

Journal 27

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The Numbers Behind the Budget

Hello, I'm Del Burns, superintendent of the Wake County Public School System.

Today we're concluding our look at the four strategic directives that drive the Wake County Public School System. Last week we talked about our fourth directive, to expand fiscal accountability. It's very important to me that everyone invested in the success of our schools has an understanding of how our school system is funded and managed. If our staff understands it, that helps us make more responsible decisions. And if parents and citizens understand it, that helps you hold us more accountable -- and we welcome that.

We provide a lot of information about our finances on our website, in an effort to be transparent and accountable. However, school financing is complex. The adopted budget for 2009-10 is 325 pages long. Now, if you can take the time to go through it, you'll find it surprisingly clear -- but I'll warn you now, it's not light reading. So let me give you a bird's-eye view of the budget, and then tell you where we are in the planning process for next year.

When we talk about the budget, we're generally talking about the operating budget -- what it takes to run the school system on a day-to-day basis. There is also the building program, which is mainly funded by bonds approved by Wake County voters, but that's separate from the operating budget and often referred to as the Capital Improvement Plan.

This year, our operating budget of \$1.2 billion supports 159 schools and 140,000 students. Almost two thirds of that funding comes from state revenues. Seven percent comes from federal sources, mainly grants, and the rest comes from local sources including Wake County government.

With two out of every three dollars in our budget coming from the state, you can see how the current economy would impact us. Let me take the state funding discussion a little further. We spend 92 percent of our state funding on employee salaries and benefits. We are a people-powered enterprise. Generally, the state funds us through formulas based upon student enrollment. However, some of those formulas present challenges for us. For example, there is a cap on the amount of funding available from the state to serve our academically gifted students based upon four percent of our student headcount. Currently, we have more than 18 percent of our students identified as AG..

We depend on local funding, even though there is much less of it, to provide flexibility that we don't always have at the state level to meet our needs. Local funding also provides a salary supplement that keeps us competitive as we work to retain and attract quality employees.

88 cents out of every dollar in the operating budget -- and 95 percent of our positions -- went directly to schools this year. The remaining 12 cents -- and 5 percent of our positions -- support the school system's infrastructure, which indirectly supports our schools. That includes functions such as human resources, curriculum support, technology services, and accounting.

I've spoken several times in this journal about the impact of state budget cuts, and very recently I shared with you our projected need to cut Central Services spending by \$20 million for next year. We know more now than we did at this time last year about our budget picture, so we are better able to protect schools in our budget planning process. I'd like to close with that process.

Our schools and departments are going over their programs and plans for the coming year. Principals have an understanding that we don't know what might happen to state funding formulas, and central services department heads know that we need to reduce services to save \$20 million. Plans will be submitted. I will review them, and I will make my recommendations to the Wake County Board of Education in my annual budget request this March. From there, our board will deliberate and adopt their own budget proposal which must be delivered to the county commissioners by May 15.

In years past, our budget documents have been part of a three-year "Plan for Student Success." But for now, our budgets are focused on one thing: cost containment. Planning for student success is now an ongoing process of continuous improvement, because we must literally do more with less. To be fiscally accountable, we must be willing to make hard choices and identify clear priorities.

Our bottom line is academic progress for every student. Our vision of every child graduating on time, prepared for the future, is something we must work toward despite any budget shortfall. As I said last week, we recognize our responsibilities to our students and our taxpayers, and we intend to let neither down.

Thanks, and I will talk to you again soon.