

Journal 34

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Funding Our Schools in 2010-11

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

Over the past few weeks I've shared with you some information regarding our concerns about the economy's impact on our schools. In short, although there are signs that our national economy may be improving, that improvement hasn't yet translated into increased revenues for state and local government. Evidence of this is that you may have seen recent stories in the news about Wake County government facing an \$18 million budget gap for the coming fiscal year and our current-year state revenues are running under projections with the forecast for next year being uncertain.

This information comes at the same time that we will be opening four new schools, welcoming a projected 3,800 new students, and face increased costs in mandated employee benefits. As I said in my November 19 journal, there is no doubt that the Wake County Public School System will have to do more with less.

This past Tuesday our chief business officer, David Neter, provided our school board a more detailed look at how these factors are affecting our budget planning, and today I'd like to share those thoughts with you as well.

The financial conditions for our budget planning haven't improved since November when we began developing next year's fiscal plan: an \$8 million discretionary reduction in state funding, roughly \$6 million in increased costs for employee retirement, benefits and salary supplements, and a loss of \$3 million available to us from our reserves.

As we develop a budget proposal to go before our school board on March 2, we are making two assumptions. First, that the total amount of funding from our county will remain flat, even though we expect thousands more students attending next school year. This means that for the second year in a row, the county appropriation per-pupil expenditure will decline. I wish that weren't the case, but I simply don't see where the funding could come from. Second, we are assuming that the further state funding cuts I've described will remain in place, but that there will be no further change in state funding formulas.

These are neither best-case nor worst-case scenarios. What's clear, though, is that we are going to have to proactively plan to deliver a high-quality education to our students recognizing that our costs are higher and our funds are lower.

As we work to minimize the direct impact on the classroom, unfortunately schools will likely be affected in some ways by the budget cuts we are facing. For example, there is no state funding for textbooks next year. We have school and Central Services staff working on ways to replace the highest-priority items such as consumable workbooks and science kits, but it will be tight.

But unlike last year, we have had more time to reduce the direct impact on our schools. That

means our Central Services -- those departments who provide support for our school system as a whole -- will feel the burden. Our final budget recommendation to the Board will include these three areas: the permanent elimination of vacant Central Services positions, reductions in contracted services and other non-personnel expenses, and a reduction in force among our active Central Services positions.

The reduction in force of our central services staff is a difficult but necessary step to take. Central Services perform vital functions for our schools and have done so in a very lean environment. We are looking at reducing our staff by 75 to 100 active employees in our system and that will have a regrettable impact on both them personally and the 163 schools they would be serving next year. But even through all of these very difficult decisions, my most important responsibility is to minimize the direct impact on our students as much as I can.

The budget recommendation I present to our school board this March is my best assessment of what it will take to maintain our focus on learning and teaching in our schools. It's the beginning of a conversation, as our school board reviews the recommendation and then develops its budget proposal to the county commissioners. Please keep in mind that we could still see changes from the state legislature after the county commission passes its final budget.

One thing I am sure of however is that all of us will be working with the best interests of Wake County's students at heart. Remembering our children -- and remembering our vision that each of them will graduate on time, prepared for the future -- will help guide us through the difficult decisions ahead.

Thanks, and I will talk to you again soon.