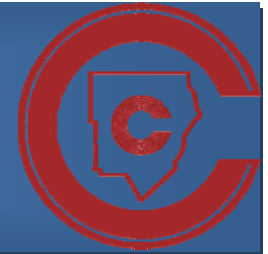


BUDGET UPDATE



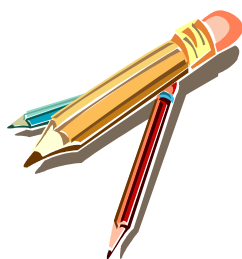
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*Cobb County School District, Financial Services Division
Mike Addison - Chief Financial Officer
<http://www.cobbk12.org/centraloffice/finance/budget.htm>*

FY2013 Budget

On October 12, 2011, the initial budget projections for FY2013 and a three year forecast were presented to the Board. Since October, several key pieces of information have been received. Most importantly, the FY2013 enrollment projections were received from the Planning Department. We have also updated our anticipated State revenue based on the October Full Time Equivalent counts submitted to the State.

The projected enrollment figures were used to prepare the FY2013 Personnel Allotments for each school and determine student/teacher ratio requirements and needs by the Deputy Superintendent of Leadership & Learning. Leaving the student/teacher ratio the same as last year and updating the allotments for specific programs (EIP, Gifted, Remedial, ESOL), the District needs 100 fewer teachers than last year. The need for fewer teachers is mainly due to changes in the EIP program and enrollment changes .



UPCOMING DATES

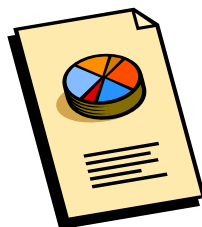
February 2012	CFO Provides Update on FY2013 Budget Present budget items excluded by the Board for specific approval
March 2012	FY2013 Board Budget Work Session Local School & Central Office Review of FY2013 Budgets

State revenue amounts have been revised based on the October 2011 FTE count. The FTE count will be used to determine the District's initial FY2013 QBE revenue. The FTE funding count decreased slightly; however, the loss of funding is offset by the increased revenue due to the Teacher Retirement System (TRS) rate change.

The enrollment figures and the QBE projections are the major changes to the forecast on page 2 of the Budget Update. After all the changes have been made, the District is facing a \$62.3 million deficit. Keep in mind, this outlook is certain to change as we receive more accurate projections and information in the coming months. Although the projections are not final, we almost certainly will be faced with a budget deficit. In anticipation of this deficit, we are presenting some preliminary budget reduction alternatives on page 4. These alternatives are preliminary and certain to change as we finalize the FY2013 budget.

FY2013 Projection & 3 Year Forecast

# Type	Category	FY2012 Approved	FY2013	FY2014	FY2015	FY2016
1 Local	Property Tax Revenue	\$ 351,208,753	\$ 350,252,840	\$ 350,252,840	\$ 350,252,840	\$ 360,769,425
2	Transfer of SPLOST 2 Contingency	\$ 22,233,815	\$ 20,385,086	\$ -	\$ -	\$ -
3	Other Tax Revenue	\$ 50,272,166	\$ 50,272,166	\$ 50,272,166	\$ 50,272,166	\$ 50,272,166
4	Other Local	\$ 3,954,083	\$ 2,354,083	\$ 2,354,083	\$ 2,354,083	\$ 2,354,083
5 State	Miscellaneous State Grant	\$ 3,393,381	\$ 3,393,381	\$ 3,393,381	\$ 3,393,381	\$ 3,393,381
6	QBE	\$ 380,104,778	\$ 385,660,581	\$ 393,945,505	\$ 407,628,401	\$ 424,099,149
7 Federal	Indirect Cost	\$ 2,566,965	\$ 2,566,965	\$ 2,566,965	\$ 2,566,965	\$ 2,566,965
8	ROTC	\$ 878,869	\$ 878,869	\$ 878,869	\$ 878,869	\$ 878,869
9	Medicaid	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
10	E-Rate	\$ 2,226,394	\$ 2,226,394	\$ 2,226,394	\$ 2,226,394	\$ 2,226,394
Revenue Total		\$ 817,339,204	\$ 818,490,365	\$ 806,390,203	\$ 820,073,099	\$ 847,060,432
Reserve Available	FY2011 Available Austerity	\$ 25,009,250	\$ -	\$ -	\$ -	\$ -
	Jobs Funds Reserved in Prior Year	\$ 9,445,169	\$ -	\$ -	\$ -	\$ -
Total Funds Available		\$ 851,793,623	\$ 818,490,365	\$ 806,390,203	\$ 820,073,099	\$ 847,060,432
Base	FY12 Approve Budget	\$ 851,793,623				
11	Prior Year Continuation Budget		\$ 851,793,623	\$ 880,889,304	\$ 897,834,098	\$ 915,437,145
12 Salary/Benefit	Restoration of FY2012 1/2 Year Step		\$ 4,918,431			
13	Annual Step Increase		\$ 10,108,607	\$ 10,260,236	\$ 10,414,139	\$ 10,570,351
14	Restoration of FY2012 Two Furlough Days		\$ 5,814,516			
15	Enrollment Change (100 teachers x \$74,189)		\$ (7,418,900)			
16	Closing Skyview ES (9.15 non-teaching positions)		\$ (481,331)			
17	Increase in TRS Rate from 10.28% to 11.41%		\$ 5,872,362			
18	Increase in Health Insurance for Classified Employees		\$ 11,671,381	\$ 5,616,000	\$ 5,616,000	
19	Increase Unemployment		\$ 348,540			
20	High Priority Payout		\$ 4,871	\$ (464,940)	\$ (64,800)	\$ (10,800)
21 Operations	Utilities		\$ 1,436,011	\$ 1,533,498	\$ 1,637,708	\$ 1,749,107
22	Restore 180 Day School Year		\$ 400,000			
23	Charter School Payments		\$ (3,453,660)			
24	Intouch Annual Support Agreement		\$ 23,896			
25 One Time Cost	Textbook - workbook order deposit		\$ (149,043)			
Expenditure Total		\$ 851,793,623	\$ 880,889,304	\$ 897,834,098	\$ 915,437,145	\$ 927,745,803
Forecasted (Deficit)/Surplus		\$ -	\$ (62,398,939)	\$ (91,443,896)	\$ (95,364,046)	\$ (80,685,372)



Assumptions and Explanations

Comments

1 Property Tax

The forecast assumes the digest values change and millage rate will follow the schedule below:

Fiscal Year	Change in Digest	Millage Rate
FY2013	-2.00%	18.9 mills
FY2014	0.00%	18.9 mills
FY2015	0.00%	18.9 mills
FY2016	3.00%	18.9 mills

2 Transfer of SPLOST 2 Contingency equal to 1.1 mill

3 No known changes to the revenue source at this time

4 The \$1.6 million transfer from County Wide Building was only for one year, FY2012. FY13 to FY16 projections were adjusted down.

5 No known changes to the revenue source at this time

6 QBE Revenue

QBE funding is also increased in FY13 to account for the additional revenue to cover the increased TRS rate from 10.28% to 11.41%.

FY2013 salary and benefits are also adjusted based on the October 2012 FTE count.

Austerity cuts are restored at a rate of 9% per year after FY13. Current FY13 proposal from DOE to the Legislature does not include the restoration of austerity cuts. Austerity cuts will change as follows:

Fiscal Year	Change in Austerity
FY2013	No Change
FY2014	\$6.5 million
FY2015	\$11.9 million
FY2016	\$14.6 million

7 No known changes to the revenue source at this time

8 No known changes to the revenue source at this time

9 No known changes to the revenue source at this time

10 No known changes to the revenue source at this time

11 Continuation budget rolls from prior year

12 1/2 year step based on current employee population and 11.41% TRS

13 Annual step values are projected at a rate of 1.5% of salaries

14 Restoration of 2 FY2012 furlough days using current employee population

15 Decrease teachers by 100 teachers due to changes in enrollment and allotments (100 x \$74,189)

The changes in enrollment does take into account the closing of Imagine Mableton and Sky View Elementary*

16 Closing of Sky View Elementary (decrease in 9.15 support positions)*

17 Expenditures increase for TRS rate change from 10.28% to 11.41%

18 Increase in the employer portion of group health insurance by approximately \$280 per employee per month. The rate increase has not been approved by the Department of Community Health, however it was discussed in a DOE training session on September 26, 2011. The rate will increase by \$150/employee in FY2014 and FY2015 for each of the following years.

19 Increase in Unemployment due to enrollment change & non-renewal of limited contract employees

20 The phase out of the High Priority Pay program (documentation from Human Resources):

	FY2012	FY2013	FY2014	FY2015	FY2016
Total Salary & Benefits	\$ 541,069	\$ 545,940	\$ 81,000	\$ 16,200	\$ 5,400
Incremental Change		\$ 4,871	\$ (464,940)	\$ (64,800)	\$ (10,800)

21 Utilities - projected based on historical trends. Fuel and phone are "flat" (no change estimated).

22 Restore 2 days to school year estimated at \$200,00 per day - Transportation Savings only

23 Charter School Payments	Kennesaw	Mableton	Smyrna	Total
FY2012 Budget	\$3,454,090	\$3,407,275	\$4,709,261	\$11,570,626
FY2013 Estimate	\$3,520,021	\$0	\$4,596,945	\$8,116,966
Difference	\$65,931	\$ (3,407,275)	\$ (112,316)	\$ (3,453,660)

Estimates are based on day 4 enrollment numbers not official FTE count information. Estimates will changed based on the FTE numbers.

24 Annual payment for Intouch Maintenance Agreement

25 One-time cost identified in FY12. Funds were used to take advantage of the purchasing opportunity that is no longer available

*Assumes Board approval of redistricting plan

FY2013 Budget Reduction Alternatives

Options

(\$18,590,586)

Plus Two All Grade Levels

		Max Class Size				# of	Salary &
		FY12	FY13	FY12		Teacher	Benefit
		Cobb	Allotment	State		Positions	Financial
		<u>Allotment</u>	<u>@ Max</u>	<u>Max</u>	<u>Change</u>	<u>Reduced</u>	<u>Impact</u>
	Kindergarten	22.0	24.0	22.0	2.0	(26.00)	(\$1,928,914)
	Grades 1-3	23.0	25.0	23.0	2.0	(84.00)	(\$6,231,876)
	Grades 4-5	30.0	32.0	30.0	2.0	(30.00)	(\$2,225,670)
	Grades 6-8	30.0	32.0	30.0	2.0	(50.50)	(\$3,746,545)
	Grades 9-12	32.0	34.0	32.0	2.0	(60.00)	(\$4,451,340)
						(250.50)	(\$18,584,345)
	K Parapros					(26.00)	(\$703,742)
	Increase Unemployment						\$697,500
	Total Savings					(276.50)	(\$18,590,586)

(\$14,536,290)

Five Furlough Day

excludes Parapros and bus drivers

(\$1,000,000)

180 to 175 Day School Year (transportation savings only)

(\$5,054,304)

Delay Salary Step Increase/Mid Year Step

(\$387,023)

Eliminate School Within a School with the Same Physical Location

Positions

4.00

(\$1,245,082)

Reduce Media Parapro positions to 50 percent

Positions

46.00

(\$62,500)

Reduce Funding for Project 2400 by Half

funding will be eliminated in FY2014

(\$21,523,155)

Fund Balance

(\$62,398,939)

TOTAL

