

The Gwinnett County Board of Education's Fiscal Year 2012 (FY2012) budget, as recommended by CEO/Superintendent J. Alvin Wilbanks, is presented within this document. This budget represents an investment plan for Gwinnett County Public Schools, its students, employees, and the community as a whole. The budget recommendations are tied directly to the strategic vision and direction of the Board of Education.

The proposed Total Budget for FY2012 is approximately \$1.7 billion, representing a decrease of 6.1% from the current FY2011 Total Budget. The proposed budget for the general operations of the school district is reflected in the General Fund at \$1.2 billion, a decrease of 3.1% over the current year. The individual funds and the changes from Fiscal Year 2011 are summarized below:

Funds Comprising the Total Budget	FY2012 (In Millions)	FY2011 (In Millions)	Dollar Change (In Millions)	Percentage of Change
General Fund	\$ 1,226.4	\$ 1,265.3	\$ (38.9)	(3.1%)
Special Revenue Fund	72.4	95.7	(23.3)	(24.3%)
Capital Projects Fund	97.5	157.6	(60.1)	(38.1%)
Debt Service Fund	206.8	199.3	7.5	3.8%
Enterprise Fund	88.6	83.5	5.1	6.1%
Internal Service Fund	10.5	12.0	(1.5)	(12.5%)
Total Budget	\$ 1,702.2	\$ 1,813.4	\$ (111.2)	(6.1%)

This investment plan for FY2012 accommodates a student population that is projected to grow to over 162,450 students, an increase of approximately 1,700 students, and the opening of one new school facility and two school additions.

The FY2012 proposed budget was developed for Gwinnett County Public Schools prior to the conclusion of the 2011 legislative session and final approval of the state budget. Thus, the Governor's most current state budget recommendations at the time of budget development were used as the basis for the proposed local budget. The state budget includes additional reductions to education funding for FY2012, including the following:

- The state budget recommendations include the continuation of state revenue cuts made to the Quality Basic Education (QBE) funding formula – cuts that began in FY2003. The “temporary QBE reduction” for FY2012 is approximately \$113.3 million, an increased loss of \$6.0 million over the mid-term FY2011 amount. The cumulative effect of these reductions over the ten-year period is the loss of approximately \$517.2 million for Gwinnett County Public Schools since FY2003. The persistent state cuts present a formidable challenge in meeting the needs of Gwinnett's growing school district, not only for FY2012, but for future years as well.

- Gwinnett County Public Schools’ state revenue for FY2012 will decline by approximately \$12.4 million due to the expiration of federal American Recovery and Reinvestment Act (ARRA) funding. These “state stabilization” funds were included in the FY2010 and FY2011 state budgets to partially offset state revenue reductions to QBE funding.
- Due to these significant reductions in state revenue, funding is not included in the local budget for any cost-of-living or longevity-step salary increases for FY2012.
- Gwinnett County Public Schools qualifies for funding under the equalization grant in FY2012. The district’s projected equalization funding for FY2012 is \$38.6 million (under the existing state QBE funding formula). This is a \$1.3 million appropriation increase from FY2011 due to GCPS’ enrollment growth outpacing the change in the property tax digest relative to other school districts in Georgia.

Also significantly impacting revenue estimates for FY2012 is the continued projected decline in the local property tax digest. Based on the current trend in the residential and commercial real estate markets and the number of assessment appeal notices filed with the county tax assessor’s office, local ad valorem/property tax revenue is projected to decline by \$43.1 million, a decrease of 8.0%. This will be the third consecutive year the local property tax digest has decreased. It will result in an annual cumulative loss of \$97 million in local property tax revenue for future budget years.

In addition to the state and local revenue declines discussed above, the sunset of ARRA federal funding will also create a significant negative impact on the General Fund expenditure budget for FY2012. Approximately \$15.2 million in annual salaries and benefits were funded by ARRA grant funds and included in the Special Revenue Fund budget for the two previous years. In FY2012 these salaries and benefits must once again be included in the General Fund budget, representing a \$15.2 million increase in expenditures over FY2011.

For FY2012 the school district once again closely scrutinized all proposed expenditures. District leaders knew early in the budget development process the significant challenges that would be generated by the continued state QBE revenue reductions, the projected decline in the local property tax digest, and the loss of federal ARRA funding. The following measures are recommended to meet those challenges and balance the FY2012 budget:

- Division heads were directed to reduce their operating expense budgets by a minimum of 5.0% from the current level (a cumulative reduction totaling 17.5% over a three-year period), while maintaining essential levels of service to support teaching and learning. These reductions resulted in projected savings of \$5.1 million over the current FY2011 operating budget.
- School staffing “point” allocation formulas were revised district wide. The district will hire approximately 650 fewer teachers as a result, saving approximately \$47.8 million. Despite the reduction in personnel allotments, schools will continue to receive positions to accommodate student growth, and average student/teacher ratios will remain within state maximum class-size limits.
- The budget includes two furlough days for all employees except bus drivers and school nutrition staff, saving a projected \$10.4 million. The two furlough days represent one fewer furlough day than was necessary in the previous two years.

- System employees will not receive a longevity-step salary increase. Providing an increase would have meant an additional cost in salaries and benefits of \$16.8 million.
- A hiring freeze will continue for FY2012 resulting in anticipated savings of approximately \$4.3 million. Only critically needed positions that the budget can continue to fund in future years will be filled as vacancies occur during the year.

Despite the challenges of continued state revenue cutbacks and a declining local tax digest, this budget provides funding for the following initiatives related directly to teaching and learning:

- 72 additional teacher points required to meet the projected increase in student enrollment (\$5.3 million)
- Additional administrative and support staff required to open one new school (\$1.1 million)
- Instructional materials required for growth and replacements (\$4.1 million)
- Continued funding for existing instructional, student assessment, and staff development programs/initiatives.

Summary of the Six Funds in the Total Budget

- ❖ **The General Fund** represents 72.0% of the Total Budget. Primary day-to-day operations of the school district are budgeted through the General Fund. Student achievement and the teaching and learning process are the central focus of this budget, as evidenced by the fact that 73.7% of the General Fund budget is targeted for instructional services. The General Fund budget is decreasing by 3.1% over the current FY2011 budget, primarily due to revenue reductions and lower budgeted expenditures. The budgeted expenditure per student is decreasing by 4.1% to \$7,549.

The General Fund, as recommended, is funded with projected state revenue in the amount of \$664.9 million, federal revenue of \$0.3 million, and projected local revenue in the amount of \$530.1 million. The millage rate to support this budget will be set in June once more complete data is available on the local property tax digest. As noted earlier, these figures are based on the most current projections and state recommendations at the time of budget development.

- ❖ **The Special Revenue Fund** in the FY2012 budget is projected to be \$72.4 million, a decrease of \$23.3 million over the current year. This fund accounts for federal categorical grants such as Title I, Title VI-B, Title II, and secondary vocational grants. For FY2011 this fund included \$27.8 million in revenue from the American Recovery and Reinvestment Act, which ends this fiscal year.
- ❖ **The Capital Projects Fund** in the FY2012 budget totals \$97.5 million, a decrease of \$60.1 million from the FY2011 level. This fund includes state capital outlay grants, proceeds from the 2008 General Obligation bonds approved by voters in February 2008, and the tax proceeds and expenses funded by the special purpose local option sales tax (SPLOST) approved by voters in November 2006.

- ❖ **The Debt Service Fund** for FY2012 will be \$206.8 million, an increase of \$7.5 million from the FY2011 budget. This fund represents the budgeted principal and interest payments for outstanding debt associated with 1.) prior bond programs, 2.) certificates of participation (COPS) issued in April 2004, 3.) short-term Series 2007 bonds issued to advance fund the SPLOST III program, and 4.) General Obligation bonds approved by voters in February 2008. The principal and interest payments for the SPLOST III program will be paid with accumulated SPLOST III proceeds and will not require a debt service property tax levy. The millage rate required for the remaining debt service will be adopted in June.
- ❖ **The Enterprise Fund** contains the budget for the cafeteria operations for the school district. The total budget for this fund will be \$88.6 million for FY2012.
- ❖ **The Internal Service Fund** represents the operations of the school district's worker's compensation/risk management fund, employee short-term disability program, and the in-house print shop. The total budget for this fund will be \$10.5 million for FY2012.