

Budget Process

Operating Budget

The budget represents the 2002-2003 financial plan for the Wake County Public School System. This document culminates a dynamic process involving input from many groups. Budget development is a year-round process, which begins in the fall and continues until the official budget is adopted by the Wake County Board of Education in June. Participation at all levels is evident in this ongoing process.

Schools and central office departments develop strategic plans and request budget needs to support the plans. The superintendent's management team develops the board of education's budget request, and prioritizes all requests based on the system's goals, mission, and the delicate balance between instructional and supporting service needs. The board holds a public hearing as it considers the budget, and finally the board of education submits its budget request to the county commissioners by May 15 of each year.

The Wake Education Partnership with its community partners has published two community guides to Wake County Public School System spending "Show me the Money: A Community Guide to Wake County Public School System Spending" and "Nuts and Bolts: A Community Guide to Wake County Public School Construction" were distributed in the News and Observer in the spring of 1998 and 1999 respectively.

The county commissioners must adopt a budget resolution, which includes the county appropriation for the school system, by June 30. If full funding of the board of education budget request is not approved, the budget must be adjusted accordingly. The board of education adopts a final budget for implementation by July 1. Copies of the budget resolution shall be furnished immediately to the superintendent and the school finance officer for direction in carrying out their duties. Copies of the budget resolution shall also be filed with the county finance officer and the controller of the State Board of Education.

We continuously seek ways for the citizens of Wake County to receive more for their dollars. As part of an initiative to ascertain the efficient use of funds, we have implemented a "sunset" review of all instructional programs which require local dollars. The Evaluation and Research Department reviews programs individually to determine if we should continue, discontinue, reduce, or enhance the scope of the program.

Many adjustments were made by the superintendent, cabinet, and Board of Education during the development of this budget. Efforts were made to maximize both the revenue and expenditure sides of the budget.

The Community Goal for Wake County drives the strategies developed by the Board of Education. Schools and departments develop strategic plans that align with the board strategies as we are moving toward the Community Goal. Schools and departments develop annual performance plans to implement the strategies. The budget is developed by costing out the annual performance plans. Once the budget is developed, financial management is an ongoing responsibility of budget managers throughout the system and the finance department to make sure we are using the dollars as effectively and efficiently as possible. At the end of the year, we evaluate our annual performance against the Community goal. This information is used as the next cycle begins.

Community Goal



Board Strategies



School-Based/Departmental Strategic Plan

school improvement teams/parents/staff/community input/
administration



Annual Performance Plan



Budget Development/Costing



Financial Management



Annual Performance Against Community Goal



Prepare for Next Cycle

Capital Budget

PLAN 2000 has two major goals:
to alleviate overcrowding and to
improve existing schools.

Wake County grows by approximately 3,000 students each year. To accommodate the anticipated growth, the Facilities Planning and Construction Department is charged with developing and planning building projects and renovations to adequately and equally house students.

The building program is funded by two sources: bond dollars and yearly tax revenue. Market demand and community support determine the amount of bonds offered for sale by the Wake County Commissioners.

N.C.G.S. 115C-521 requires all local education authorities to develop and submit to their respective board of commissioners a list of school building needs. This list should be a ten-year projection of the growth, renovation, program additions, and replacements required by the school system to accommodate students and staff.

During the budget development period, Facilities Planning and Construction staff write the needs list, based on Board of Education approved assumptions and parameters for class size, utilization factors, capacity standards, and program requirements. The staff receives input from the board, Wake County Public School System administrative staff, individual school staff, PTAs, community support groups, and local business leaders to assist in plan development.

Plan Development:

With the list of basic assumptions and parameters, the needs identified by the schools and community input, initial programs were developed by the Facilities Department. Examining student enrollment projections evolved into a list of new schools needed at each grade level and in each planning area of the county.

After the defeat of the June 8 bond referendum, the Wake County Commissioners and the Board of Education jointly announced the formation of a citizens advisory committee. Its charge was to study school needs, recommend an acceptable capital spending plan, and make such recommendations as it felt appropriate.

This committee, chaired by Jim Talton (retired managing partner of KPMG LLP), consisted of 31 members, with Talton choosing 10, the Wake County Board of Education choosing 10, and the Wake County Commissioners choosing 10 members. The Citizen's Advisory Committee for School Facilities Planning and Funding submitted their findings to the Wake County Commissioners and the Board of Education on April 12, 2000. These recommendations were taken under consideration and a new PLAN 2000 was conceived and approved by the Board of Education.

PLAN 2000 incorporated 21 of the 28 recommendations with six requiring further study or legislative approval. The one recommendation not included was to reduce the capacity of new schools to the lowest number feasible. This will be reconsidered when current schools are populated at the appropriate levels.

PLAN 2000 (2001-04) school building program, provides 14 new schools to accommodate more than 112,000 students expected in our schools by 2004. Additionally, 32 schools will receive major renovations and expansions. Another 64 schools will get much needed maintenance and repair. PLAN 2000 will cost \$550 million. A \$500 million bond referendum to finance this plan was presented November 7, 2000 for public consideration. The remaining \$50 million will be provided by Wake County government from general revenues, called "pay-as-you-go" revenue. No tax increase will be required to pay for this building program.

**Impact of Capital
Budget on the
Operating Budget**

The budget for Wake County Public School System has two major components, the operating budget and the building program. The operating budget is built on an annual cycle to support the ongoing operations of the school system. The building program is established according to a multi-year plan to accomplish particular projects for purchasing land, building new schools or offices, or renovating and expanding existing ones. All costs for these projects are included in the building program budget, including program management. The only exception is the early hiring of staff and some training and purchased services dollars incurred by new schools in the spring before the school is opened or expanded. These operating costs are included in this document. Once a building program project is complete, all costs for that site in terms of staffing, operational cost and maintenance are shifted to the operating budget of the school system. Once in the operating budget, the same formulas for funding are applied that are used for all other sites. We have not specifically identified the additional costs or savings to the operational budget that may occur as a result of capital expenditures. Typically our building program projects arise out of a need to meet the explosive population growth in our county. We do anticipate more cost impact information being built as we move into the next phase of our building program. As that data is developed, it will be incorporated into this budget document.

Budget Guidelines

Development of the 2002-03 budget presented a great challenge. Projections for new student growth for the coming year exceed 4,000. Three new schools, adding over 800,000 square feet of space are opening. Health insurance premiums are projected to increase 30% and dental property, and liability insurance premiums are also increasing. The school system has utilized resources efficiently and has reallocated available financial and human resources in order to support efforts to reach Goal 2003. As a result, the impact of growth and inflation on budgets has been substantial.

To determine what did and did not go into the budget, we applied the following criteria during the budget development period:

Salary and Benefits

We included salary and employer matching increases based on proposed percentages and rates released by NC Department of Public Instruction. We decreased the number of positions funded from lapsed salaries. Due to the state of the economy, we are not experiencing the same rate of unfilled positions that we have in the past.

School-Based Increases

Dollars were budgeted to maintain our current supplementary pay schedules and to maintain our current staffing formulas. These budget increases are tied directly to growth in student membership, staffing levels, and number of schools.

Systemwide Increases

Increases were included to maintain insurance coverage and software licenses for the entire school district. These costs were tied directly to growth and inflation.

Division Increases

Increases were included at departmental levels to maintain our current level of service or to accommodate growth within the district. No new programs were added during this budget cycle.

It became evident that in order to afford the growth and inflation increases identified, and to avoid a tax increase in Wake County, we would need make substantial reductions in other base budget items. We applied the following criteria:

- One-time technology costs were eliminated.
- Programs that were not providing expected results were eliminated or revised.
- Across the board reductions were required in central office budgets in areas such as overtime pay, food, travel, and workshop expenses.
- Across the board reductions in central office budgets were identified and submitted by each division.
- School-based out-of-system travel and student home visit budgets were eliminated.
- Performance-based pay for central office administrators was eliminated for one year.
- All non-salary and non-purchased services costs related to the opening of new schools were shifted to the building program.
- Costs such as legal fees and telephone costs were reduced based on past expenditures.

We also realized the budget would need to be supported by one-time revenue sources such as fund balance appropriation, both at the school district and county level to balance the budget without imposing tax increases. There were meetings throughout the budget cycle between school system staff and county staff to determine the levels of one-time funding that would be applied to this budget.

To insure that the fund balance appropriated by the school district would be available, restrictions were implemented during the third and fourth quarters of 2001-02. In February, budget managers were informed that actions to reduce expenditures were effective immediately and for the remainder of the fiscal year. The actions included elimination of central office overtime, out-of-system travel, and food purchases. Purchasing deadlines were moved up and carry forward of funds was limited.

As a result of all these efforts, we were able to build a balanced budget for 2002-03 that accommodates the growth in our district and maintains the programs currently in place that are helping us achieve progress towards Goal 2003.

Budget Process											
Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
<p>Departments prepare, review, and revise budget requests for the subsequent year. School-based tuition budgets for the current year are adjusted based on actual participation.</p>											
				<p>Superintendent and Cabinet members prepare balanced budget request and deliver the budget to the Board of Education.</p>							
							<p>Public hearing on the budget and Board of Education work sessions.</p>				
								<p>Board of Education submits budget to county commissioners. Planning allotments for personnel are released to the schools.</p>			
									<p>Board of Education adopts budget resolution.</p>		
							<p>Record carryforward balances and adjust state and federal programs to initial allotments and award notifications.</p>				