

Budget Outlook

FY2012 Budget... Where We Are Now

FY2013 Budget... What We Anticipate

FY2014 Budget and Beyond... What We Could Face

Gwinnett County Public Schools continually maintains a three-to-five-year strategic financial forecast in order to ensure long-range operational and budgetary effectiveness and stewardship. In advance of the formal FY2013 budget-setting process, which begins in January 2012, district leaders felt it important to share the highlights of this forecast with our stakeholders. Employees, citizens, and legislators need to understand our budget situation and the impact it has on Gwinnett County Public Schools today and into the future.



FY2012 Budget... Where We Are Now

State Budget Cuts That Have Affected Gwinnett County Public Schools:

- Cuts to the Quality Basic Education (QBE) funding formula (*These cuts are often referred to as austerity reductions*)
 - \$518.7 million since 2003
 - \$113.6 million reduction in the current fiscal year alone
- Cuts to state categorical grants for transportation services
 - Cumulative loss of more than \$4.4 million since FY2003
 - GCPS earned \$5,237,930 in state funding for Transportation in FY2012. In comparison, the district earned \$6,850,860 in FY2003. The district is transporting significantly more students today than in 2003, but receives over \$1.5 million less in state transportation dollars.
- Cuts to state “equalization grant” funding for low-wealth school districts (*GCPS ranks #70 in wealth out of Georgia’s 180 districts*)
 - GCPS grant earnings were cut by nearly 30% over the past two fiscal years— reductions of \$17.9 million in FY2011 and \$14.7 million in the current fiscal year.

Local Property Tax Revenue Losses That Have Affected Gwinnett County Public Schools:

- Local property tax digest values have declined by approximately 20% in the past three years.
 - Loss of approximately \$97 million in annual property tax revenue
 - Of that \$97-million loss, approximately \$38 million, or nearly 8%, came from the current 2011 tax digest.

Major Budget-Cutting Measures Taken by GCPS to Balance the Current Budget :

- Increased class sizes/reduced staffing allotments over the past three school years
 - Since FY2010 the district has experienced a cumulative reduction in school staffing of approximately 1,400 positions, for \$103 million in annual savings. Reductions have been through attrition with no staff layoffs.
 - This current year alone, the district had a reduction of approximately 650 positions, which generated \$48 million in savings.
- Significant reductions in central office operating and personnel expenses
 - Mandatory cumulative cuts of 17.5% to central office operating budgets since FY2010, resulting in annual budget savings of more than \$21 million.
 - District-level hiring freeze, except for critical-need positions, is projected to result in approximately 100 positions, or \$7 million in savings over the past three years.
- Furlough days for employees
 - 3 furlough days taken by all employees except bus drivers and school nutrition staff in FY2011 saved \$15.6 million.
 - 2 furlough days taken by all except bus drivers and school nutrition staff in the current year saved \$10.4 million.
- No cost-of-living salary increases since FY2009.
- No experience-step salary increases since FY2010.

FY2013 Budget... What We Anticipate

- Minimum budget deficit facing GCPS: **\$89 million** (*assuming state funding remains at current funding formula levels*)
- In 2012, continued decline of Gwinnett County's property tax digest values by at least another 7.5%, or \$36 million in annual revenue
- Loss of the last remaining Federal stimulus funds that had been saved and used to balance the FY2012 budget: \$31 million
- Increased costs for retirement and employee benefits:
 - Mandated increase in state and local employer contributions to retirement— \$7 million
 - Projected increase in employer cost for non-certified employees' health insurance— \$11 million
- Cost of new teachers required for estimated student growth of approximately 1,000 more students in 2012–13— \$4 million

FY2014 Budget and Beyond... What We Could Face

The state budget picture for FY2014 is still unclear, but here are some “certainties” that will have to be considered in developing that budget.

- The state education budget must grow by at least \$1.1 billion (\$113.6 million for GCPS alone) in order to simply eliminate the current “austerity reduction” and fund the existing basic QBE funding formula.
- Based on estimates from Gwinnett County, the property tax digest is projected to continue to erode in 2013 with no new growth anticipated until 2014 (FY2015). This would mean a cumulative annual loss of nearly 35% in GCPS' only local revenue stream... totaling more than \$140 million in annual revenue lost since 2008.
- Under the tax digest scenario outlined above, the current 1.30 millage rate for debt service will not be sufficient to fund existing debt in the future.
- Over the next few years, GCPS will see enrollment continue to grow by 1,200 to 1,300 students annually. While the 2012–2017 SPLOST funds will pay for construction of five new schools and nine additions, the district will need to fund books, staff, and operational costs for the new facilities.
- The current 19.25 M&O tax millage rate is only 0.75 mills from the state cap of 20 mills.

District no longer able to do more with less

For many years, a conservative approach to budgeting has helped GCPS achieve balanced budgets and make necessary cuts. However, the district has reached the point where it can no longer do more with less funding without affecting programs and services. The cost-saving measures implemented in the past will not be enough to balance future budgets. Additional cost-saving measures will have to be implemented in the FY2013 budget... measures that may be more painful to implement as they will more directly affect what takes place in the classroom.

When it comes to the budget, GCPS always has lived within its means, presenting a balanced budget and keeping spending within that budget. GCPS spends less per student than the state average. Sustaining our quality schools will no doubt become a greater challenge as additional cuts are made.

By the Numbers...

Value of 1 mill of property tax.....	\$23 million based on the 2012 tax digest (In 2007, a mill was worth \$31 million)
Savings generated by each furlough day..	\$5 million
Savings/cost of one student difference in K-12 class size.....	\$31 million (approx. 400+ teachers)
Savings from each 1% cut in central office operating and personnel budget...	\$1 million (Since FY2010, central office budgets have been reduced by 17.5%)
Savings from current “frozen” central office positions	\$7 million (projected by end of FY2012)
Cost to provide salary step increase for all employees.....	\$17 million
Cost of 1% cost of living salary increase for all employees.....	\$9 million
Revenue lost for each 1% decline in tax digest.....	\$4.8 million

In these difficult budget times, Gwinnett County Public Schools is committed to...

- Presenting a balanced budget.
- Doing everything possible to protect instructional time.
- Valuing its employees and continuing to avoid layoffs to the extent possible.
- Filling only critically needed positions that the budget can fund and continue to fund in future years.
- Implementing cost-saving measures wherever feasible.