61%
6	2008	158,726	777,643,375	(139,010,886)	(13,419,782)	625,212,707	-2.10%
7	2009	160,036	780,471,412	(150,912,107)	(47,374,439)	582,184,866	-7.53%
8	2010	161,593	829,658,981	(153,034,811)	(132,737,643)	543,886,527	-19.62%
9	2011	162,928	858,396,793	(148,588,170)	(107,906,576)	601,902,047	-15.20%
10	2012	164,455	874,847,353	(147,523,285)	(113,869,944)	613,454,124	-15.66%
11	2013	167,815	902,759,545	(141,819,246)	(113,310,104)	647,630,195	-14.89%
12	2014	172,693	913,801,468	(136,610,990)	(107,045,954)	670,144,524	-13.77%
13	2015	177,219	941,640,451	(135,101,766)	(76,823,626)	729,715,059	-9.53%
14	2016	180,235	968,458,661	(129,713,970)	(48,658,493)	790,086,198	-5.80%
15	2017	182,548	986,539,257	(141,858,521)	(17,519,554)	827,161,182	-2.07%
16	2018		1,028,655,961	(146,727,674)	(17,389,108)	864,539,179	-1.97%
					(899,211,865)		

Represent budget figures

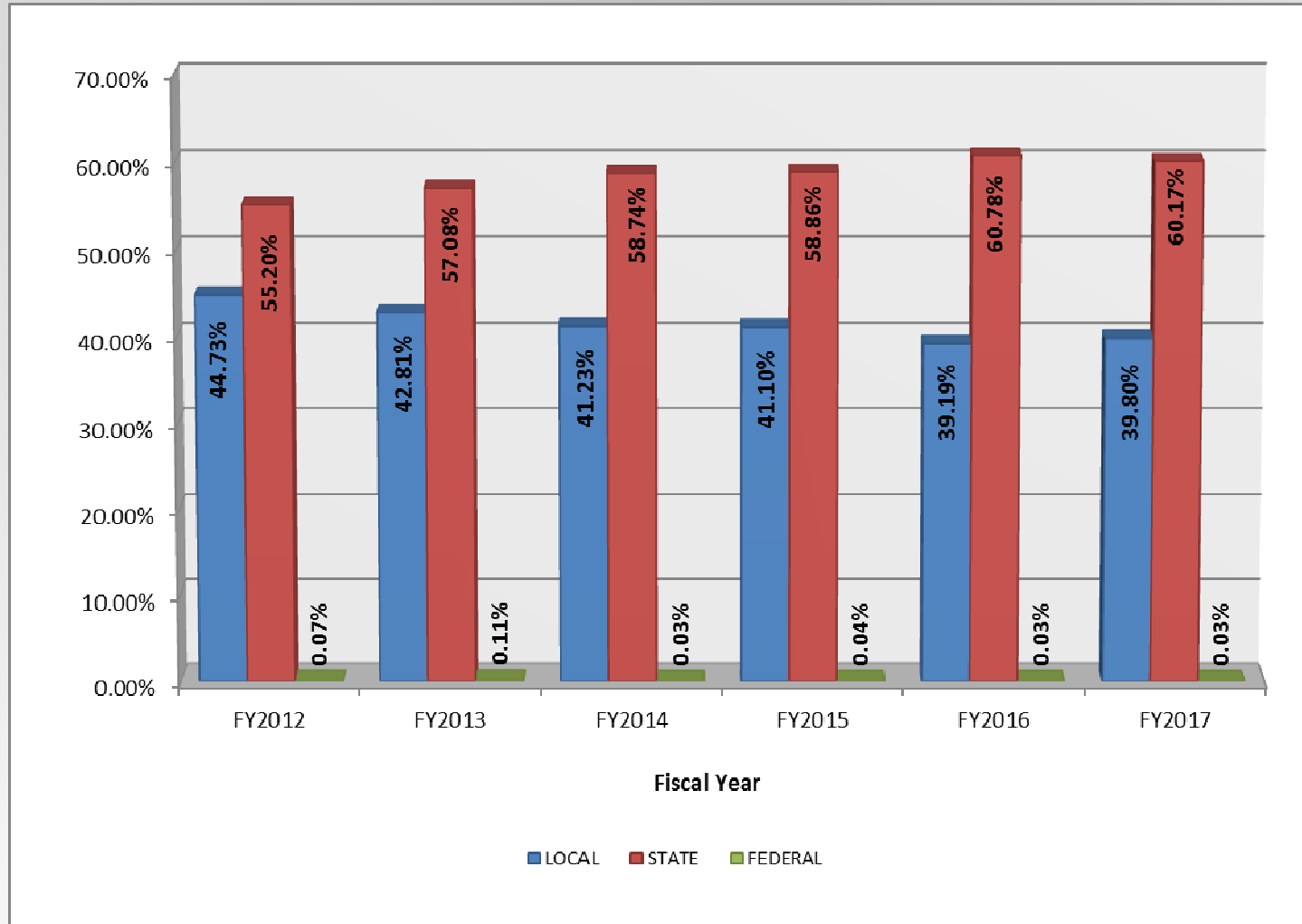
Source: QBE "Midterm" Earnings Sheets from GADOE

General Fund

FY18 Projected Ending Unassigned Fund Balance



General Fund - History of Revenue Funding



9 years Later

Comparing FY2018 to the past . .

- State “Austerity” cuts are less . . . but still there
- Tax Digest growing again . . . but still below 2009 peak
- Enrollment growth continues . . .

	FY2018	FY2009	Change
General Fund Budget	\$1.595 B	\$1.302 B	\$293 M
State “Austerity” Reduction	\$17.4 M	\$47.4 M	(\$30.0 M)
Value of One Mill (including MV)	\$28.5 M	\$31.0 M	(\$2.5 M)
Budgeted Expenditure / Student	\$8,853	\$8,156	\$697
Projected Enrollment	180,186	157,219	22,967
# of Special Ed FTE’s	13,790	8,822	4,968
% Free / Reduced Lunch Students	54.5%	45.7%	8.8%
# of Schools	139	114	25

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