

# FCS FY 2017 Annual Budget Planning Update

## Supporting Students and Staff • Sustaining System Stability • Stakeholder Satisfaction

Each fiscal year as directed by the School Board, the Fulton County School System (FCS) develops and adopts a budget for the upcoming fiscal year which begins on July 1. The District's charter system status, which officially began on July 1, 2012, is a critical component of its Strategic Plan and budgeting process. The FY 2017 proposed budget was developed using an open, transparent, and all-inclusive process which solicited input at different stages from many stakeholders including the Board, staff, parents, principals, and the community at large. On May 19, 2016, the Superintendent will propose a \$952 million General Fund budget for the 2016-2017 school year. This is a decrease of -.11% over the 2015-2016 school year.



The following assumptions are included in the proposed budget for FY 2017: increases to health insurance for classified employees, maintaining the instructional reserve at \$3.7M, salaried step increases for eligible employees, raises for all employees, and no increase to the millage rate. Some revenue assumptions include a 3.35% increase in state revenues and a conservative estimate of a 1.5% increase in tax revenue.

Over the next several years FCS anticipates a continued modest economic recovery in local real estate translating into improved property tax revenues. As we continue to see the increasing return of revenue, we are challenged with strategically and deliberately reintroducing approved programs and targeting additional funds for our district's Strategic Initiatives. The FY 2017 budget was prepared with forethought, so that vital programs would remain whole while keeping expenditures at a level which leaves the fund balance intact. The final budget will reflect the mission of the Fulton County School System, "to educate every student to be a responsible, productive citizen" with an emphasis on "*where students come first.*"

### Additional Revenue Sources for FY 2017

State revenues for FY17 will represent about 37.6% of all available sources of funding and are expected to increase by 3.35% over the current year. Quality Basic Education (QBE) funding accounts for the largest portion of state revenues and FCS will receive an additional \$353.9 million in QBE.

Factors which increased QBE funding include:

- ❑ An increase of \$4.2 million due to student growth from 94,897 to 95,248.
- ❑ A reduction in austerity to \$7.3 million resulting in an additional \$13 million returning to the district. *The cumulative effect of austerity on FCS has been a loss of approximately \$391 million since FY 2003.*

- ❑ A decrease in the Local Five Mill Share of \$2.2 million. While Local Five Mill Share negatively impacts QBE earnings, the amount of this offset for FY 2017 is lower than in prior fiscal years.

Local sources of revenue account for the most significant portion of the budget. Property taxes account for the majority (62%) of local revenue and will increase by 4.98% from FY 2016. Current real and personal property is conservatively projected to increase by 1.5%.

FCS maintains the lowest millage rate among the metro area school districts. *The proposed budget does not recommend an increase in the property tax millage rate.*

### Increased Costs Stemming from State Requirements

FCS will see an increase of \$100 per month per classified employee for employees participating in the State Health Benefit Plan for a total of \$2 million in additional costs.

The employer contribution to the Fulton County Schools Employee Pension Fund (FCSEPF) is decreasing by \$2 million due to positive growth in return on investments.

### Employee Compensation for FY 2017

The most notable priority for FY 2017, as can be seen in the alignment of our resources, is teacher compensation. FCS is considering a bold approach to increasing employee salaries, so that we may be competitive with neighboring school systems. The proposed budget for FY 2017 includes:

- ❑ Percentage increase (5%) to all teaching salary schedules and salaried step- \$25.8 Million.
- ❑ Percentage increase (3%) to all non-teaching salary schedules and salaried step- \$10 Million.
- ❑ Salary Supplement (\$3000) for Special Education Teachers- \$3.98 Million.
- ❑ Increase the total work-days for counselors, social workers, and psychologists- \$1.88 Million.

### Special Purpose Local Option Sales Tax (SPLOST)

At its February 18, 2016 meeting, the Fulton County Board of Education unanimously adopted a resolution that will ask voters in May to approve the extension of the existing five-year education sales tax.

Most commonly called SPLOST (Special Purpose Local-Option Sales Tax), the one-penny sales tax is expected to raise \$976.3 million for Fulton County school improvements over a five-year period (2017-2022).

These improvements translate to new or replacement schools, building additions, and renovations to existing facilities. A large portion of the funds also is earmarked to address aging technology within schools and to support the district's personalized learning initiatives.

The Superintendent's recommended budget is available for the public to review on the school district's website: [www.fultonschools.org](http://www.fultonschools.org).

The first sales tax (SPLOST I), which voters approved in 1997, funded 17 new schools and 12 additions. SPLOST II funded 10 new schools and 6 additions, and SPLOST III funded 10 new schools and 10 additions. SPLOST IV which ends June 30, 2017, has funded 26 major school projects including 4 new schools, 6 additions, and playgrounds at 33 elementary schools. By law, the sales tax cannot continue unless voters approve an extension.

### Other Highlights

FCS uses modified zero-based budgeting to develop all department based budgets. This version of Budgeting for Outcomes (BFO) begins with establishing community priorities and as a result, bringing attention to the value of services while encouraging new ideas, innovation, cooperation, and improvement within the school district's budget. Estimated costs for Central Office operations have decreased 16.5% or \$35.6 million for FY 2017.

Each fiscal year FCS develops allotment formulas and guidelines for all schools within the district. FCS uses an all-inclusive and open budget development process, so school-based programs are adequately and equitably funded. School principals are allocated resources in the form of positions and dollars and given the flexibility to adjust the allocations without exceeding total dollar value apportionments, so they can establish a budget based on their school's strategic plan. School staffing allocation formulas and per pupil allotments remain unchanged for FY 2017.

Due to enrollment growth and the opening of two new elementary schools and two new start-up charter schools, approximately 131 additional teacher/instructional support positions will be needed for the 2016 – 2017 school year. Spending for all schools will increase by 5% or \$35.1 million.



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