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Wake County Board of Education:

My fourth annual proposed budget comes at a time when funding for our public schools faces great uncertainty. We annually must develop and submit our budget to County Commissioners by May 15 of each year, which is long before the General Assembly has completed its work. These budget estimates are always based on “best guesses,” and this year that guessing is fraught with great risk.

For our 160,000 students and their families, the money provided by County Commissioners is the greatest bright spot, representing a reliable and supportive revenue stream.

Funding from the state, however, is extremely unpredictable this year. And we are also watching closely as members of Congress and the new administration review changes to long-standing federal programs.

Inside the schools, our students and staff continue making progress. Graduation rates are the highest in the district’s history, our student test scores exceed most state and national averages, and our Vision 2020 Strategic Plan is guiding instruction every day.

The mission of that plan contains a promise to graduate students who are collaborative, creative, effective communicators and critical thinkers. Our goal as a school system is to annually graduate at least 95 percent of students by 2020 ready for productive citizenship as well as higher education or a career.

As we work to realize these ideals, we should also celebrate our accomplishments:

- Almost 85 percent of our teachers met or exceeded academic growth standards set by the state in 2015-2016;
- Enrollments in Advanced Placement courses remain high, with African-American students posting a 50 percent increase since 2012-2013;
- The graduation rate of 87.1 percent reached its highest level ever;
- The increase in graduation rates for students of color exceeded that of the district, including a gain of 12.2 percentage points for African Americans during the past three years;
- The school district continues to lead the nation in teachers who are Nationally Board Certified;
- 98 percent of our teachers met the federal definition of highly qualified;
- The class of 2016 earned more than \$124 million in scholarships;
- Magnet Schools of America placed 27 of our schools among the best in the nation for 2016. Twelve of those schools will compete for the title of Best Magnet School in America, an honor now held by Douglas Creative Arts and Sciences Elementary.

This budget request maintains the costs associated with base budget needs such as competitive compensation, the growth associated with additional enrollment and four new schools. Also included are teachers and teacher assistants for students with special needs, elementary support model funding, support for magnet schools, and the next year of compensation for teacher performance pay (extra duty responsibilities).

Base budget development must also include the hazardous guess of legislative impacts, the greatest of which this year is K-3 class size legislation that requires a significantly lower class size limit. We estimate a total cost to fund additional elementary classroom teachers, *without eliminating* elementary art, music and physical education, at 462 teachers and a cost of \$26 million. We have budgeted half of that need, \$13 million, with hopes that the General Assembly will address this statewide challenge (pages 3, 9, 19 and 121). If this risk coverage of \$13 million is not needed, the budget request would sit at \$43,456,821.



Chief in expansion items is \$10 million for instructional support positions for the schools, such as counselors and social workers, which is year one of a multi-year plan to expand these resources. This addition recognizes the school system's need to respond to the increasing social and emotional challenges that our school populations represent. In an effort to more rapidly advance

the work of equity in our school system, there is a need to expand the Office of Equity Affairs with a request of \$488,000. Additionally there is \$2.2 million for targeted salary adjustments, such as bus driver compensation to be more market competitive. Money for new and revised magnet school themes also is included.

Still, the Wake County Public School System is not the exemplary district it could be. In this proposed budget, you will also find a list of deferred needs. The list covers a range of items from unfilled and underpaid classroom positions to maintenance and equipment needs routinely postponed.

For example, the American School Counselor Association recommends one school counselor for every 250 students. We employ one counselor for every 630 students in our elementary schools and one for every 393 students in our high schools. National standards also suggest one social worker for every 250 students. Our current funding ratio for social workers is one for every 1,860 students. Additional funding is included in this request to help the district approach recommended ratios.

The long list of deferred items reaches directly into the classroom -- full funding for textbooks, continuing extra-duty pay for teacher leadership roles and coaches, daily cleaning of classrooms, a more robust middle school arts program, technology replacements, and teacher pay that reaches the national average. It's a list that now totals \$138 million. It is not complete.

It would be tempting for others to look at these needs as a "wish list." But our community does not just wish for an exemplary school system. They expect to find it today in Wake County, one of North Carolina's wealthiest counties.

I recognize and truly appreciate the local support provided by our County Commissioners. I understand there are issues of fairness when local taxpayers are asked to cover costs that the



state has paid for decades. But we must cover the costs of continued growth and the loss of state funding just to maintain current levels of service. That is why my immediate request is for a local appropriation increase of \$56,630,821 for the 2017-2018 school year.

The chart below provides a snapshot of how the needs are categorized.

2017-2018 WCPSS Budget Request Summary

| EXPENDITURE | EXAMPLES | APPROXIMATE COST |
|---|--|------------------|
| Growth | New schools, additional teachers, special education | \$8.8M |
| Continuing programs | Elementary Support Model schools, magnet schools, extra-duty pay for teachers | \$5.1M |
| Legislated increases* | Charter schools, legislative salary increases, K-3 class size risk | \$28.2M |
| New and expanding programs | Counselors and social workers, competitive salary for support staff, alternative middle school program, Equity Affairs | \$20.1M |
| Program reductions, elimination and savings | E-Rate, DSSF changes, over/under balance | (5.6M) |
| Total | | \$56.6M |

**Includes \$13M to cover the cost of K-3 class size legislation*

Seventy-four percent of the \$56.6 million is dictated by enrollment growth, prior commitments and the effect of recent legislative decisions.

At the same time, we have reduced our unassigned fund balance to less than 1 percent of the system’s overall operating budget.

About 26 percent of this appropriation request focuses on new or expanding programs as well as reductions. The expansions include:

- Significant increases in counselor and social work positions;



- Money to create competitive salaries for our support staff, particularly in hard-hit area such as bus driver recruitment and retention;
- Funding to significantly revise the themes of four magnet schools to help achieve the schools' goals of greater student diversity;
- Retaining special education teachers who were previously paid with a special federal education grant;
- Additional support for the Office of Equity Affairs;
- Improvements that provide teachers better access to materials and training;
- An alternative middle school program to keep students on track to graduate;
- Digital student portfolios such as those found in other leading districts that help provide parents, teachers and employers a deeper understanding of student skills.

In my first budget message of 2014-2015, I provided a five-year target that I include here again in closing.

- By 2020, local investments in the students of the Wake County Public School System will be among the largest of North Carolina's urban districts.

Through development of the strategic plan, public forums and the ongoing feedback we seek, I believe the citizens of Wake County have made it clear they desire an exemplary school system. We look forward to playing our role as an economic and academic force in our community.

Sincerely,

Dr. James G. Merrill
Superintendent