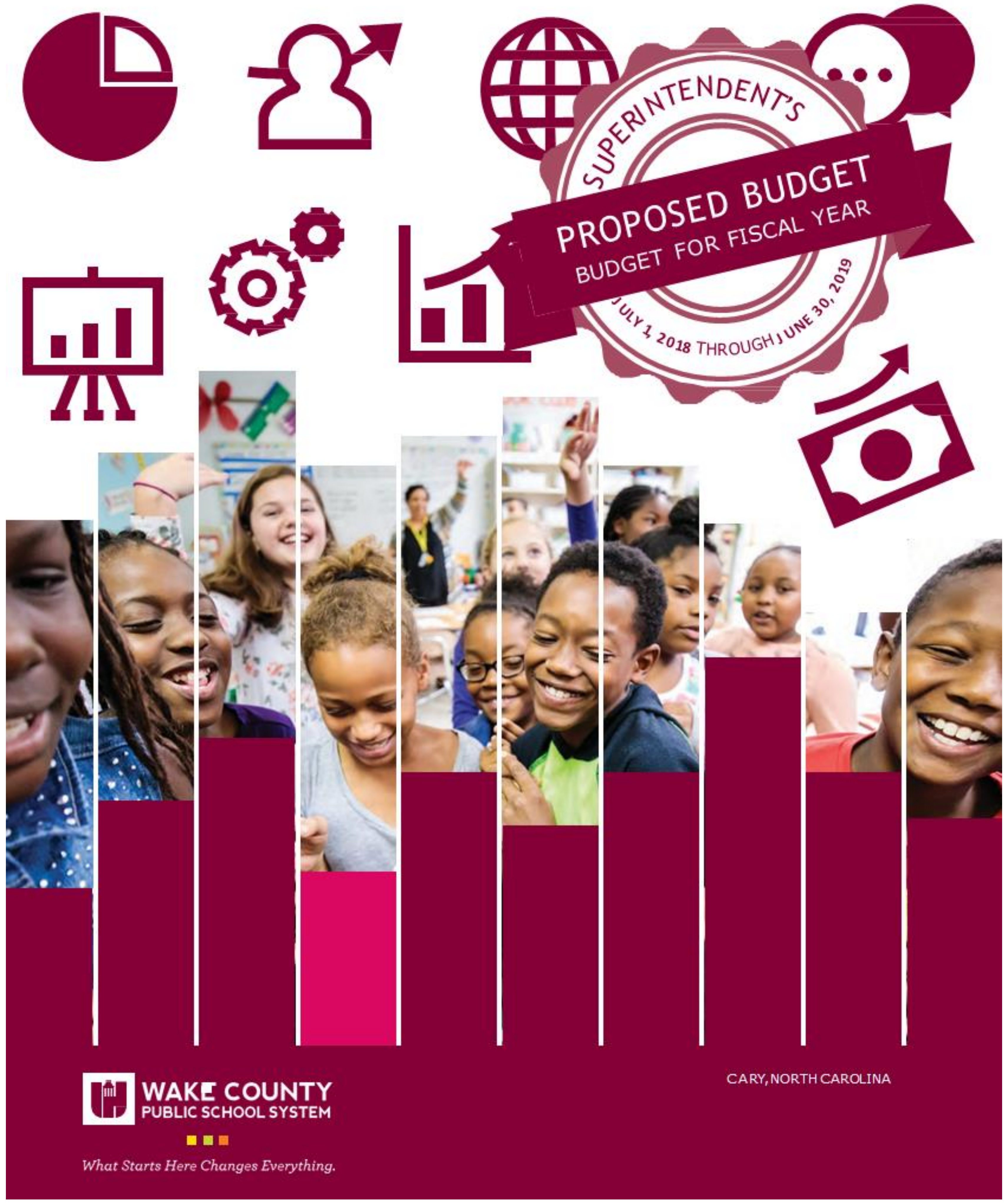
Superintendent's Proposed 2018-19 Operating Budget

April 10, 2018



Superintendent's Proposed 2018-19 Operating Budget

- Background Landscape leading to the Operating Budget
  - Development timeline
  - Economy
  - State changes
  - Other
- Overview of the Superintendent's Proposed 2018-19 Budget
- Risk Factors
- Orientation to the Budget document
- Board's Proposed Budget development timeline & next steps

Superintendent's Proposed 2018-19 Operating Budget

Background Landscape on Operating Budget

- Development begins late fall of prior year
- 2018-19 Budget update to Finance Committee, January 31, 2018
- K-3 Class Size Budget scenarios to Board Work-Session, March 14, 2018
- K-3 2018-19 Budget implications to Joint Boards Meeting, March 26, 2018
- Presentation of Superintendent's Proposed Budget to Board April 10, 2018

Superintendent's Proposed 2018-19 Operating Budget

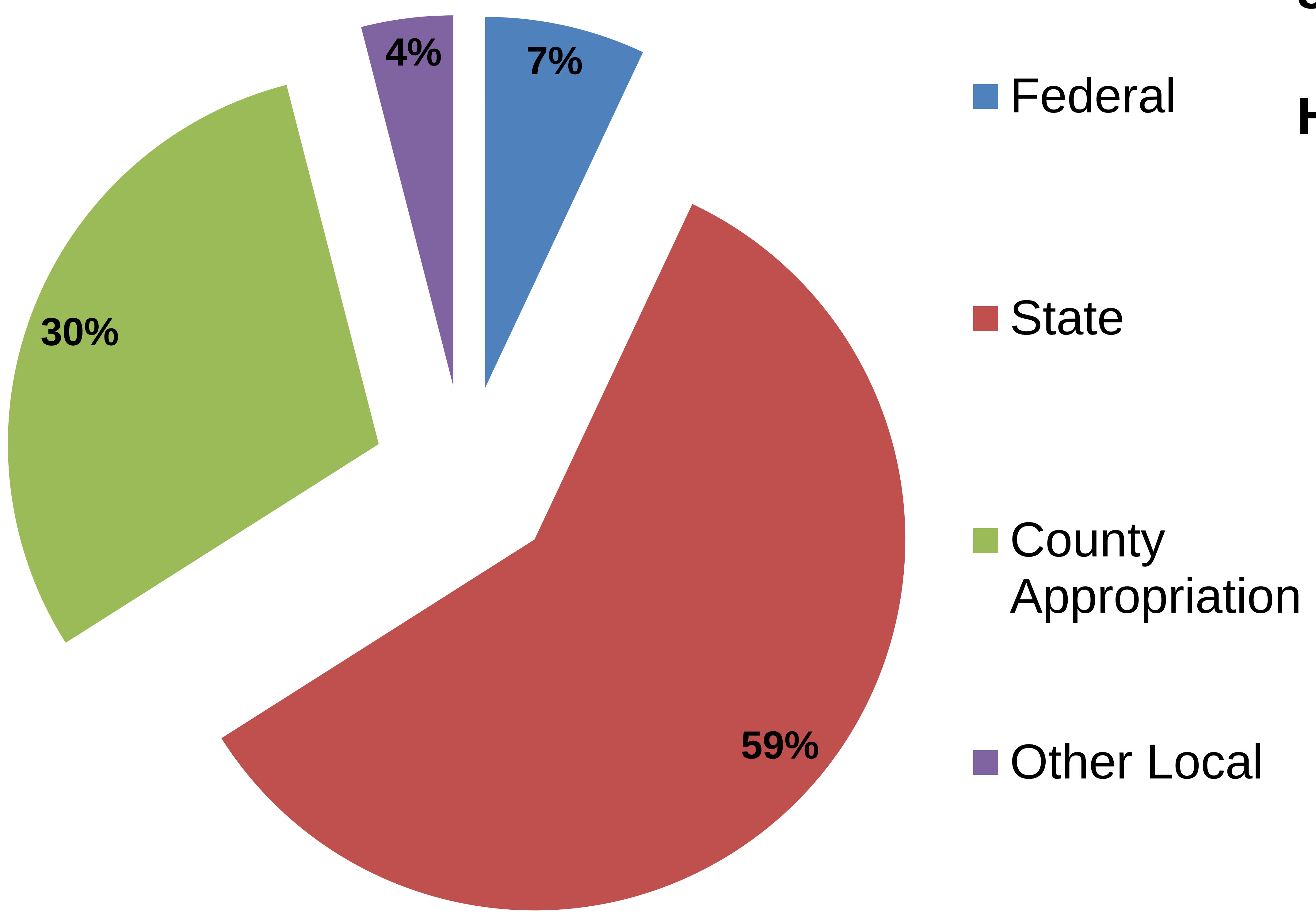
Background Landscape on Operating Budget

- Funding NC LEA's
- Nationally, over 90% Local Boards of Education are fiscally independent
- NC School Boards are all fiscally dependent on:
  - Federal Government
  - State Government
  - Local County Government

Superintendent's Proposed 2018-19 Operating Budget

Background Landscape on Operating Budget

WCPSS Funding by Source



89% of funding from State & County Appropriation

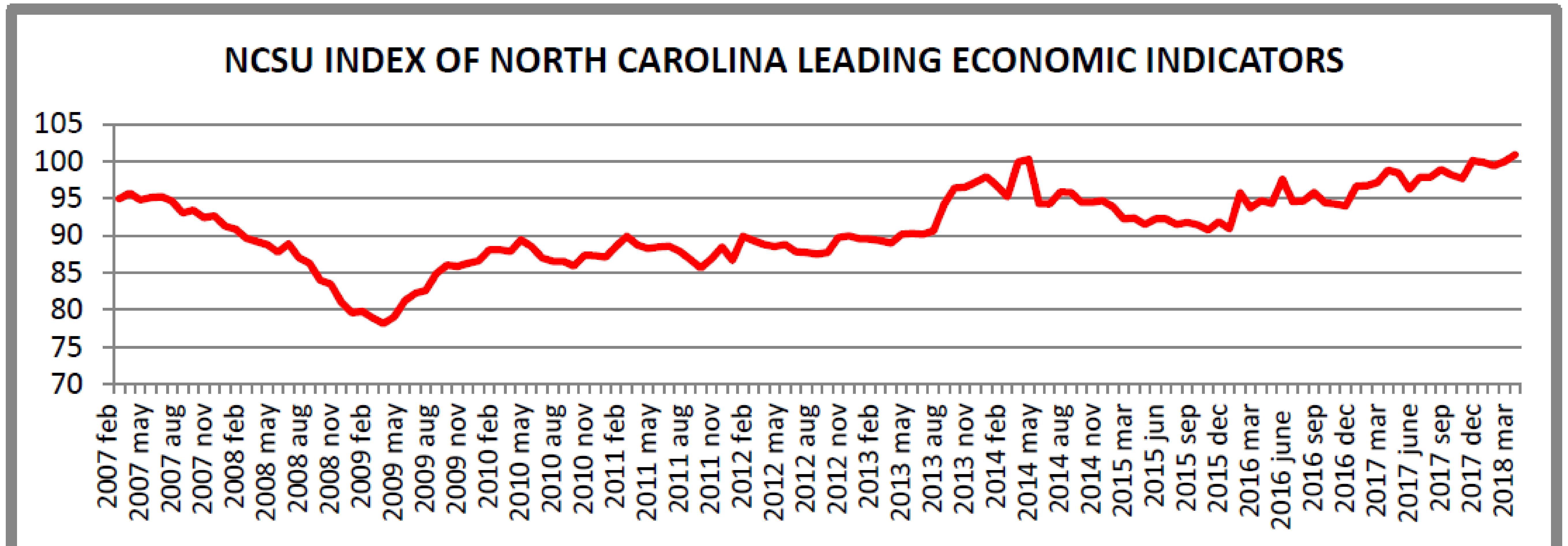
How do things look?

Superintendent's Proposed 2018-19 Operating Budget

NCSU INDEX OF NORTH CAROLINA LEADING ECONOMIC INDICATORS

Vol. 9, No. 3 March 2018

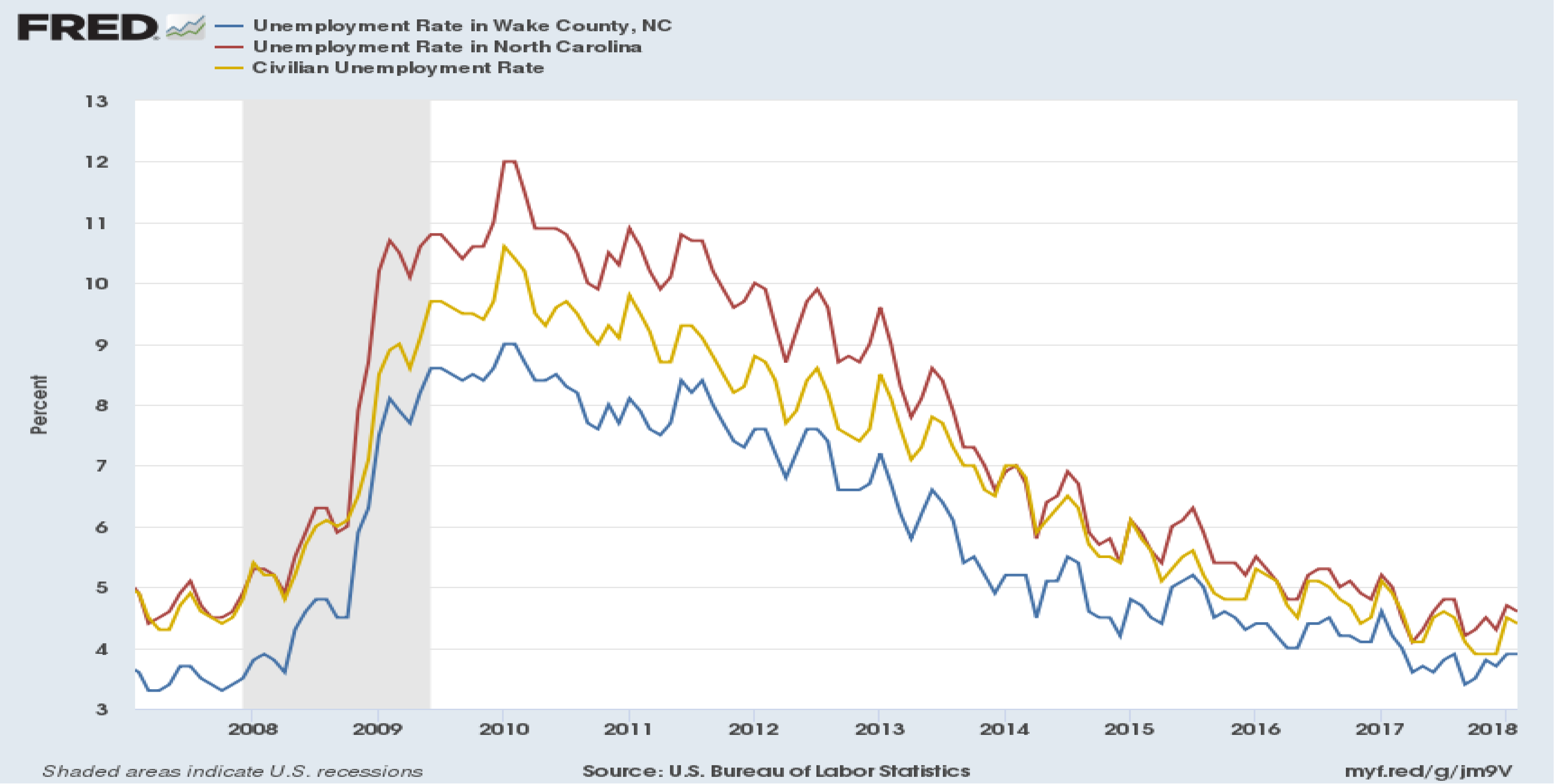
The ***NCSU INDEX OF NORTH CAROLINA LEADING ECONOMIC INDICATORS*** (the "Index"), a forecast of the state economy's direction four to six months ahead, continued its upward trend, rising 0.9% in February from its level in January. Year over year the Index was up 2.1% and has now been trending higher since late 2015. In the recent reading, gains in the national index and in



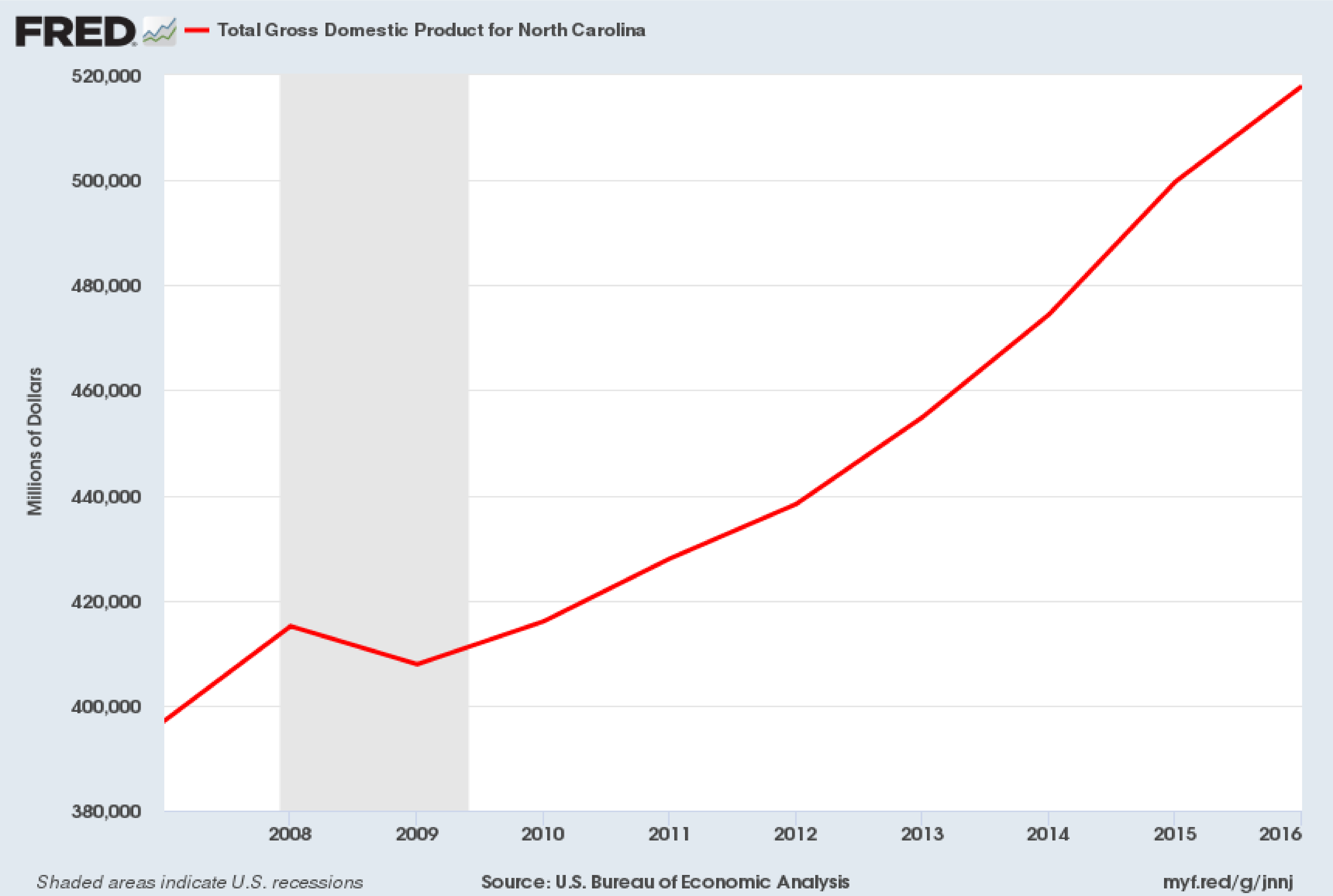
Source: calculations by Dr. Michael Walden

manufacturing hours and earnings countered a decline in building permits and a rise in initial jobless claims. The strength of the Index's gains in the last two years increases our confidence that 2018 will be another growth year for the North Carolina economy. However, there are always uncertainties ahead, and the recent concerns about a world trade war and the volatility of the stock market are reminders to always read economic forecasts with caution.

Superintendent’s Proposed 2018-19 Operating Budget



Superintendent's Proposed 2018-19 Operating Budget



Wake County By the Numbers

PEOPLE

The demographics of a community reveal a lot about its diversity and desirability. These numbers show who makes up our community, where our residents come from, and where growth is occurring within the county.

Title	Trend at a Glance	At last count	Did you know?
Population	↗	1,072,203 residents	Wake was the 20th fastest growing county nationally between 2010 and 2017 (based on count) at 165,319. As a percentage, Wake County was 57th nationwide growing 18.2% in the same period.
Population Density	↗	1,284 persons per square mile	Wake County's density has increased nearly 31% in the last ten years.
Net Migration	—	23,060 (average of 63 per day)	Wake County gains an average of 63 new residents each day with 42 per day due from domestic and international migration. In 2017, migration accounted for about 68% of population growth in Wake County.
Median Age	↗	36 years	Wake County median age is 36, compared to North Carolina which is 38.7 and the U.S. average is 37.9.
Foreign-Born Population	—	13.7% of the total population	The most common regions of birth for foreign-born residents in Wake County are Latin America and Asia.
Occupied Households	↗	387,771 households	Nearly 63% of households are owner occupied. More than 37% are occupied by renters.
Average Household Size	—	2.64 people per household	The average household size for owner-occupied households (2.78) is higher than for renter-occupied households (2.42) in Wake County.

Wake County By the Numbers

PERSONAL ECONOMICS

The extent to which citizens are able to achieve a desirable quality of life within Wake County is determined in part by their economic independence. These numbers measure the strength and sustainability of the economy, the affordability of education, and the relative wealth of the population.

Title	Trend at a Glance	At last count	Did you know?
Unemployment	↘	3.8% unemployment rate	The unemployment rate in Wake County is 0.7% lower than the statewide average and 0.6% lower than the national averages.
Educational Attainment	↗	53.2% of the County's adult population has a bachelor's degree or higher	In 2016, the percentage of Wake County adult residents with a bachelor's degree or higher as adults age 25 or older is among the highest in the state.
Median Household Income	↗	$76,097	Median household income in Wake County jumped significantly in 2016 climbing nearly 8% in one year.
Population Below Poverty Level	↘	9.1% of the population lives below the federal poverty threshold	In 2016, Wake County's population below poverty level declined significantly, declining 2.1% in one year.

http://www.wakegov.com/data/bythenumbers/pages/default.aspx#economy

Wake County By the Numbers

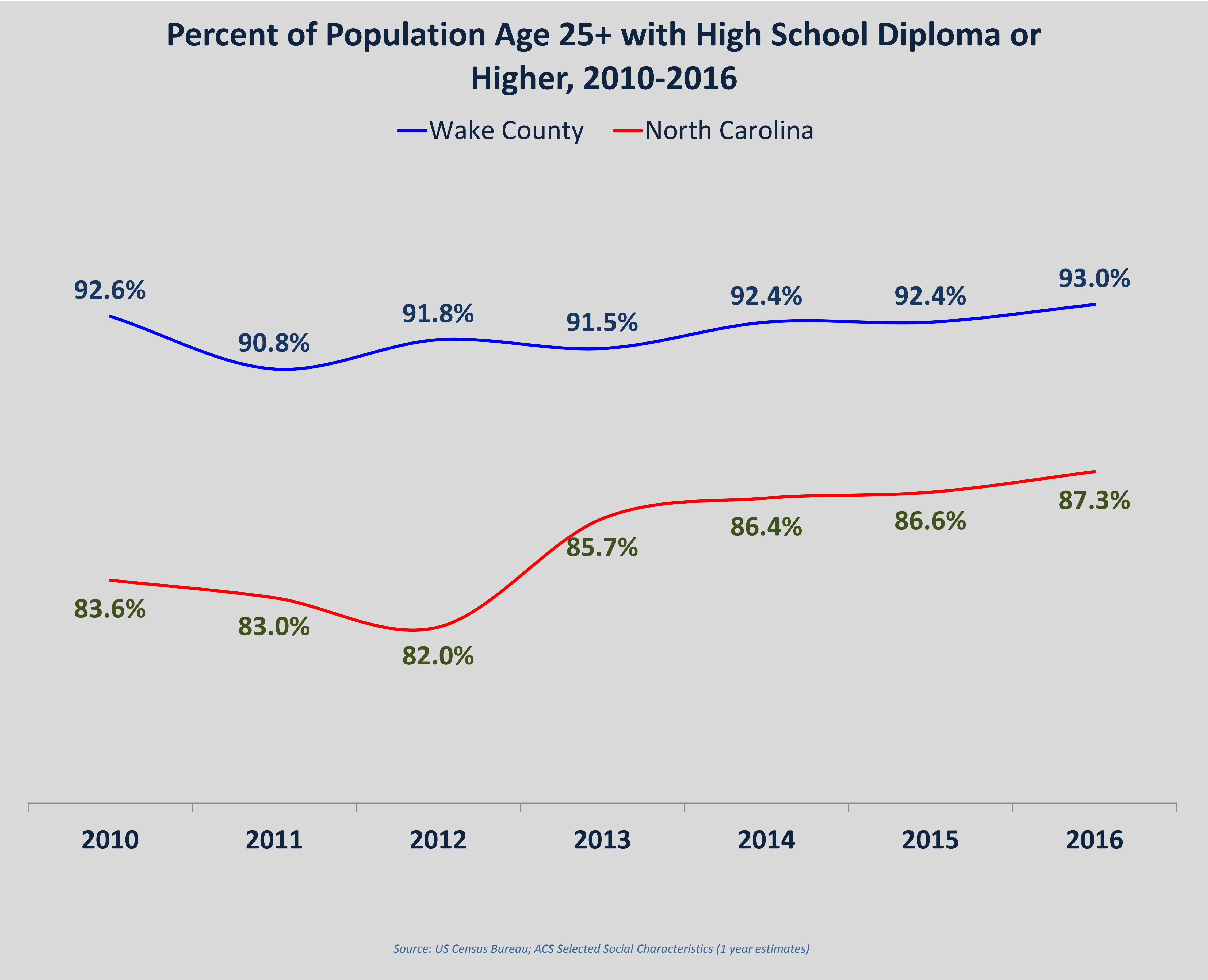
DEVELOPMENT

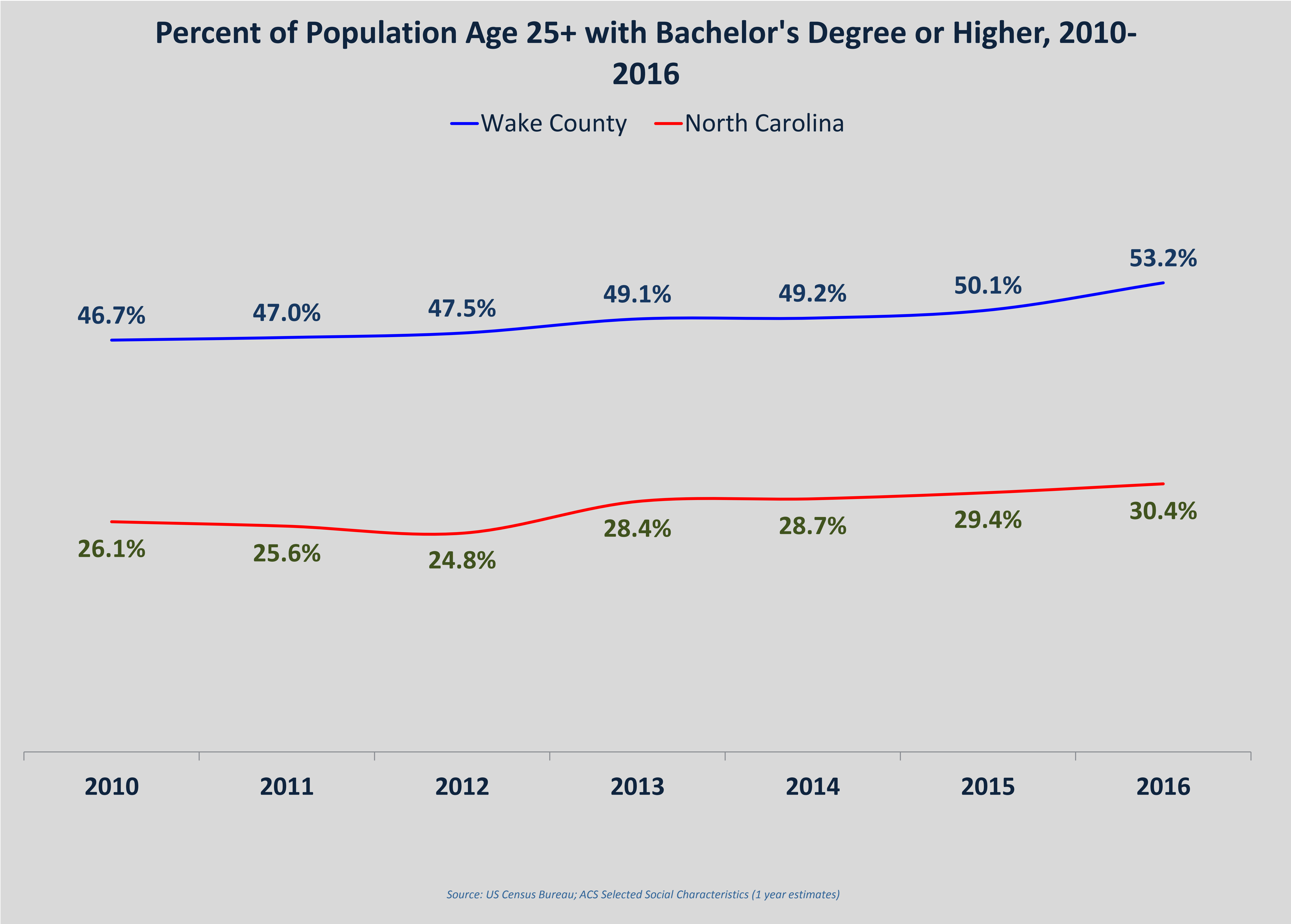
Development patterns provide insight into the strength of the construction sector and the pace of residential and commercial development, and illustrate where growth is occurring.

Title	Trend at a Glance	At last count	Did you know?
Total Housing Units Permitted	↗	11,335 housing units	Two out of every three housing units built in Wake County are single family homes.
Acres Annexed	—	3,261 acres annexed in 2017	In 2017, the top three annexing municipalities were: Apex (801 acres), Fuquay-Varina (794 acres), and Wake Forest (549 acres).
Residential Building Permits	↘	13,926 permits	While the number of residential building permits dipped in 2017, Wake County remains well above the ten year average (approximately 11,950 permits).
Commercial Building Permits	↘	490 permits	Over the past ten years, commercial development was valued at more than $7.55 billion.

Superintendent's Proposed 2018-19 Operating Budget

Wake County By the Numbers

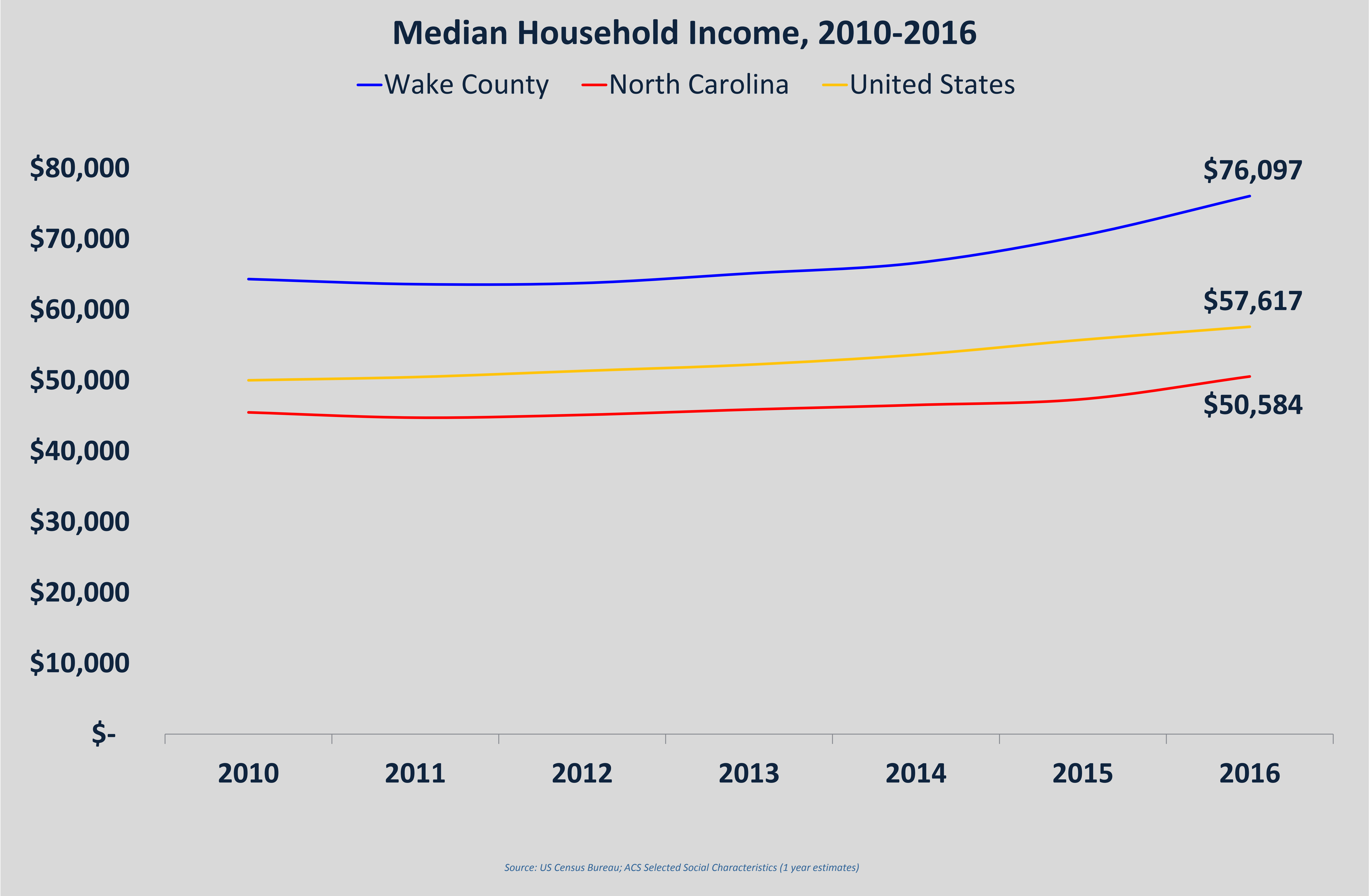




http://www.wakegov.com/data/bythenumbers/pages/default.aspx#economy

Superintendent's Proposed 2018-19 Operating Budget

Wake County By the Numbers



http://www.wakegov.com/data/bythenumbers/pages/default.aspx#economy

Superintendent’s Proposed 2018-19 Operating Budget

Background Landscape on Operating Budget

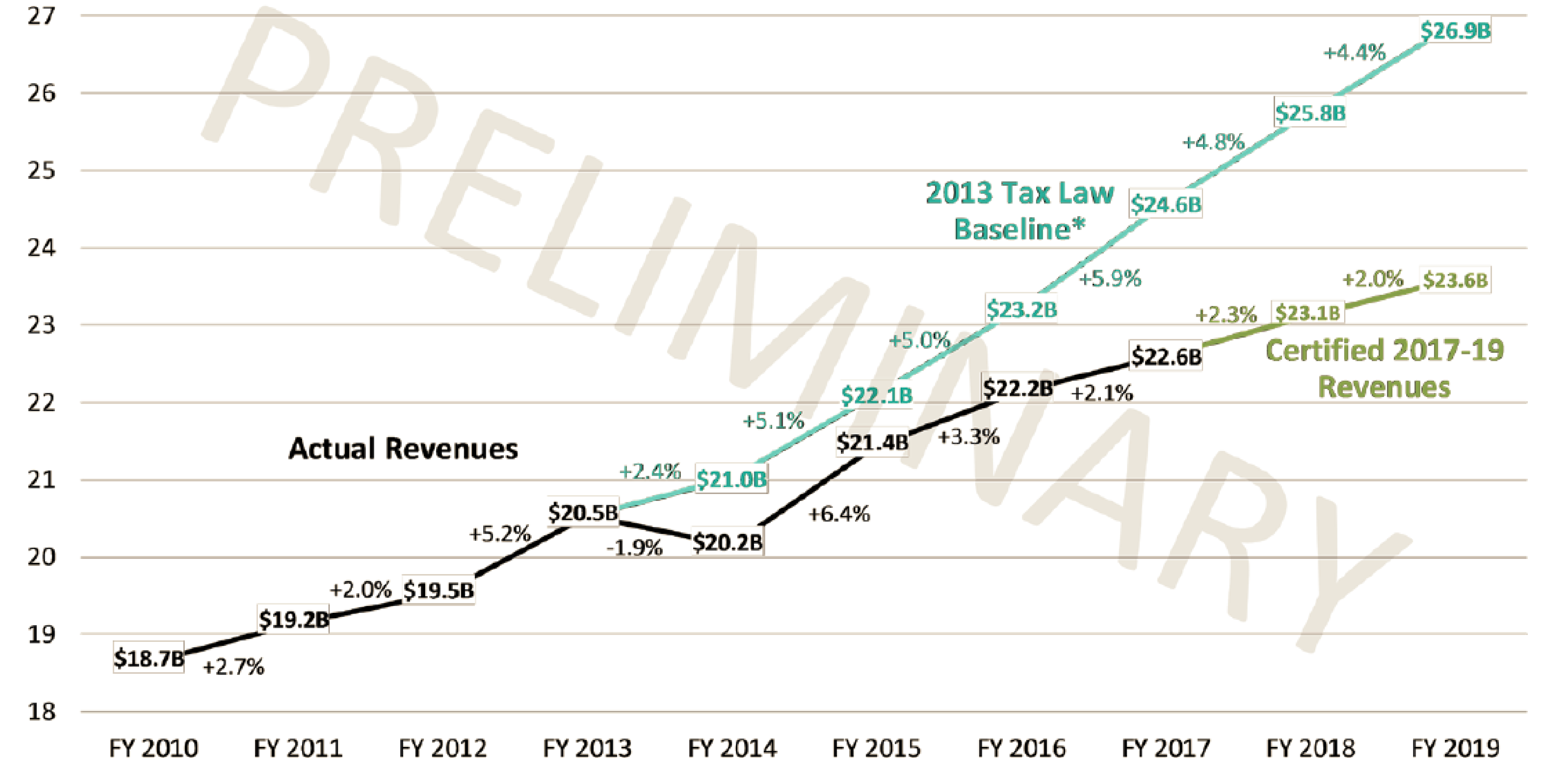
- National, State, & Local economic results all strong
- Leading economic indicators looking forward are positive
- The 2018-19 Operating budget should be easy, right?
- Back to slide 2 – LEA’s in NC are *fiscally dependent*

Superintendent’s Proposed 2018-19 Operating Budget

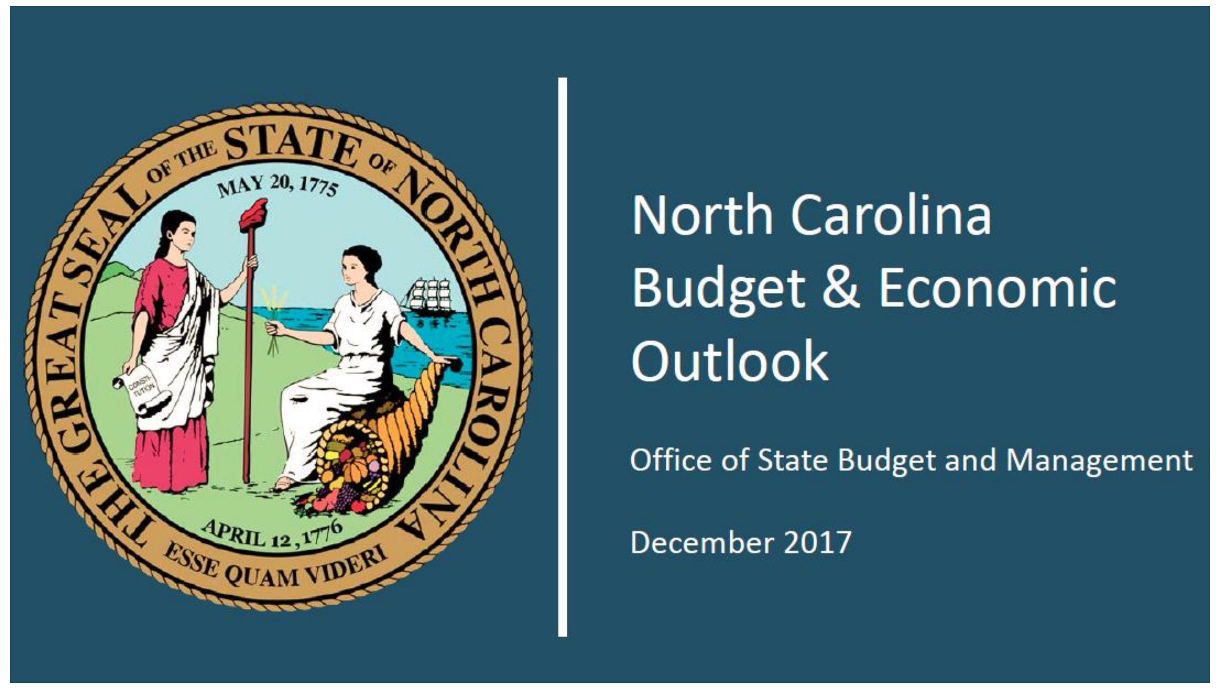
Taxes & Revenue

Tax Changes Since 2013 Reduce General Fund Revenues by More Than $3 Billion in FY 2018-19 and Nearly $4 Billion in FY 2019-20

Billions of Current-Year Dollars



Source: OSBM data and projections; Note: 2013 Tax Law Baseline figures are preliminary estimates based on FRD fiscal notes and fiscal memos for tax changes enacted between 2013 and 2017 for revenue sources other than individual and corporate income taxes. Fiscal estimates for income taxes based on current OSBM estimates of the fiscal impact of tax changes enacted starting in 2013.

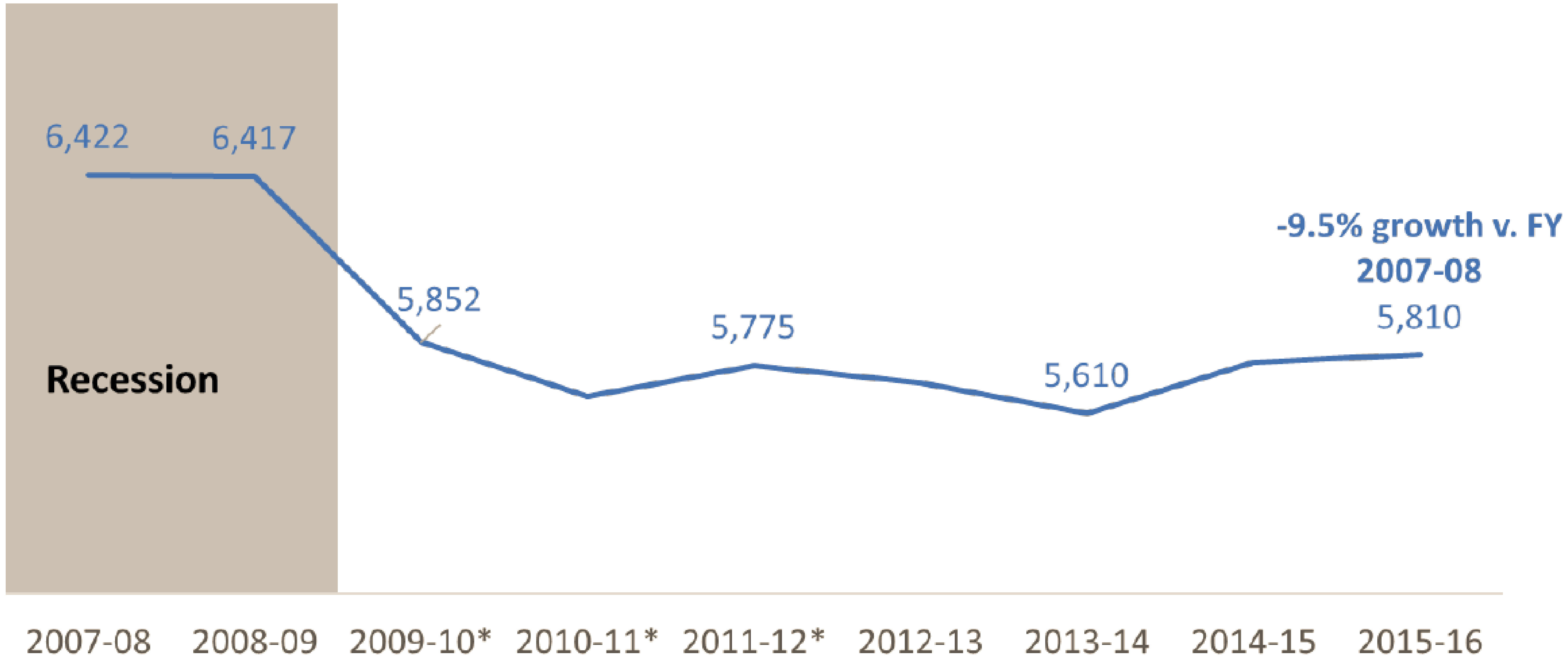


Superintendent's Proposed 2018-19 Operating Budget

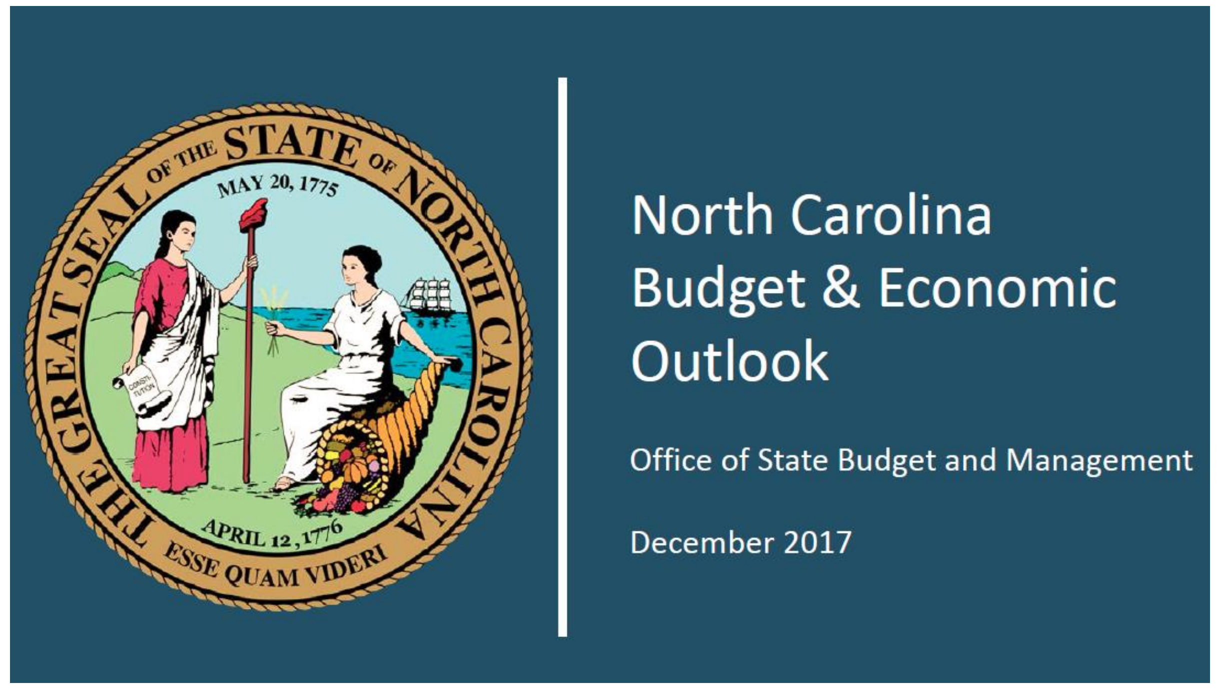
Impact on K-12 Education Spending

Real Per Pupil State Spending Declined by More Than 9.5% Between FY 2007-08 and FY 2015-16

State K-12 Spending per Pupil in Constant FY 2016-17 Dollars, Adjusted Using U.S. GDP Price Deflator



* Spending at the state level in these years was impacted by federal recovery funds.
Source: NC Dept. of Public Instruction statistical profile data (table 23). Figures adjusted for inflation using Bureau of Economic Analysis US GDP Deflator.



Superintendent’s Proposed 2018-19 Operating Budget

Background Landscape on Operating Budget

- Wake County has increased WCPSS Appropriation
  - 2015-16 – 13%
  - 2016-17 – 6%
  - 2017-18 – 5%
- Moving forward or catching up for prior years?
- Moving forward or backfilling for the State’s funding & decisions?
- Moving forward or replacing use of one-time funds?

Superintendent’s Proposed 2018-19 Operating Budget

Background Landscape on Operating Budget

- Wake County is growing rapidly
- Its population is educated, and
- Median household income is significantly above State & National averages
- Meeting the funding needs of WCPSS, Wake County, & Wake Tech continues to challenge our respective Boards annually
- Competing needs of Operating funding vs. Infrastructure
- Is growth paying for itself?

Superintendent's Proposed 2018-19 Operating Budget

Background Landscape on Operating Budget

- Additional challenges as well
- State removal of flexibility in converting resources → $$$
- State K-3 class size legislation → $$$
- State Employer benefit rate increases → $$$
- Utility rate increases → $$$
- Reduction in one-time carryover funding → $$$

Background Landscape on Operating Budget

State removal of flexibility in converting resources → $$$

State K-3 class size legislation → $$$

State Employer benefit rate increases → $$$

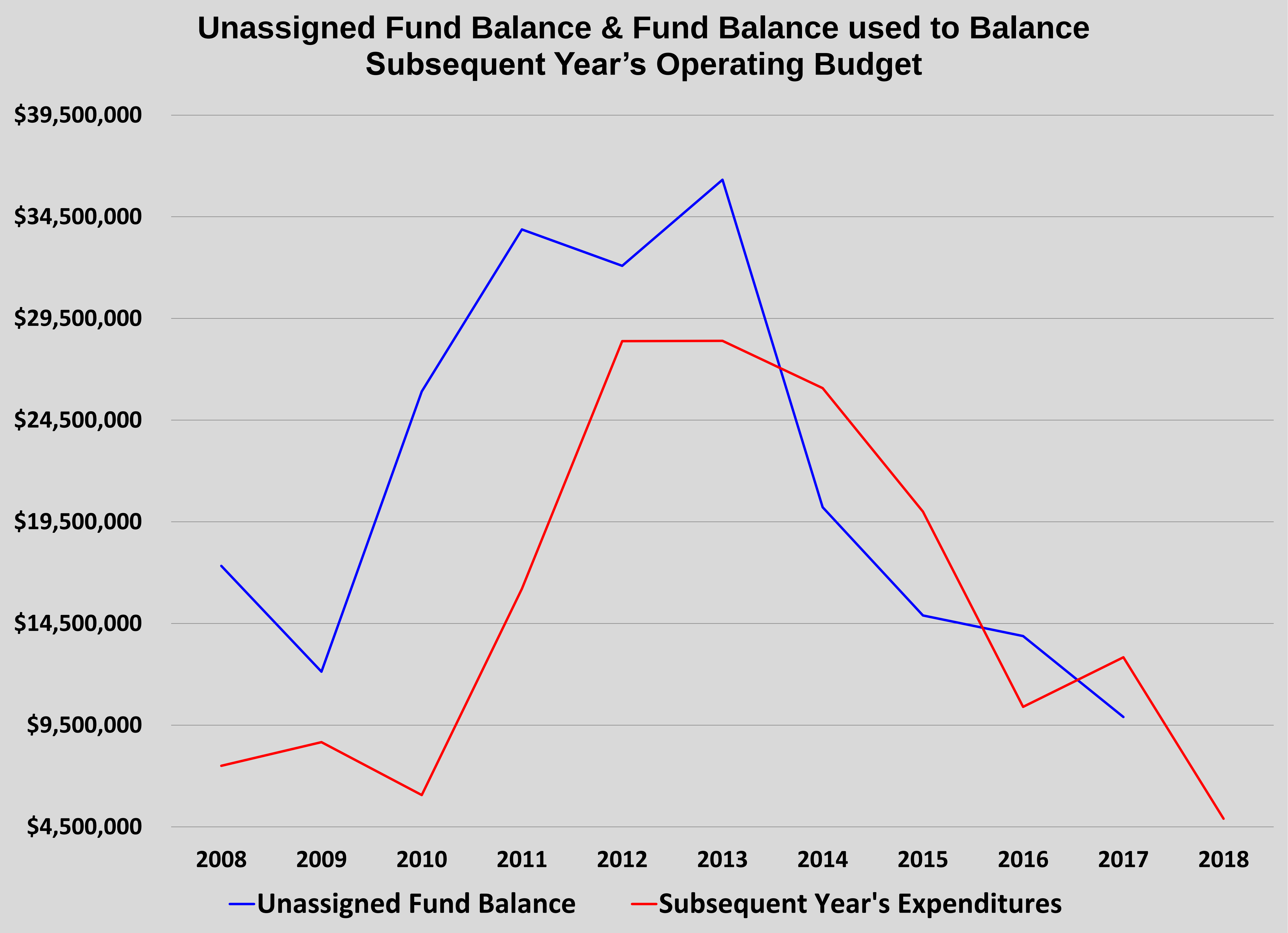
Utility rate increases → $$$

Reduction in one-time carryover funding

- All require additional local funding to stay in place
- And this is before student growth costs, and
- The operating costs of opening new schools

Superintendent’s Proposed 2018-19 Operating Budget

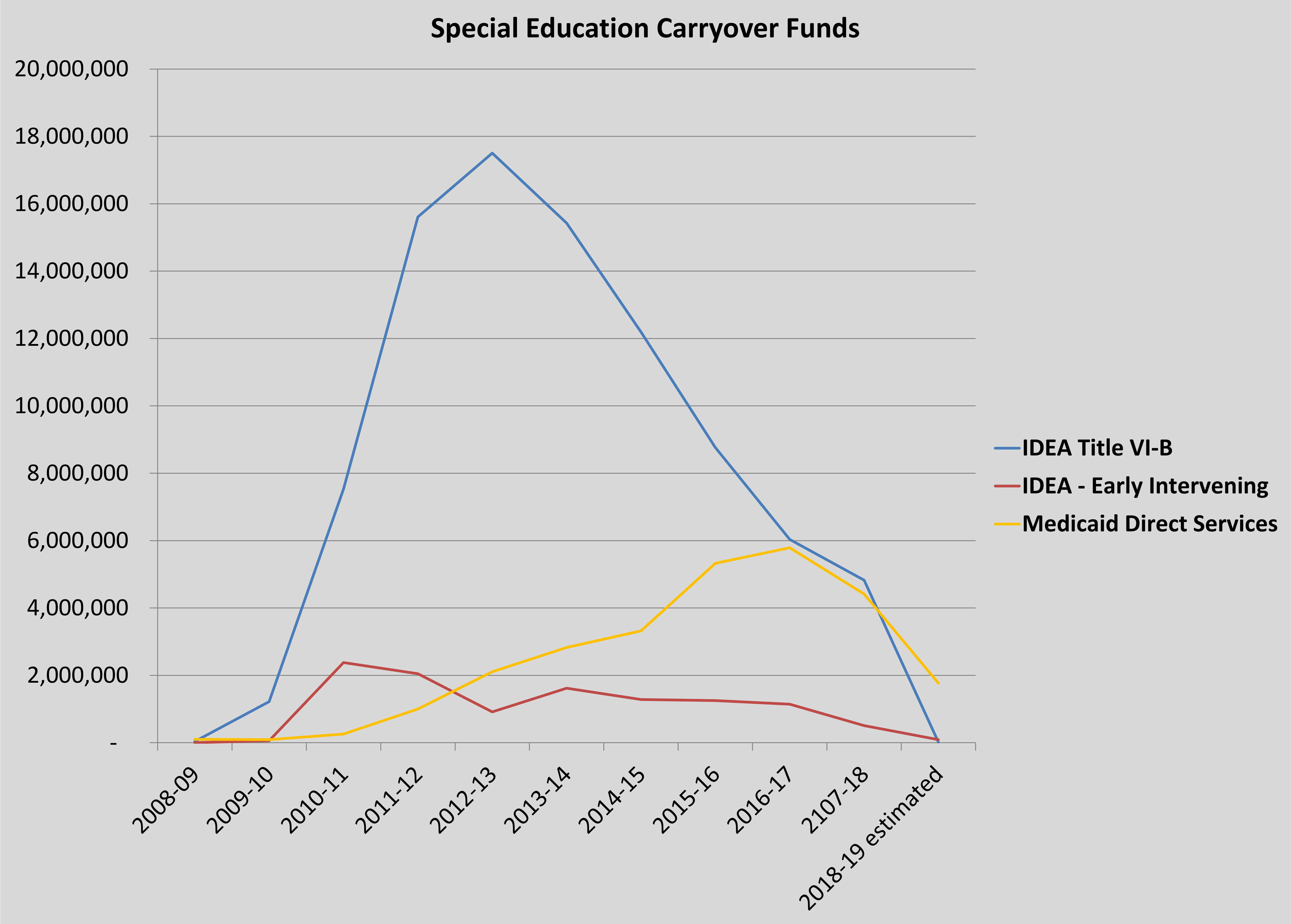
Background Landscape on Operating Budget



Reduction in one-time carryover funding…

Impacting local budget to stay in place

Background Landscape on Operating Budget

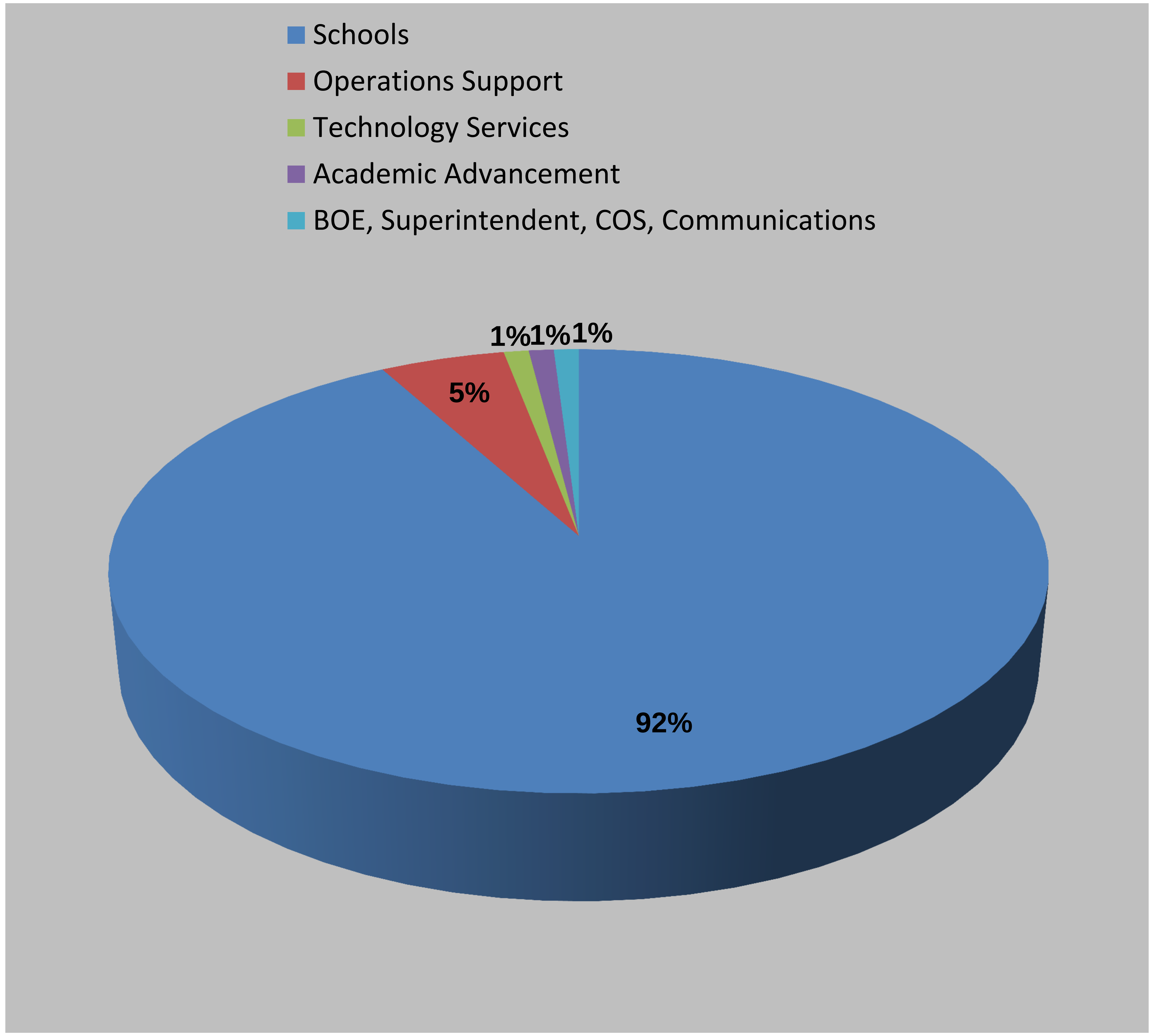


Reduction in one-time carryover funding…

Impacting local budget to stay in place

Superintendent’s Proposed 2018-19 Operating Budget

Overview of Proposed Budget



$1.65 billion Operating Budget

$47.8 million local funding requested to stay in place

$11.1 million for new / expanding programs

$16 million in one-time expenditures removed

$2.8 million in program elimination

Repurposing of almost $10 million for Strategic Plan

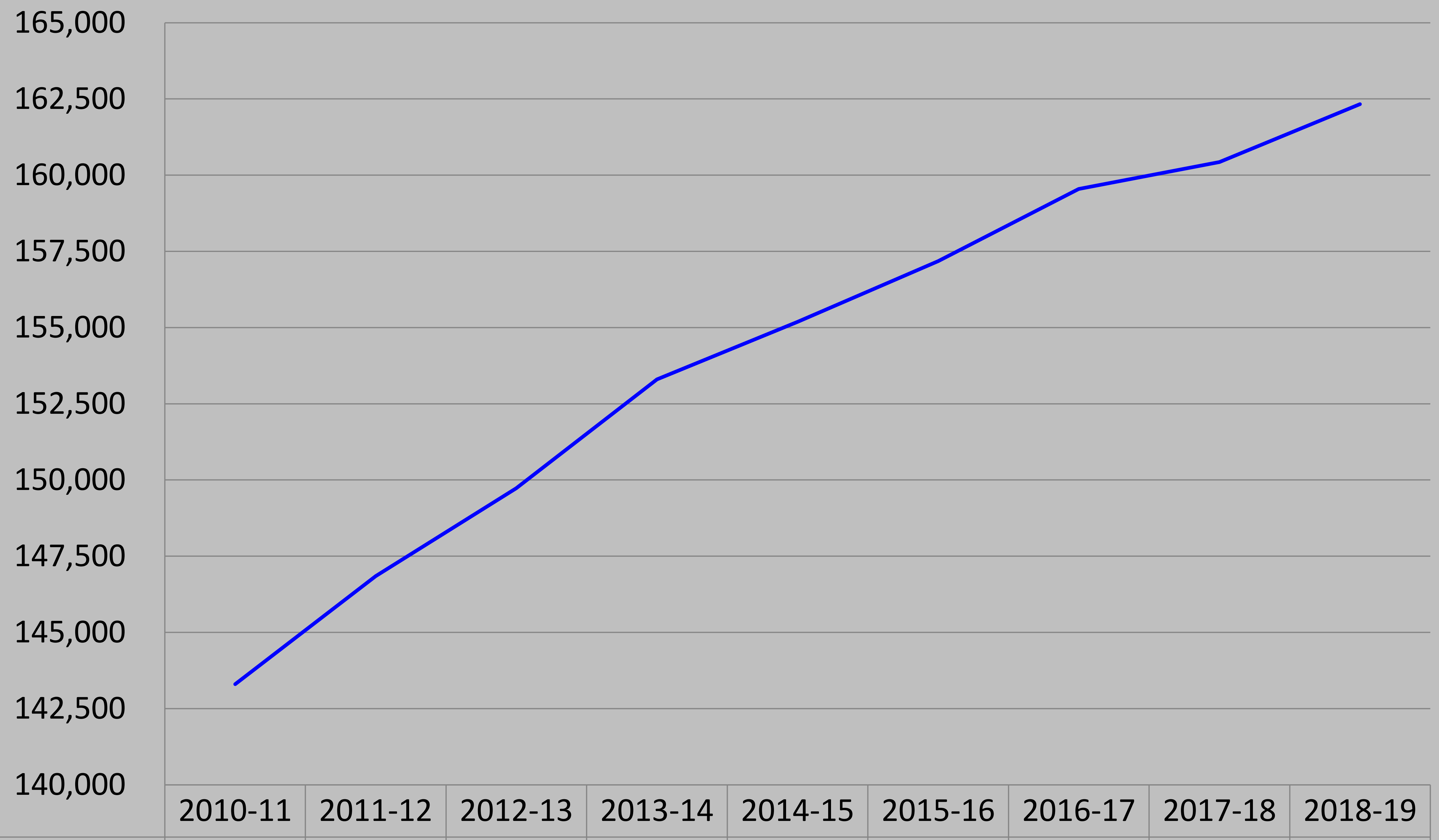
Superintendent’s Proposed 2018-19 Operating Budget

Growth

- Growth continues to be a significant driver of the budget
- $10.9 million of local funding required to meet growth needs
- To maintain, not move forward
- Investment in additional students and new schools

Superintendent’s Proposed 2018-19 Operating Budget

Growth - Students



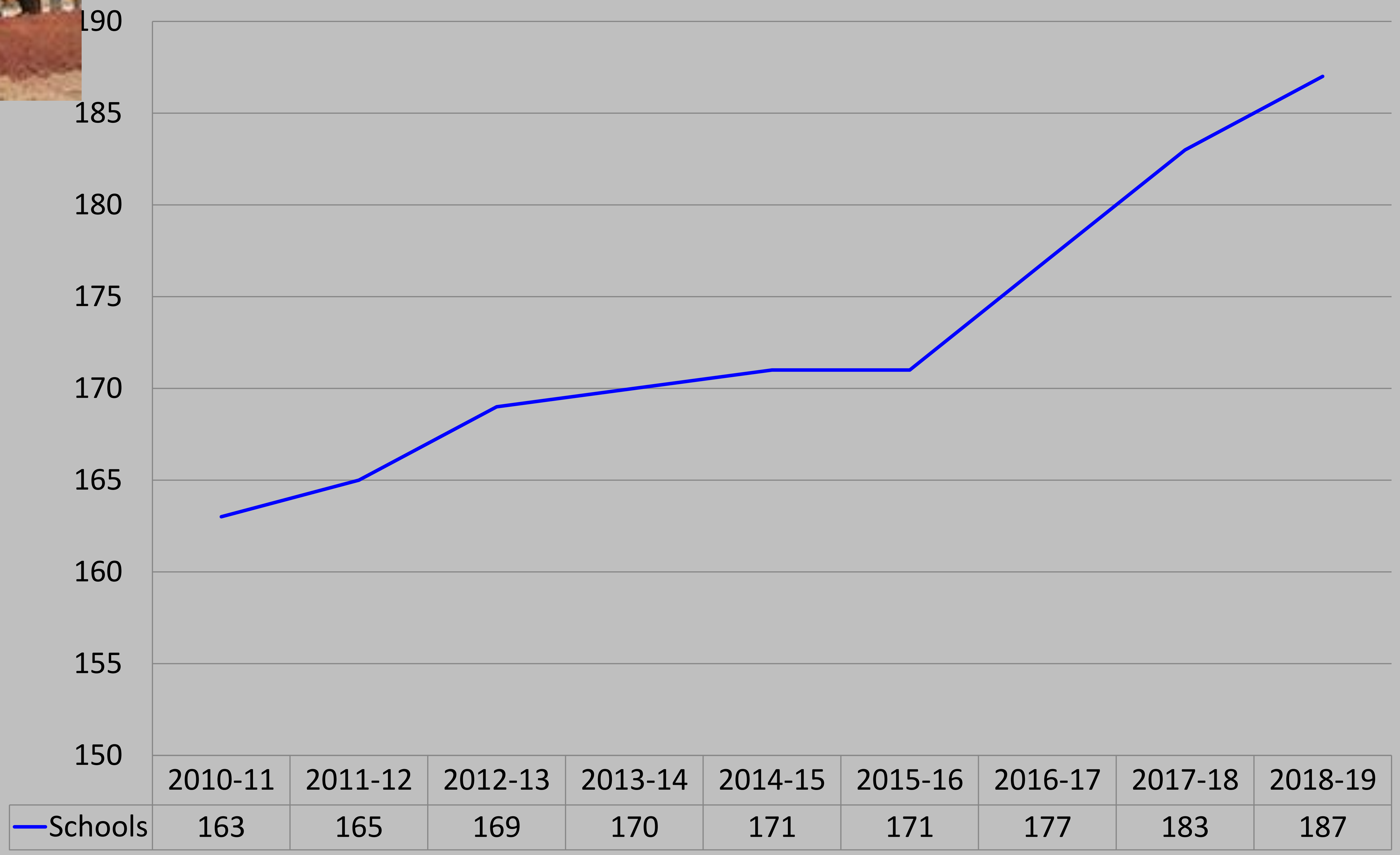
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Student Membership	143,299	146,848	149,730	153,300	155,184	157,180	159,549	160,429	162,327

Student growth continues → increased student based costs

- School Allotment Formulas Locally funded
- Teacher Supplement
- Special Education Teachers & TA’s
- Instructional Supplies
- Safety Assistants
- Other

Superintendent’s Proposed 2018-19 Operating Budget

Growth – New Schools



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Schools	163	165	169	170	171	171	177	183	187

New Schools (Traditional Calendars)	First Year Student Membership
Schools Opening in 2018-19	
Bryan Road Elementary	350
Buckhorn Creek Elementary	390
Apex Friendship Middle	770
South Garner High	1,500
Schools Opening in 2019-20	
Southeast Raleigh Elementary	340
Parkside Elementary	530
Alston Ridge Middle	758
Green Level High	1,051

4 new schools online in 2018-19 → increased local operating costs

- **Utilities**
- **Custodial**
- **Maintenance**
- **Groundskeeping**
- **Transportation**

Superintendent's Proposed 2018-19 Operating Budget

Program Continuity

- To maintain existing levels of service, $11.3 million of local funding needed
- Assistant Principal formula at Middle Schools - $3.2 million
    - State removal of conversion flexibility
- To maintain Special Education student service levels - $8.1 million
    - Carryover funds effectively managed (nursed) now diminished
    - Changing population of Special Education students

Superintendent's Proposed 2018-19 Operating Budget

Inflation

- Inflation remains low, yet $1.5 million local funding is required
    - Lease escalation increases
    - Utility rate increases
- To maintain, not move forward

Superintendent's Proposed 2018-19 Operating Budget

Legislative Impact

- State decisions estimated to impact local funding needs by $19.5 million
- K-3 Class Size - $4.1 million additional funding required for 2018-19
- Four year phase-in by State
- At full phase-in:
  - State provides ≈ $24 million for enhancement teachers
  - $3 million local funding for supplements and local benefits needed
- With continued growth, required funding during phase-in will increase

Superintendent's Proposed 2018-19 Operating Budget

Legislative Impact

- State will fund enhancement teachers at 1:191 (teacher:students)
- WCPSS formula for program enhancement & IRT 1:143.2
- To maintain WCPSS formula will require an additional $6.5 million local funding for program enhancement teachers & IRT at full phase-in
    - $400 K 2018-19
    - $1.3 million 2019-20
    - $1.9 million 2020-21
    - $2.9 million 2021-22
- With continued growth, required funding during phase-in will increase

Superintendent’s Proposed 2018-19 Operating Budget

Legislative Impact

- WCPSS allots state teaching months at beginning of year
- NC DPI adjusts allotment based upon second month average daily membership
- Class sizes change throughout the year
- State does not allot additional teacher funds/positions during the year

Superintendent’s Proposed 2018-19 Operating Budget

Legislative Impact

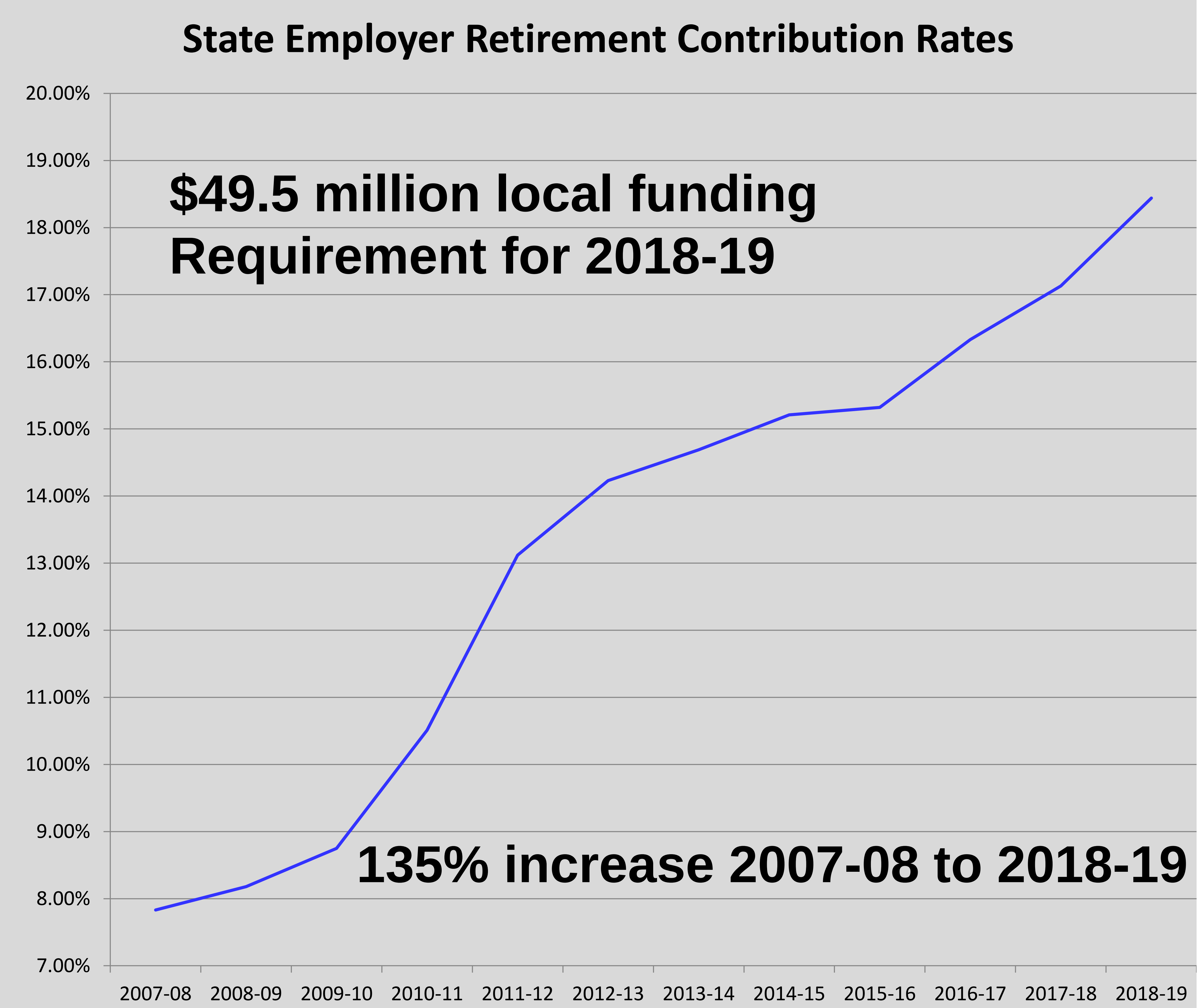
- With new HB 90 requirements, 1 student over limit triggers 1 new teacher (≈$60 K salary & benefits at entry level)
- Previously, as new students arrived mid-year, class size could change
- Now, once class size limit is reached, a teacher must be added during the year with no additional funding from the State

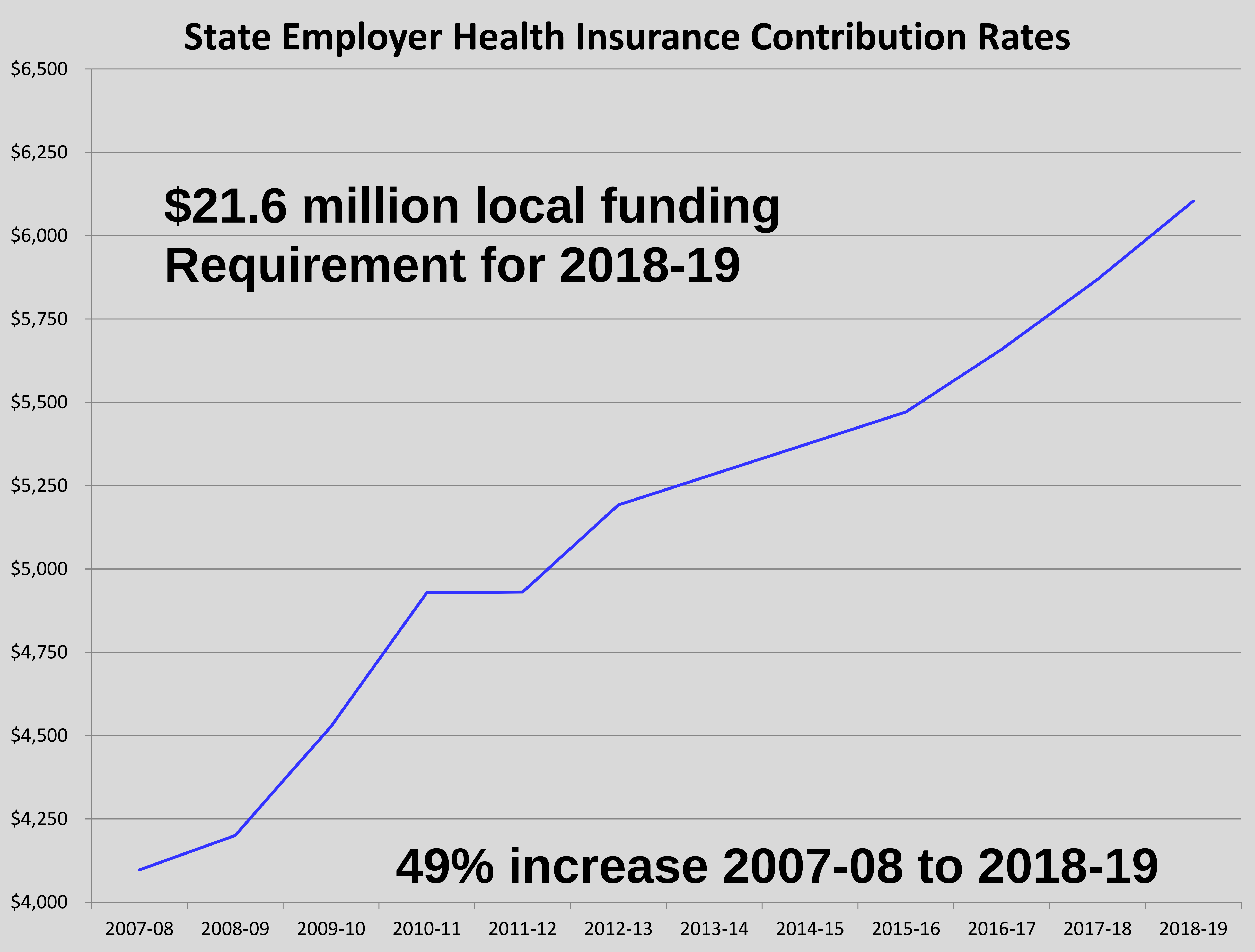
Superintendent’s Proposed 2018-19 Operating Budget

Legislative Impact

- Estimated impact from state legislated salary increases - $6.1 million
- New State Principal Salary Schedule - $327 K
- Charter Schools - $5.5 million
- Employer matching benefit rate contributions - $3.4 million

Legislative Impact





Superintendent's Proposed 2018-19 Operating Budget

New or Expanding Programs

- New programming consistently left behind
- Needs of Growth, Legislative Impact, Program Continuity absorb new funds
- Proposed Budget requests $11.1 million in local funding to move forward

Superintendent's Proposed 2018-19 Operating Budget

New or Expanding Programs

- AIG Programs - $3.1 million
- Standard Treatment Protocol - $250 K
- Student Social & Emotional Learning - $5.1 million
- Teacher Extra Duty Salary Schedule Adjustment - $1.4 million
- Technology updates including online registration expansion for parents - $350 K
- Student ID system for yellow bus transportation - $300 K

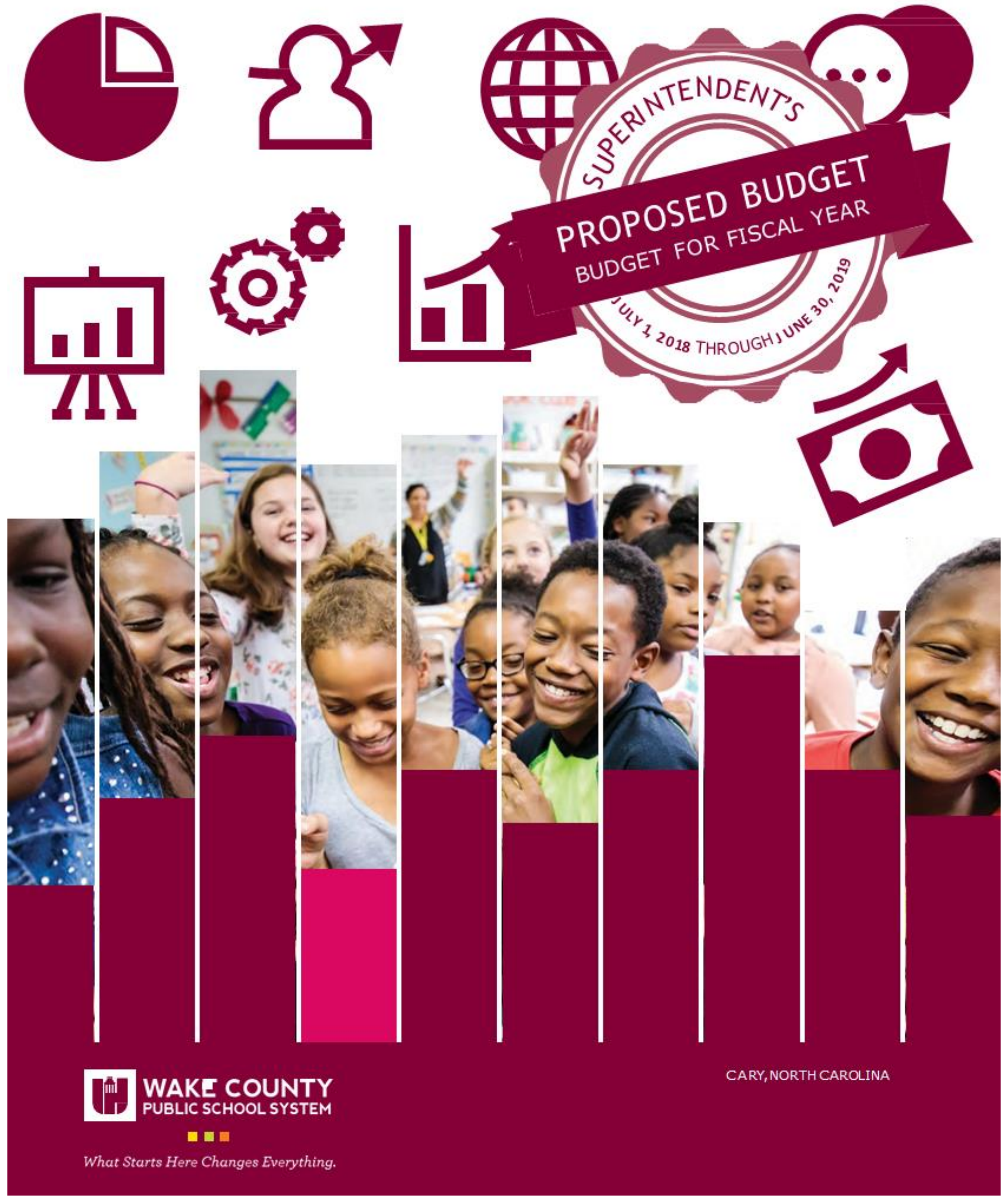
Risk Factors

- Funding for bus driver compensation
- Charter School potential growth
- Federal Resources
- K-3 Class Size Facility cost
- K-3 Operating cost beyond estimates
- Legislated compensation changes beyond estimates
- Employer Retirement & Health Insurance rates increase
- Lapsed Salary reduction

Superintendent's Proposed 2018-19 Operating Budget

Orientation to the Budget Document

- Budget document now posted at www.wcpss.net
- PDF available to view or download
- All budget documents posted online:
  - Superintendent's Proposed Budget
  - Board's Proposed Budget
  - Board's Adopted Budget



Superintendent's Proposed 2018-19 Operating Budget

Orientation to the Budget Document

Front of document – Superintendent's Message

WAKE COUNTY
PUBLIC SCHOOL SYSTEM

Del Burns, Ed. D., Temporary Superintendent
Crossroads 1
5625 Dillard Drive
Cary, NC 27518

tel: (919) 533-7770
fax: (919) 431-7563

April 10, 2018

Members of the Wake County Board of Education:

Given the overall strength of the economy at every level, it might seem odd to hear the Wake County Public School System is at a financial crossroads. But as I examine the school district's budget for the coming year, it is difficult for me to avoid any other conclusion.

In many ways, our magnet programs, application schools and strong neighborhood school offerings are the envy of other school systems throughout the country. But we have yet to overcome funding challenges that began during the Great Recession and lingered for years.

From fiscal year 2010 to fiscal year 2012, for example, the amount of county appropriation was virtually unchanged despite enrollment increases of several thousand students per year. When local funding began to increase again, the increases in 2013 and 2014 simply matched student growth for those years, failing to account for inflation, replacement costs and unfunded mandates shifted from the state to the county after the Great Recession.

Local funding began to increase noticeably in 2015, with exceptionally generous funding from county commissioners in 2016. But that single year was not enough to free the system from its budget constraints. This year's budget review exposes that harsh reality in several key areas. For example:

- In an effort to manage our expanding enrollment, the district will open four new schools in 2018-2019. Staffing and maintaining those schools accounts for most of the $10.9 million needed to pay for growth next year.
- Most of the $11.3 million required for program continuity can be traced to federal money for our Special Education students. Many school districts received this one-time allotment from the federal government after the recession. Our money lasted much longer than predicted due to superior fiscal management. This year, that fund is finally depleted.
- Decisions at the state level present a special challenge this year, potentially increasing our school system costs by as much as $19.5 million. The costs cover a wide range of issues such as the local share of retirement and hospitalization, millions of dollars that now pass directly to charter schools, phasing in new class-size limits and local costs for anticipated teacher pay raises.

If new programs were the only item funded with additional county appropriations, I could slash this budget request by more than 80 percent. In fact, many of our new academic changes are simply absorbed into the current budget.

In addition, we have removed $16 million in "one-time expenses" from the current budget and repurposed almost $10 million for specific efforts in our Strategic Plan. Having drawn down the district's unassigned fund balance every year since 2013, less than $5 million of that fund is now available to apply to next year's needs. That amount is just 1 percent of the county's current annual appropriation to the school system.

All of these details can be found in the proposed budget book that accompanies this cover letter.

I do not want our current budget challenge to overshadow the countless success stories that make up this wonderful school system.

- Our Vision 2020 Strategic Plan continues to embed itself into our everyday work, shaping a wide range of changes from math and language arts classes to alternative student assessments and a renewed emphasis on customer service.
- Our graduation rate is the highest in the district's history at 88.5 percent with improvements for minority students exceeding the district's growth rate for the fourth consecutive year. The graduation rate at more than two-thirds of our high schools now exceeds 90 percent.
- More than 97 percent of teachers met or exceeded NC academic growth standards this past year. We have led the nation in the number of National Board Certified teachers for 13 consecutive years.
- A large majority of our schools are diverse and thriving.
- We remain an economic engine for our community, helping to attract and retain families who, in turn, help sustain the county's overall progress.

All of these highlights have made it a delight for me to serve as your temporary superintendent while the Board of Education selects a new permanent leader. And these highlights also compel me to spotlight the fiscal challenges we face.

Should the budget needs identified here not be funded, the district will survive. But the Wake County Public School System I have known for more than four decades is not about surviving. It has never been enough to just carry on. This is a community driven to excel. I would be remiss if I did not bring you a budget proposal that makes that possible.

Sincerely,

Del Burns, Ed.D.
WCPSS Temporary Superintendent

www.wcpss.net

Orientation to the Budget Document

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Organization

Financial

Funding Requests

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I

Superintendent's Proposed 2018-19 Operating Budget

Orientation to the Budget Document

Page 1-5 – Budget at a Glance

Budget at a Glance

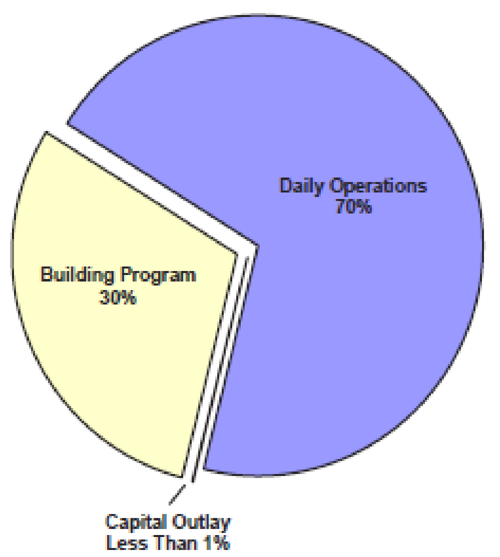
There are two major components of the Total Budget: Operating Budget and Capital Improvements Budget.

The Operating Budget pays the for day-to-day costs of operating the school system, such as salaries and benefits, purchased services, supplies, maintenance, transportation, and utilities. This is the current expense portion of the operating budget. The capital outlay portion of the operating budget includes vehicle and equipment replacement, leases, and relocation of mobile units. The primary sources of funding for the operating budget are state, federal, and county tax dollars, as well as, grants, fees, fines and forfeitures, and interest income.

The Capital Improvements Budget, or the building program, pays for design and construction of new schools, expansion of existing schools, and major renovation and replacement of older facilities to meet educational standards. The issuance of bonds, where voters authorize the state or county to borrow money, pays these costs. County revenues pay the bonds over a number of years.

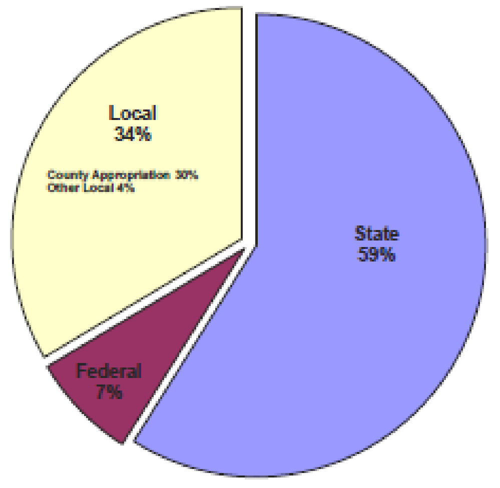
TOTAL BUDGET FOR 2018-19			
DAILY OPERATIONS	$	1,651,255,589	70%
+ Capital Outlay (mobile units, furniture, and vehicles)	$	1,119,015	<1%
EQUALS OPERATING BUDGET	$	**1,652,374,604**	**70%**
+ Building Program (provided by taxpayer bonds)	$	706,628,047	30%
EQUALS TOTAL BUDGET	**$**	**2,359,002,651**	**100%**

TOTAL BUDGET



OPERATING BUDGET FOR 2018-19					
		Operating Budget			Per Pupil Budget
State	**$**	**974,015,166**	**59%**	**$**	**6,000**
County Appropriation	$	489,846,423	30%	$	2,781
Enterprise Funds	$	41,897,430	3%	$	258
Other Local	$	10,784,983	1%	$	66
Local - Current Expense Non-restricted	$	6,840,000	<1%	$	39
Fund Balance Appropriation	$	4,900,000	<1%	$	30
Local	**$**	**554,268,836**	**34%**	**$**	**3,174**
Federal	**$**	**124,090,602**	**7%**	**$**	**764**
TOTAL	**$**	**1,652,374,604**	**100%**	**$**	**9,938**

OPERATING BUDGET



Superintendent's Proposed 2018-19 Operating Budget

Orientation to the Budget Document

Page 7-8 – Budget Development

Budget Development

BUDGET ACTIVITIES IN 2017-18

October 2017	Present timeline and set expectations for the development of the Superintendent's Proposed Budget to the Leadership Team.
October 2017 - March 2018	The strategic plan team identified strategic plan priority areas, quantified funding requirements for strategic plan priorities, and explored how strategic plan priorities could be funded within existing resources.
November 2, 2017	Meeting with the division of principals regarding budget priorities.
November 22, 2017	Each division submits funding requests for the 2018-19 budget.
December 2017	Budget staff prepare an unbalanced budget for the superintendent's review.
December 2017 - March 2018	Superintendent's team work sessions to balance the budget.
March 13-14, 2018	Budget development update and discussion at the board retreat.
April 10, 2018	Deliver the Superintendent's Proposed Budget to the board of education.
April 17, 2018	Public hearing and board of education work session on the Superintendent's Proposed Budget.
May 1, 2018	Board of education approves their proposed budget.
May 15, 2018	Deliver the Board of Education's Proposed Budget to the county commissioners.

Budget Development

BUDGET PROCESS

Budget development is a year-round process beginning in the fall and culminating with the adoption of the budget resolution in June by the Wake County Board of Education. The strategic plan drives the budget. The strategic plan team, including the superintendent's leadership team and school administrators, worked with finance staff from October 2017 to the present. The strategic plan team identified strategic plan priority areas for 2018-19, quantified funding requirements for strategic plan priorities, and explored how strategic plan priorities could be funded within existing resources. The team reviewed growth requirements vis a vis formula changes, program continuity requests, and new focus areas. The strategic plan focus areas are:

Human Capital
- Wallace Grant
- New School Administrator Academy
- Administrative Intern Institute
- The WCPSS Beginner to Board-Certified Program
- The Future Teachers Program
- Student Teacher University

Community Engagement
- Family Engagement
- General Community Engagement
- Customer Service

Learning and Teaching, Balanced Assessment, Achievement
- Digital Portfolios
- Performance Tasks
- 4Cs Student Self-Assessment
- Common Walkthrough Tool
- Curriculum/Professional Development
- Trauma Informed Schools
- Expansion of Pre-K Services
- Expansion of Alternative School Options

Each area submitted funding requests to propose an increase or decrease to the budget based on variables such as student membership, new schools, and calendar and rate changes. Funding requests are organized into the following categories and then grouped together by area:

- Growth
- Program Continuity
- Inflation
- Legislative Impact
- Removal of Prior Year One-Time Costs
- Program Reduction, Elimination, or Savings
- Strategic Plan Drivers
- New or Expanding Program
- Changes to Grants, Donations, and Fees
- Grants, Donations, and Fees Ending
- Capital Building Program

The superintendent and his team met on a weekly basis from December through March to review each budget request and develop a balanced budget by applying funding sources to accomplish the strategic plan while maximizing use of taxpayer dollars. The superintendent and his team provided an overview of the 2018-19 budget development process to the board of education at their January 31 finance committee meeting. The board of education had a retreat on March 13 and 14. During the retreat, staff provided a budget development update and the board discussed the budget. The superintendent will deliver his budget to the board of education on April 10.

Following review, a public hearing, and any changes, the board approves the Board of Education's Proposed Budget and delivers it to the Wake County Board of Commissioners by May 15.

The General Assembly may approve a budget by June 30, or their session may extend into the summer. The county commissioners will approve a budget in June. The board of education will need time to make decisions to adjust their budget estimates and requests to funding approved by these external funding sources. It is likely the board of education will approve an interim budget resolution in June to allow the start of the fiscal year. After the board makes funding decisions, they will approve a budget resolution after the start of the fiscal year.

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Orientation to the Budget Document

Page 13 – Budget Changes by Category

Budget Changes by Category

This table provides a summary of changes by category. The Summary of Funding Requests section provides a list of funding requests for budget increases or decreases within each category. There are page references to each funding request to find detailed descriptions and calculations for budget changes recommended for 2018-19.

	State Sources	Local Sources	Federal Sources	Total
2017-18 BUDGET	$ 931,228,070	$ 1,176,810,588	$ 130,779,450	$ 2,238,818,108
GROWTH New schools and increase in student membership	$ 10,297,828	$ 10,932,799	$ 447,183	$ 21,677,810
PROGRAM CONTINUITY Continue providing the same level of service from prior year	$ 719	$ 11,324,678	$ (8,606,360)	$ 2,719,037
INFLATION Increase costs due to higher rates	$ -	$ 1,508,547	$ -	$ 1,508,547
LEGISLATIVE IMPACT Budget changes required due to requirements approved or anticipated to be approved by the General Assembly	$ 32,512,776	$ 19,487,581	$ -	$ 52,000,357
REMOVAL OF PRIOR YEAR ONE-TIME COSTS Removal of one-time costs from the previous year	$ (496,957)	$ (16,375,382)	$ -	$ (16,872,339)
PROGRAM REDUCTION, ELIMINATION, OR SAVINGS Savings due to changes in program	$ (76,099)	$ (2,781,807)	$ (280,854)	$ (3,138,760)
STRATEGIC PLAN DRIVERS Strategic plan initiative funding	$ -	$ (1,416)	$ 424,326	$ 422,910
NEW OR EXPANDING PROGRAM Costs to increase the level of service from prior year	$ 626,886	$ 11,127,236	$ -	$ 11,754,122
CHANGES TO GRANTS, DONATIONS, AND FEES Fluctuations in funding and carryover balances	$ 1,674	$ 286,373	$ 3,981,865	$ 4,269,912
GRANTS, DONATIONS, AND FEES ENDING Funding cycles ending	$ (79,731)	$ (866,501)	$ (2,655,008)	$ (3,601,240)
OPERATING BUDGET CHANGES	**$ 42,787,096**	**$ 34,642,108**	**$ (6,688,848)**	**$ 70,740,356**
CAPITAL BUILDING PROGRAM Changes to carryforward balances and building program resolutions	**$ -**	**$ 49,444,187**	**$ -**	**$ 49,444,187**
2018-19 PROPOSED BUDGET	**$ 974,015,166**	**$ 1,260,896,883**	**$ 124,090,602**	**$ 2,359,002,651**

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Superintendent's Proposed 2018-19 Operating Budget

Orientation to the Budget Document

Page 14-20 – Summary Funding Requests & Changes

Summary of Funding Requests

Funding Request Name	Page	State Sources	Local Sources	Federal Sources	Total
GROWTH					
SCHOOLS					
Teachers - Regular Classroom	61	$ 4,578,642	$ 2,885,808	$ -	$ 7,464,450
Teaching Assistants - Regular Classroom	62	(453,644)	423,270	-	(30,374)
Instructional Supplies	63	47,219	179,703	-	226,922
New Schools and Facility Changes	64	3,647,487	5,966,385	-	9,613,872
New Schools - Early Hires and Professional Learning	71	18,617	(73,094)	-	(54,477)
Textbooks State Funds	72	50,917	-	-	50,917
ACADEMICS					
Academically/Intellectually Gifted (AIG) Teachers	73	-	84,299	-	84,299
Career and Technical Education (CTE) Program Support	74	(1,551,075)	-	-	(1,551,075)
K-8 Intervention Teacher	75	51,496	8,122	-	59,618
Limited English Proficiency (LEP) Months of Employment (MOE)	76	1,417,238	(871,351)	-	545,887
Middle School Academics Teachers	77	-	308,131	-	308,131
SPECIAL EDUCATION					
Audiologists	78	200,289	33,263	-	233,552
Occupational Therapists	79	617,776	6,911	-	624,687
Special Education Teachers and Teaching Assistants	81	1,835,083	595,860	-	2,430,943
Speech-Language Pathologists	83	47,895	8,036	-	55,931
STUDENT SERVICES					
Advanced Placement (AP) Registration	84	-	10,000	-	10,000
Financial Aid Advisory Program	85	-	18,696	-	18,696
Parent Teacher Resource Coordinator - Project Enlightenment	86	-	14,381	-	14,381
Preschool Special Education Teachers and Teaching Assistants	87	699,107	140,468	447,183	1,286,758
School Counselors	89	304,073	298,847	-	602,920
School Psychologist	91	-	89,636	-	89,636
CHIEF OF STAFF AND STRATEGIC PLANNING					
Academically/Intellectually Gifted (AIG) CogAT/IOWA Assessment Scanning	92	-	45,829	-	45,829
COMMUNICATIONS					
Schoolwires DBA Blackboard Content Management System	93	-	9,350	-	9,350
ADMINISTRATIVE SERVICES					
Risk Management and Safety	94	-	232,795	-	232,795

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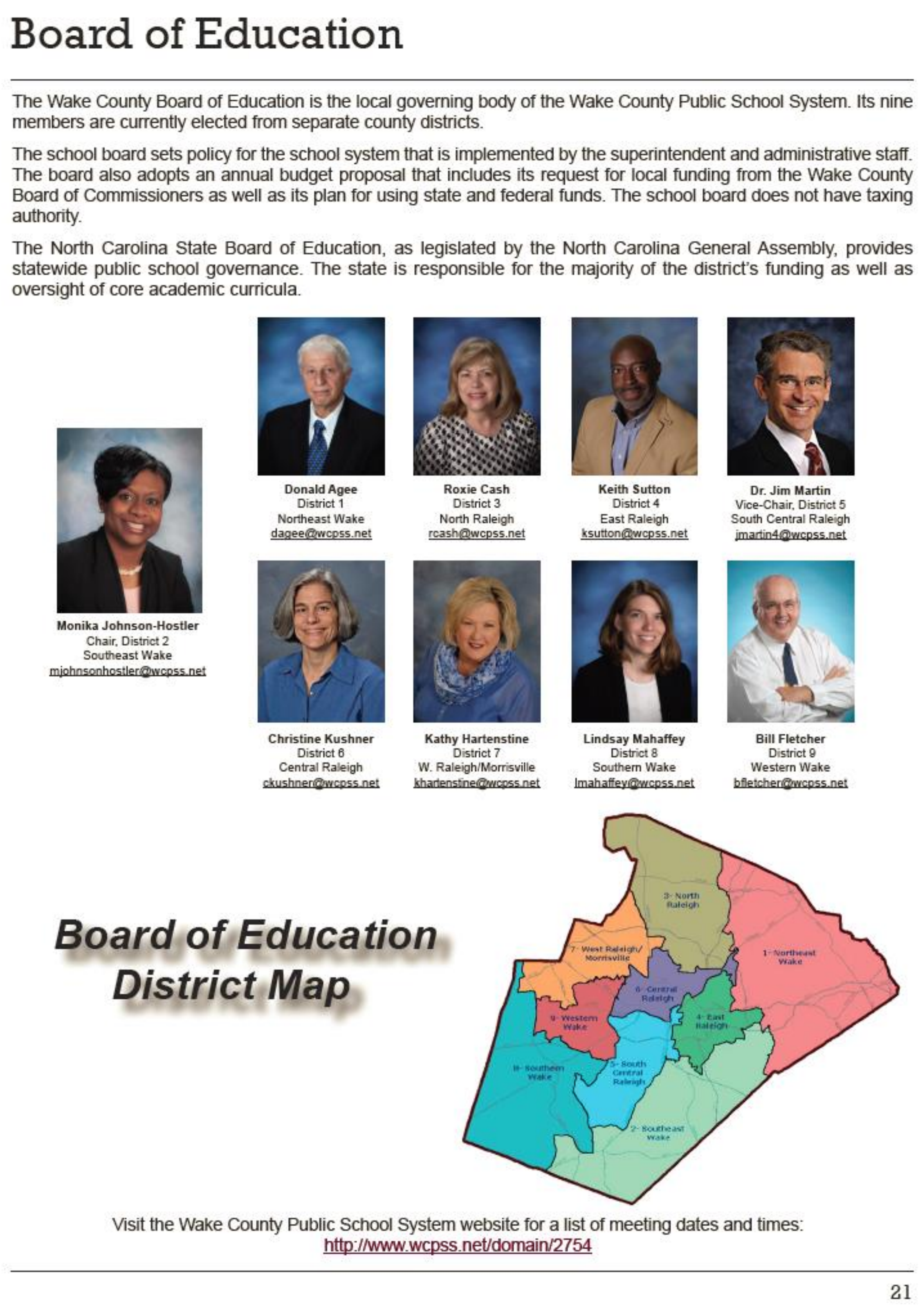
Superintendent’s Proposed 2018-19 Operating Budget

Orientation to the Budget Document

Page 21-38 – Organization Section

- Board’s Strategic Plan
- Organizational Charts
- Board’s Budget Policies



Board of Education

The Wake County Board of Education is the local governing body of the Wake County Public School System. Its nine members are currently elected from separate county districts.

The school board sets policy for the school system that is implemented by the superintendent and administrative staff. The board also adopts an annual budget proposal that includes its request for local funding from the Wake County Board of Commissioners as well as its plan for using state and federal funds. The school board does not have taxing authority.

The North Carolina State Board of Education, as legislated by the North Carolina General Assembly, provides statewide public school governance. The state is responsible for the majority of the district’s funding as well as oversight of core academic curricula.

Monika Johnson-Hostler
Chair, District 2
Southeast Wake
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Donald Agee
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Roxie Cash
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Lindsay Mahaffey
District 8
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Bill Fletcher
District 9
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Board of Education District Map

Visit the Wake County Public School System website for a list of meeting dates and times:
http://www.wcpss.net/domain/2754

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Superintendent’s Proposed 2018-19 Operating Budget

Orientation to the Budget Document

Page 39-58 – Financial Section

Revenues

Budget by Object Code

Staff Budget

Changes in Staff

Revenues

Source of Income	Budget 2017-18	Proposed Budget 2018-19	Increase/ Decrease	% Change
STATE SOURCES				
State Public School Fund				
Position Allotments				
Classroom Teachers	$ 447,190,752	$ 469,270,432	$ 22,079,680	
Instructional Support Personnel - Certified	55,005,104	56,968,727	1,963,623	
Career Technical Education - Months of Employment	42,770,087	46,287,433	3,517,346	
School Building Administration	30,245,051	32,010,658	1,765,607	
Subtotal Position Allotments	**$ 575,210,994**	**$ 604,537,250**	**$ 29,326,256**	**5%**
Dollar Allotments				
Non-Instructional Support Personnel	$ 54,088,885	$ 53,502,038	$ (586,847)	
Teaching Assistants	32,646,799	33,763,453	1,116,654	
Central Office Administration	3,035,712	3,014,650	(21,062)	
Classroom Materials/Instructional Supplies and Equipment	-	47,219	47,219	
Subtotal Dollar Allotments	**$ 89,771,396**	**$ 90,327,360**	**$ 555,964**	**1%**
Categorical Allotments				
Children with Special Needs	$ 87,496,618	$ 94,088,773	$ 6,592,155	
Transportation of Pupils	59,692,138	64,038,657	4,346,519	
At-Risk Student Services/Alternative Programs and Schools	24,078,464	25,123,703	1,045,239	
Limited English Proficiency	8,858,427	10,562,014	1,703,587	
Academically/Intellectually Gifted	8,520,966	8,850,617	329,651	
Test Result Bonus	3,865,093	3,756,077	(109,016)	
School Connectivity	3,560,914	3,581,664	20,750	
Driver Training	3,109,287	3,110,612	1,325	
School Technology Fund	4,579,576	2,777,133	(1,802,443)	
Career Technical Education Program Support	3,598,168	2,053,362	(1,544,806)	
Children with Special Needs - Developmental Day and Community Residential	1,887,439	1,894,829	7,390	
Summer Reading Camps	1,561,196	1,584,452	23,256	
Cooperative Innovative High Schools	1,200,000	1,080,000	(120,000)	
Assistant Principal Intern Full-Time MSA Student	793,494	793,494	-	
Third Grade Reading Teacher Bonus 2017-18	770,658	770,658	-	
Disadvantaged Student Supplemental Funding	-	250,000	250,000	
Behavioral Support	238,808	246,401	7,593	
Early Grade Reading Proficiency	242,400	242,400	-	
Assistant Principal Intern	70,532	70,532	-	
Digital Learning	48,650	-	(48,650)	
Coding and Mobile Application Grant	31,081	-	(31,081)	
Subtotal Categorical Allotments	**$ 214,203,909**	**$ 224,875,378**	**$ 10,671,469**	**5%**

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Orientation to the Budget Document

Page 59-196 – Funding Request & Changes

Growth

Program Continuity

Inflation

Legislative Impact

Removal of prior year one-time costs

Program Elimination / Reduction

New / Expanding Program

Changes to Grants, Donations, Fees

Funding Requests

Introduction

The Wake County Public School System's budget process emphasizes aligning resources as needed to support the system's strategic plan. Budget managers submit funding requests to propose changes to the current year budget that are conducive to accomplishing the system's strategic objectives.

The deputy superintendent and chief officers review funding requests for their divisions and determine which requests to submit for consideration for the Superintendent's Proposed Budget. The superintendent, deputy superintendent, and chief officers meet in multiple work sessions to prioritize requests across all divisions to prepare a proposed budget for the superintendent.

This section of the budget includes all funding requests included in the proposed budget. Each request shows increases or decreases recommended for the next fiscal year.

Categories

Funding requests are organized into the following categories to indicate the reason for the budget adjustment:

- Growth
- Program Continuity
- Inflation
- Legislative Impact
- Removal of Prior Year One-Time Costs
- Program Reduction, Elimination, or Savings
- Strategic Plan Drivers
- New or Expanding Program
- Changes to Grants, Donations, and Fees
- Grants, Donations, and Fees Ending
- Capital Building Program

Areas

Within each category, requests are grouped together in the following areas:

- Systemwide
- Schools
- Academic Advancement
- Area Superintendent
- Academics
- Special Education
- Student Services
- Chief of Staff and Strategic Planning
- Communications
- Child Nutrition
- Transportation
- Facilities
- Maintenance and Operations
- Administrative Services
- Human Resources
- Technology

Employment Lengths

Several funding requests include an increase in Months of Employment (MOE). Different positions have different employment lengths. The chart below shows typical employment lengths for common position types.

Position	MOE
Principal	12.00
Assistant Principal	11.00 or 12.00
Teacher	10.00
Teaching Assistant	9.30
Bus Driver	10.00
Non-Certified Staff	12.00

Board's Proposed development timeline & next steps

- Board Work-Session – April 17, 2018
- Public Hearing – April 17, 2018
- Additional work-sessions as required

Superintendent's Proposed 2018-19 Operating Budget

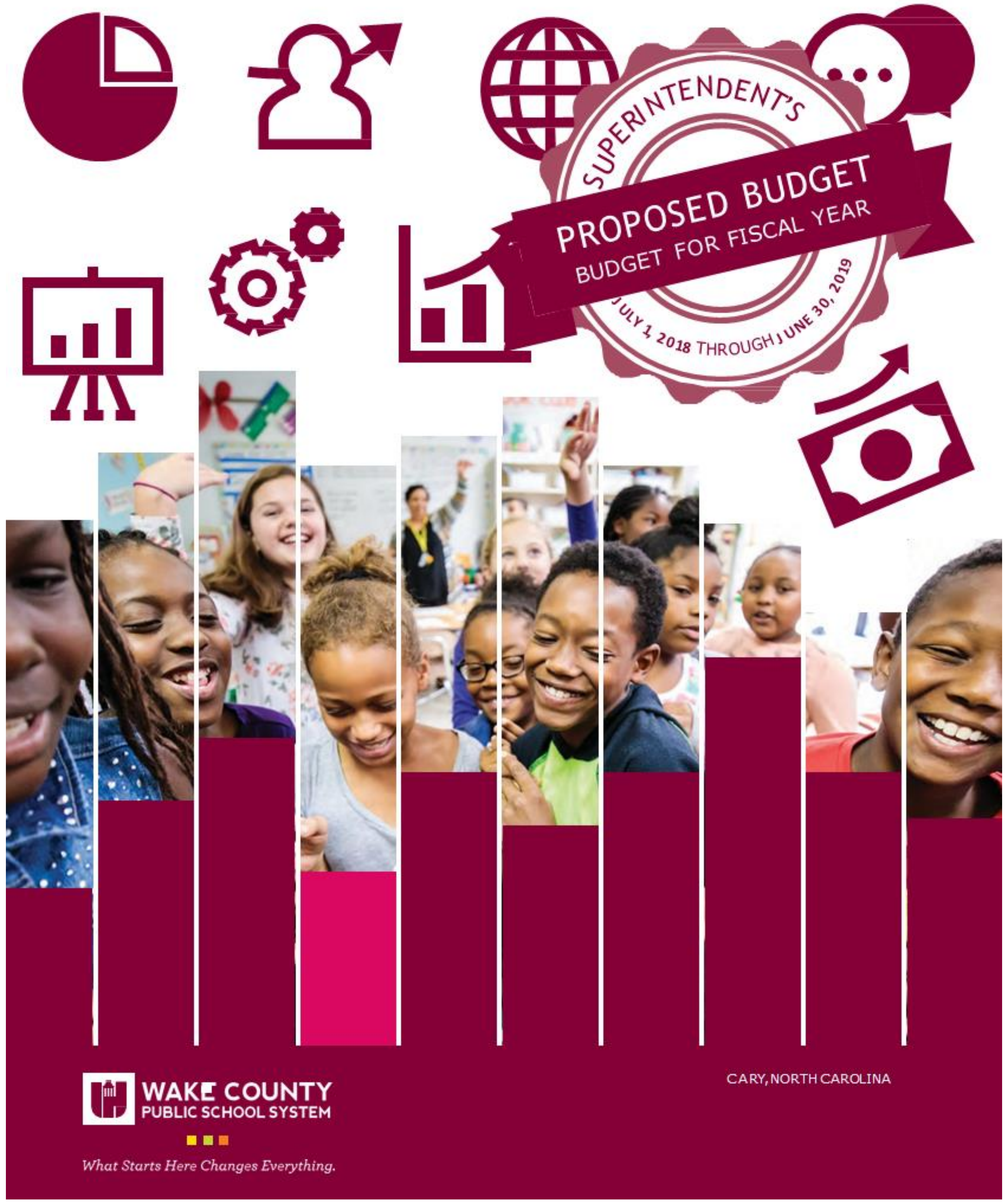
Board Work-Session(s)

- Board discussion & direction to Superintendent & Staff to make changes
- Direct questions to Terri Kimzey, Senior Director of Budget at tkimzey@wcpss.net by COB Friday April 13
- Questions & responses reviewed at April 17 Work-Session

Board's Proposed Budget development timeline & next steps

- Board approves Proposed Budget – May 1, 2018
- Proposed Budget to County by May 15, 2018
- State budget by June 30?
- Adjustments to final County Appropriation by June 30?
- Interim Budget possible

Superintendent’s Proposed 2018-19 Operating Budget



April 10, 2018