

Financial Facts

Dr. Frank R. Petruzielo, Superintendent of Schools

2015-16 Focus: Reducing Class Size

The School Board approved a resolution at its May 7, 2015 meeting supporting Class Size Exemptions for the 2015-16 school year; but, despite adoption of the waiver resolution, **CCSD expects average class sizes to decrease across all grade levels next year, fulfilling a budget priority of the Superintendent and School Board.**

Superintendent Dr. Frank R. Petruzielo explained that, as the School District is in the process of applying to the State to become a Strategic Waivers System (formerly known as "IE²"), the waivers will be needed for flexibility in regard to the 2015-16 Budget, which is in the final stages of preparation. To bring all class sizes into state maximum compliance would require the School District to hire 170 additional teachers.

"Without waivers next year, we would have to hire 170 teachers, at a cost of \$12 Million, to bring all classrooms across the District into compliance," said Dr. Petruzielo. "Ironically, \$12 Million is almost the same amount of money CCSD will earn in State revenue next year, but will not receive due to continued State Austerity Budget Cuts."

Reducing class size immediately benefits both students and teachers. Last year, CCSD budget priorities included elimination of remaining furlough days for employees, as well as reduction in K-5 class sizes.

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—Dr. Frank R. Petruzielo
Superintendent of Schools

Grade Level	2014-15 Class Size Average*	Class Size State Maximums	Class Size Maximums w/ Waiver	Projected 2015-16 Class Size Average	Class Size Difference from 2014-15 to 2015-16
Kindergarten	23.7	20	26	22.4	-1.3
1 st Grade	24.9	21	28	22.7	-2.2
2 nd Grade	24.8	21	28	22.9	-1.9
3 rd Grade	24.7	21	28	23.7	-1.0
4 th Grade	30.6	28	35	28.4	-2.2
5 th Grade	30.7	28	35	28.5	-2.2
6 th – 8 th Grade	29.7	28	35	27.4	-2.3
9 th – 12 th Grade	33.1	32	35	31.5	-1.6

Financial Fact: The projected FY2016 CCSD budget does not include a recommendation for a millage rate increase. This will be Dr. Petruzielo's 17th recommended budget to the School Board; 16 of his 17 budgets did not include a millage rate increase!

Teacher Salaries: Keeping Pace in a Competitive Metro Atlanta Market

There have been several reports in the media this Spring about teacher and support personnel pay raises next year in some Metro Atlanta school districts. Why is this newsworthy? Because, for many school districts, teacher salaries have been cut or frozen for the last five to six years as State “austerity” budget cuts and shrinking Local property tax digests put school districts in financial crisis. **Fortunately, it was a priority for CCSD to grant longevity step increases to eligible classroom teachers and other eligible employees throughout the recent recession, while most neighboring districts withheld steps or issued pay cuts.** Last year, CCSD eliminated the last of the furlough days, allowing everyone’s pay to return to “normal” (without characterizing it as a “pay raise”); and the District was able to grant a 1 percent cost of living pay increase last year. In a recent news story in the AJC about Fulton County Schools’ teacher salaries, the Superintendent said his district needed to be more aggressive with its pay scale because they were “losing talented educators to Cherokee, Forsyth and other metro counties .”

While next year’s top priority is continuing to work on lowering class size, which will benefit all teachers and students, CCSD employees continue to stay ahead of their peers on the pay scale (see chart below); our salaries are very competitive, especially as hiring resumes, and CCSD is determined to stay at the head of the class!

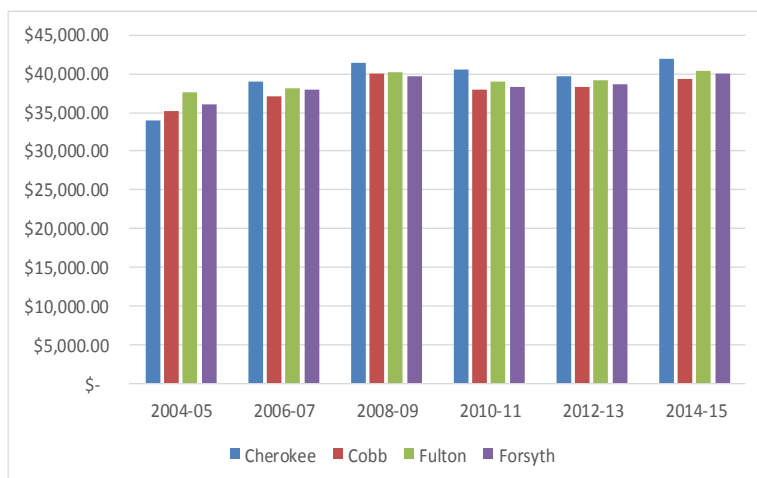
Year - T4	Cherokee	Cobb	Fulton	Forsyth
2004-05 - Beginning Salary	\$ 34,001.00	\$ 35,233.00	\$ 37,584.00	\$ 36,092.00
2005-06 (step 3)	\$ 37,500.00	\$ 37,015.00	\$ 37,584.00	\$ 37,802.00
2006-07 (step 4)	\$ 40,000.00	\$ 39,421.00	\$ 38,112.00	\$ 39,835.00
2007-08 (step 5)	\$ 41,715.00	\$ 41,643.00	\$ 40,356.00	\$ 41,881.00
2008-09 (step 6)	\$ 43,500.00	\$ 44,235.00	\$ 42,528.00	\$ 44,233.00
2009-10 (step 7)	\$ 44,342.00	\$ 44,418.00	\$ 42,528.00	\$ 45,373.00
2010-11* (step 8)	\$ 44,598.00	\$ 45,196.00	\$ 43,486.00	\$ 44,755.00
2011-12* (step 9)	\$ 46,251.00	\$ 47,303.00	\$ 42,528.00	\$ 44,755.00
2012-13* (step 10)	\$ 46,883.00	\$ 47,052.00	\$ 44,940.00	\$ 45,203.00
2013-14* (step 11)	\$ 48,219.00	\$ 47,985.00	\$ 46,284.00	\$ 46,107.00
2014-15 (step 12)	\$ 50,665.00	\$ 49,733.00	\$ 46,284.00	\$ 50,023.00

This chart tracks T-4 (Bachelor Degree) teacher salaries for the last 10 years. A CCSD teacher who began his/her career in 2004 (and received positive evaluations) would be making 49% more this year than in 2004— versus 41% in Cobb, 39% in Forsyth and 23% in Fulton.

* Actual salary to teachers, as affected by furlough days

Starting Teacher Pay: From Worst to First Among State’s Top Districts

Beginning Teacher Salaries 2004-2014



One of the School Board’s Major System Priorities is attracting and retaining the best teachers, principals and support staff. Accordingly, **CCSD has made a concentrated effort to bring starting teacher salaries in line with neighboring counties, in order to make CCSD the number one school district of choice for quality starting teachers.** In 2014-15, CCSD had the highest starting teacher salary among a dozen Metro Atlanta school districts, with the exception of the City of Atlanta Public Schools, and continued to exceed the starting salaries of our closest competitors for top talent—Cobb, Forsyth and Fulton.

Financial Fact: Funds for Education Technology and School Construction come almost exclusively from the voter-approved Education Special Purpose Local Option Sales Tax (Ed-SPLOST).

Health Insurance Costs: Going Up, Again

The news regarding the State Health Benefit Plan (SHBP) continues to be the same this year— increased costs and looming deficits, with no long-term solutions even being considered by the Governor and General Assembly. While the final 2015-16 State Budget approved by the General Assembly and signed by the Governor maintains coverage for part-time employees, it also includes an increase in School District-paid premiums beginning January 2016 for all non-certificated employees of \$150 per month, per employee.

This is good news for those valued employees who will have access to coverage; however, it comes with a cost to the School Board of over \$1.4 Million in 2015-16... and at least double that in 2016-17 — even if premiums remain the same. As noted in previous budget presentations, the annual State contribution for classified/noncertified staff health insurance of several hundred million dollars per year has been completely eliminated by the Governor and General Assembly... which has led to this year's increase of \$150 per noncertified employee per month and other likely increases in subsequent years.

Going forward, SHBP is faced with potentially massive operating deficits beginning in the 2016-17 plan year; and Department of Community Health fund balance reserves are expected to decrease from a \$374 Million surplus in 2014-15 to a deficit of over \$92 Million in 2016-17. This will likely result in extraordinary premium increases for both employees and the School District, beginning as soon as 2016-17.

SHBP Costs Borne By CCSD

	Covered Employees	FY15 Expenses	FY16 Proposed
State Health Certified Employees	2,330	\$25.3 Million	\$26.5 Million
State Health Non-Certified Employees	1,200	\$8.2 Million	\$10.7 Million

(This does not include premium costs paid by employees.)

Student Health and Safety Supported in FY16 Budget Proposal

In addition to hiring 48 additional teachers at the middle and high school levels to reduce class size, the proposed 2015-16 budget also restores hours to school nurses and, for the first time, adds school nurses to the high schools. CCSD has seen its population of students with chronic health conditions grow steadily over the years. This year, more than 1,000 students with a potentially life-threatening condition (ranging from students with severe allergic reactions to students with seizure conditions) attended school daily— many of them able to do so with the support of a school nurse on site. Whether it is dispensing daily medications for students or monitoring the student population for symptoms of a flu or virus outbreak, school nurses help keep students healthy and able to learn.

This year, CCSD piloted a school entry door security system in the River Ridge Innovation Zone. This program was well-received by parents and the community and the security systems were added in the Creekview and Woodstock Zones, with continued expansion to the remaining three Innovation Zones recommended in 2015-16. Visitors must be let into the building via a buzzer system by front office staff.



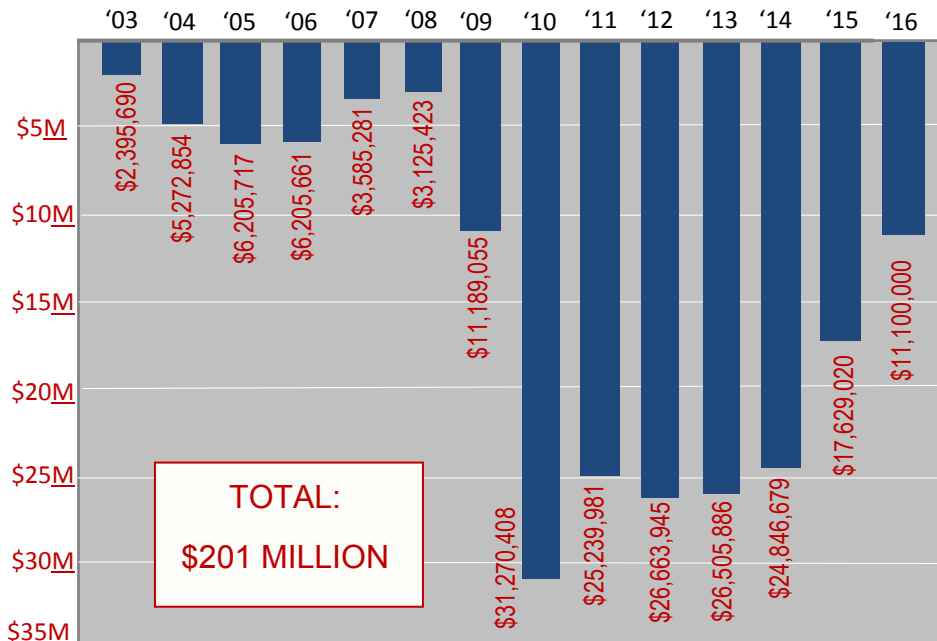
Financial Fact: Property tax collections for 2015-16 are expected to rise by 6 percent— which will equal a level last seen in 2006. Unfortunately, the same dollar amount must be stretched to educate an additional 6,000 students who have enrolled since then.

Administrative Costs: Lowest in Metro and Surrounding Counties

2014 EXPENDITURES BY DISTRICT	GENERAL ADMINISTRATION	TOTAL EXPENDITURES	ADMIN COSTS AS % OF EX-
ATLANTA CITY	\$ 1,073	\$ 13,530	7.9%
BUFORD CITY	\$ 594	\$ 8,989	6.6%
DECATUR CITY	\$ 583	\$ 11,360	5.1%
CHEROKEE CHARTER ACADEMY	\$ 560	\$ 6,704	8.3%
FULTON COUNTY	\$ 496	\$ 9,511	5.2%
ROCKDALE COUNTY	\$ 485	\$ 8,396	5.8%
GWINNETT COUNTY	\$ 450	\$ 7,745	5.8%
DEKALB COUNTY	\$ 369	\$ 8,527	4.3%
MARIETTA CITY	\$ 342	\$ 9,235	3.7%
CLAYTON COUNTY	\$ 329	\$ 7,168	4.6%
PICKENS COUNTY	\$ 317	\$ 9,477	3.3%
BARTOW COUNTY	\$ 311	\$ 8,478	3.7%
DOUGLAS COUNTY	\$ 306	\$ 8,152	3.8%
COBB COUNTY	\$ 280	\$ 7,908	3.5%
FAYETTE COUNTY	\$ 264	\$ 8,064	3.3%
FORSYTH COUNTY	\$ 228	\$ 7,240	3.1%
CHEROKEE COUNTY	\$ 211	\$ 7,690	2.7%

Source: GA DOE Expenditure Reports

State Austerity Budget Cuts: Shrinking, But Still Significant



While the Governor and General Assembly have begun returning earned QBE dollars to the education budget (and to the School Districts who earned those funds), the deficits are still significant...more than \$11 million projected in 2015-16 for Cherokee County Public Schools. The total in State revenue earned, but not received, by CCSD has surpassed \$200 Million since the cuts were initially implemented in 2003.

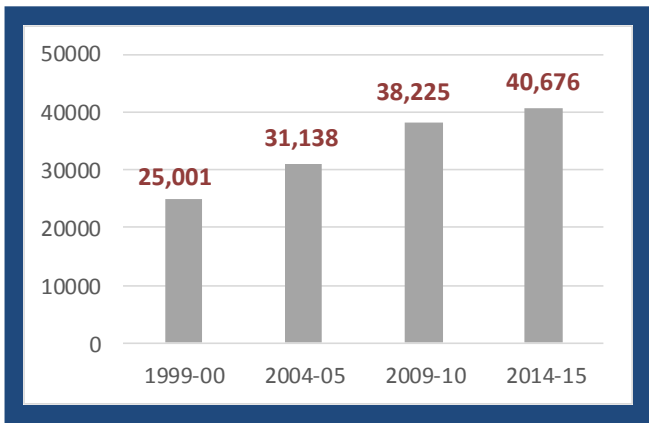
Financial Fact: Federal funding makes up only 3 percent of the Cherokee County School District budget. The majority of these funds are directed at serving the needs of CCSD's most at-risk students.

Local “Fair Share” Contribution

QBE, the State formula that funds public education in Georgia, requires some counties in the State to contribute a portion of local funds to the State for distribution to counties whose land values (and corresponding tax digests) are much lower. In the early years of QBE, Cherokee County actually received these “Fair Share” funds. But, as the County grew in population and through associated land development, CCSD became a “donor district” and now contributes to the State more than \$36 Million annually in local property tax revenue . . . to be distributed to predominantly small, rural school districts.



Student Enrollment: Growth Returning As Economy and Housing Market Improve

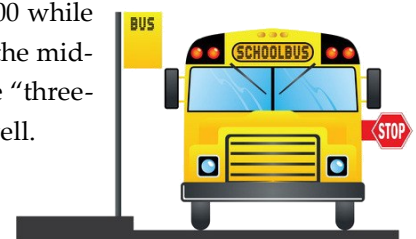


We expect the CCSD student population to exceed 41,000 for 2015-16. As the economy steadily improves, the housing market in Cherokee County is slowly rebounding. New home sales increased by 23 percent between 2013 and 2014, while new construction starts were up 12 percent. Existing home sales (owner to owner) were up 11 percent between 2013 and 2014, while foreclosures fell 36 percent. The majority of the new development is happening in the central and southern portions of the County. There are also several large, proposed developments in northern Cherokee County that wait on infrastructure availability in order to break ground.

Creative Solutions: Three-Tiered Transportation Expected to Save Time and Money

The addition of an expected 1,100 students for 2015-16 would normally require up to 15 additional buses— and drivers. In order to keep costs low and provide optimal service, Transportation Department leadership created a plan to pilot a “three-tiered” transportation model in the Etowah Innovation Zone (IZ) for 2015-16. For the Etowah IZ, this model will eliminate the need for a second load at the middle school; but, for other IZs, this model would also create separate routes for middle and high school students. Elementary schools and the high school will keep the same start and end times they currently have; and ET Booth MS will adjust its start and end time by 15 minutes...moving to a 9 am start and 4 pm finish. Elimination of the second load will also decrease the amount of time that teachers spend at bus duty stations and get them back to planning for instruction and learning... and students, who now have to wait for a second-load bus, will leave campus earlier. This model is expected to save \$260,000 while creating more capacity on existing buses. The dense population and current split of the middle and high school routes in the Etowah IZ make it the most logical place to pilot the “three-tiered” program; but, it could be subsequently utilized in other south-end zones, as well.

Unfunded Mandate: CCSD receives only 12 percent of its Transportation budget from State funds— 88 percent is locally funded!



Financial Fact: 66.2 percent of the proposed 2015-16 budget is appropriated directly to Classroom Instruction, exceeding the State benchmark of 65 percent.