

# KNOX COUNTY SCHOOLS


ANDREW JOHNSON BUILDING

*Dr. James P. McIntyre Jr., Superintendent*



## MEMORANDUM

To: Chair and Members  
Knox County Board of Education

From: Dr. James P. McIntyre, Jr.  
Superintendent 

Date: March 27, 2015

Subject: Proposed FY16 General Fund Budget (Detail)

Attached please find the Knox County Schools Fiscal Year 2016 (FY16) Preliminary Budget Document, which presents in considerable detail, and from a variety of perspectives, my FY16 general fund budget recommendation to the Board of Education.

Since my initial budget proposal, we have continued to refine our analysis and assumptions, and as a result have been able to make some progress on a couple of outstanding issues. Specifically, we have determined that sufficient general fund and grant resources already exist to sustain the TAP System in several schools for one more year without having to add general fund dollars. This is largely due to the fact that the bonus payouts associated with extending the TAP System for one year will be a FY17 budget requirement, rather than an FY16 obligation. This finding will allow us to restore almost all of the resources for the Summer Bridge program, eliminate the “additional cuts TBD” item of \$444,530 and mitigate some of the reductions that were slated for the Maintenance and Operations Department. I am very pleased to be able to soften some of these more difficult budget reductions.

The first several pages of the budget document summarize our proposed FY16 budget by “areas of utilization,” and then by major categories of spending. These analyses show the overwhelming majority of our budget (78%) is allocated to instruction and instructional support, and that our track record over the past seven years clearly demonstrates a commitment to investing in our educational priorities, with over 70% of all new funds applied to instruction-related spending.

At the request of several School Board Members, we have added information in the body of the document to reflect the budgeted number of full time employee (FTE) positions associated with each personnel-related line item. This enhancement will afford the School Board and public a better understanding of the impact of personnel-related expenditures, and will greatly increase transparency regarding budgeted positions.

This budget document reflects incremental increases and decreases to various budget line items, consistent with my overall budget recommendation, but it also incorporates some additional dynamics. In particular, our finance team has worked diligently in the preparation of this budget to more precisely account for historical and true costs for specific line items, and to transfer some budgetary resources to line items or organizational units where they make more sense and would be more easily understood by our stakeholders and the public. For example, salary costs for educational assistants have been moved from the “instructional” budget category to the “instructional support” classification to more appropriately categorize this important expenditure. Another example is the creation of new, separate line items for “Instructional Coaches” and “Master Teachers,” both of which were previously recorded within the “Teachers” category.

With the hiring of Budget Director Liz McLeod last year, and her work to facilitate the implementation of a rigorous position management system, we are also better able to accurately quantify and budget for personnel costs. In addition, rather than planning to make significant line item transfers at the end of the fiscal year to reflect our traditional spending patterns, we have operationalized some of those perennial adjustments now - on the front end of the budget development process.

While all of these dynamics are positive and constructive changes which represent best practice, it does make the year-over-year budget variance analysis somewhat confusing. In order to attempt to explain some of the adjustments that have been made, we have added a “justification” column to the departmental detail pages. In some instances, the justification column also provides insight into the type of spending that might be expected from that budgetary line item.

While we still have some work to do to refine and finalize this budget proposal, I believe we are on track to present a much more detailed and transparent budget document than we have been able to deliver in past years. In closing, I would like to reiterate my belief that this preliminary FY16 budget recommendation, while not without some difficult tradeoffs, clearly reflects our educational priorities will enable the Knox County Schools to continue making progress toward achieving our ambitious goal of *Excellence for Every Child*.

I look forward to our continued discussion, and to addressing any question you may have.

cc: KCS Executive Team