

ORANGE COUNTY
BOARD OF EDUCATION

AGENDA ITEM ABSTRACT

Meeting Date: May 16, 2011

AGENDA ITEM No. 11-05-(2)-22

ACTION ITEM: (Y/N) N

SUBJECT: 2011-2012 Budget Discussion

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ATTACHMENTS:

1. Notes on House Budget – May 4, 2011.
2. Orange County Schools Estimated Impact of House Budget Proposal Funding Reductions.
3. Allocation of Projected Revenue for 2011-2012 (LOCAL).

PURPOSE: The purpose of this agenda item is to allow the Board of Education the opportunity to publicly discuss state and local budget deliberations. Currently, 53% of Orange County Schools' revenue is from state sources, 36.7% is from county sources, and 10.3% is from federal sources.

BACKGROUND: The N.C. House passed its budget on May 4, 2011. It includes cuts to nearly every category of state funding for K-12 public schools. The Department of Public Instruction has estimated the House budget cuts will result in state-wide public school job loss of 18,330 positions. Orange County Schools could lose state funding for 54 school-level positions with the biggest categorical cut being a loss of \$1,165,112 in the teacher assistant allotment. Other budget-related legislation includes:

1. The loss of driver education funding will directly impact students due to a cut of \$57,400. The legislation allows schools to charge up to \$75.00 for driver education.
2. Increases in employer contributions to the retirement system from 10.51% to 13.62% for 2011-2012 and to 15% the following year.
3. Changes to Lottery Proceeds, specifically the Public School Building Fund - reduced by 15 million dollars.
4. Cuts to early childhood program "More At Four" by 20%.
5. State employee salaries remain frozen.

Locally, the BOCC will hear the manager's recommended budget on May 17, 2011. Staff anticipates the local appropriation to increase by six (6) dollars to \$3,102 (see attachment).

FINANCIAL IMPACT: The projected loss in state funding for Orange County Schools is \$2,516,114. Based on a projected increase of 80 students, the total local appropriation would increase by \$313,090 to \$23,088,186.

RECOMMENDATION: The Superintendent recommends the Board discuss the budget information available at this time.

This explanation addresses parts of the "Money Report" first and then special provisions in House Bill 200 that have an impact on public schools. If special provisions relate directly to funding provisions, those are addressed within the discussion of the General Fund Appropriations in the Money Report. Excerpts from the Money Report and House Bill 200 are available on our website at <http://legislative.ncpublicschools.gov/resources-for-legislators>.

**Notes on House Budget
Passed by the House
May 4, 2011**

General Fund Availability Statement

Anticipated Overcollections from FY 2010-11: \$156,300,000

Revenue projections had been expected to increase this year. The most recent consensus forecast shows a slightly greater increase than anticipated, resulting in the expectation of additional revenues of \$156.3 million in tax collections. This figure may change upwards or downwards after April collections are calculated.

Summary of General Fund Appropriations

The Governor's proposed public education budget is \$7.57 billion. The proposed House budget provides \$7.17 billion -- \$408 million less than the Governor's budget and \$759 less than the Governor's continuation budget.

The \$7.16 billion budget will result in a loss of at least 18,300 state-funded positions for public schools. This is a conservative estimate as it does not reflect cuts of positions funded by various categorical allotments in order to meet the budgetary reductions required by the "LEA Adjustment". A chart is available on our webpage at <http://legislative.ncpublicschools.gov/resources-for-legislators>, under "Budget" entitled "Impact of Proposed House Budget".

Education

Section F

(and related special provisions in HB 200)

All reductions in Section F will have an impact on students and public schools. What follows are some of these reductions where additional explanation may be helpful in understanding the impact of the reductions.

Required cut to continuation budget

B. 4. LEA Adjustment. This reduction of \$42.1 million for FY 2011-12 and \$105.7 million in FY 2012-13 is in addition to the reduction already required of \$304.7 million in both years. This creates a total reduction that LEAs must make in their budget of \$346.9 million in FY 2011-12 and \$410.4 million in FY 2012-13. According to the provision, LEAs are expected to use federal EduJobs funding to minimize reducing position allotments.

EduJobs provided \$300 million in funds last year that could have been spent in 2010-11 and must be spent by September 30, 2012. As of February, 2011, approximately \$268 million of the \$300 million remains, although the amount spent so far varies across LEAs. While EduJobs may help in 2011-12, LEAs also must offset the loss in this school year of \$360 million in federal stabilization funds. And since funds have to be spent by September 30, 2012, it will not help in position losses in 2012-13.

In making decision regarding these cuts, special provisions also require maintaining the allocation of teachers and class size requirements in K-3 grades (Section 7.12). Earlier in the budget process, there also was a provision requiring local school administrative units and charter schools not to reduce allotments for classroom teachers more than was reduced for the 2010-2011 school year. This provision was eliminated through an amendment.

As a part of making these required reductions in their budget, LEAs also may consider furloughs. Those requirements are addressed in Section 29.17 and are addressed below in the HB 200 special provisions.

Effect on Teacher/Classroom Positions

B.5 Teacher Assistants. The reduction in teacher assistant funds of \$255.2 million in 2011-12 and \$250.7 million in 2012-13 substantially cuts these funds. While the funds may be used for assistants in K-3, the funding is based on providing assistants only in K-1. These funds also could be used for teacher positions and therefore may result in a loss teacher positions as well. Such a large reduction will also make it difficult for LEAs to use this allotment for its required reduction under the LEA Adjustment.

Other Categorical allotments that can be used for teacher positions that face reductions are:

B.12 At-Risk Student Services (\$30.2 million reduction for FY 2011-12– a 12% reduction)

B. 16. Academically or Intellectually Gifted (\$6.5 million reduction for FY 2011-12– a 9% reduction)

(note: the budget originally presented by the House Education Appropriations Subcommittee chairs provided a reduction of \$8.5 million; amendments reinstated some of the funding)

B. 20 . Limited English Proficiency (\$7.5 million reduction for FY-2011-12 – a 10% reduction)

Based on 2010-2011 use of these allotments and the size of the required reductions, these three categories are estimated to result in a loss of 431 teaching positions in 2011-12. This chart is available on our webpage at <http://legislative.ncpublicschools.gov/resources-for-legislators>, under “Budget” titled “Proposed Reduction and General Impact”.

Diagnostics and Assessments

Other categories of concern include the reduction or elimination of funding for diagnostic assessment and accountability.

B.7. Testing (\$2.7 million reduction, reflecting the elimination of 4 tests and 10% reduction)

At this time, the Senate and House have passed companion bills that provide new diagnostics and nationally-normed high school assessments that are focused on career and college ready (S 479 and H 766). Restoring at least the funding for the 4 tests will allow partial implementation of this bill.

B.9 Student Diagnostics (\$10 million – elimination of pilot)

This pilot provided use of innovate diagnostics in the K-2 grades to help make sure students don't fall behind.

Support to Teachers and the Classroom

There are numerous funding categories that relate to providing support to the classroom, including central office, instructional support, and noninstructional support personnel. All of these positions help make it possible for the teacher to focus on teaching and student learning. Of particular concern is the following:

18. School Building Administration (\$19.6 million, reduction for assistant principal months of employment by 16.6%). The General Assembly had established a formula for allocating assistant principals based upon an assessment of the needs of teachers and students. Such a dramatic reduction raises questions about the ability to meet those identified needs.

Essential Services

Some reductions will pose significant challenges for school districts because of the need to maintain the level of service provided to students. Of particular concern is the following:

21. Transportation (\$20.7 million – 5% reduction)

In addition to this 10% reduction, school districts and charter schools will have to absorb the steep increases experienced in fuel prices from the budgeted \$2.21/gallon to the current \$3.39/gallon. This contributes an additional budget shortfall of \$17.9 million. (Note – the Money report is being corrected to show 5% instead of 10% -- as previously reported.)

Reduction to State-wide Programs

Many state-wide programs have been reduced or eliminated in this budget. Programs such as the Teacher Academy, North Carolina Center for the Advancement of Teaching, and the Governor's Schools have had significant roles in the State. The \$6.4 million dollar reduction to the Department is the largest single reduction of statewide services.

41. DPI Management Flexibility Reduction (\$6.4 million – 25.6% reduction from the 2008-09 budget)

Cuts of this magnitude will have a significant impact on the ability of the Department to provide key services that reduce costs for LEAs and improve instruction including:

- technology used by school districts for more efficient record-keeping, such as the student records system (NC Wise);
- materials made available to school districts on the newly revised curriculum – thus requiring school districts to develop their own materials; and
- training on the new evaluation instruments – a key to their proper use and the movement towards pay for performance models – including those called for by the General Assembly.

More information will be provided on this significant cut by the Department.

Special provisions are provided in HB 200, Section 7.19 related to administering this cut.

**Education
Section F
&
Health & Human Services
Section G**

Early Childhood Education and Services

Both More at Four and Smart Start face significant reductions in their budgets, which will directly affect the number of young children and their families served.

The More at Four changes are in the following parts of the budget:

Education, Section F

B. 27 More at Four Funding Reduction (\$16 million – 20% reduction)

B. 28 More at Four Transfer (\$65 million transferred to DHHS)

Health & Human Services, Section G

1. Pre-kindergarten Funds Transfer (\$65 million transferred to DHHS)

7. More at Four Match

House Bill 200

Section 5.4 Education Lottery

Lottery funds for appropriated for prekindergarten are down \$16 million from last year -- \$63,135,709 from the 2010-11 appropriation of 79, 635,709.

Section 10.7 Consolidate More at Four Program into Division of Child Development

We have provided separate analysis of the budget reduction and transfer of More at Four from the Department of Public Instruction to the Department of Health and Human

Services. This is available on the legislative program webpage at <http://legislative.ncpublicschools.gov/resources-for-legislators> under "More At Four" titled "House Budget Ends PreK in Public Schools". The State Board and State Superintendent oppose this transfer and these deep cuts to the program.

The net results of the transfer as provided in these sections is to transform the program from a successful prekindergarten model that was effective in public schools and private settings to a child-care subsidy model for private settings. The co-pay requirement will make the program less accessible to those families that need it the most. The additional resources on the website explain more about these provisions as well as provide evidence of the effectiveness of this program as it has been operated within the Early Childhood Division at DPI.

Residential Schools for the Deaf and Blind

Education, Section F

B. 47 Residential schools for the Deaf and Blind (\$1.5 million – 5% reduction)

B. 49 Eliminate Superintendent of Residential Schools for the Deaf and Blind (\$137,264)

Last year, the General Assembly provided a Type 1 transfer of the three residential schools for the deaf and blind from the Department of Health and Human Services to the Department of Public Instruction. In this legislation last year, the General Assembly also made the following cuts:

- Residential school administrative staffing decrease of 7 position/\$605,386
- Office of Educational Services (positions at DHHS to support the schools) elimination of all 15 positions/\$1,103,070
- Other positions at residential schools and preschool programs decrease of 50 positions/\$2,127,065
- Food services staff decrease of 10 positions/\$282,991.

The proposed budget of \$32.1 million does not restore any of these positions. It instead takes the continuation budget that does not have these positions and then provides a 5% reduction of \$1.5 million. This results in a stark loss of support and leadership for the schools:

- no positions are provided in the budget for any support for the schools from the Department of Public Instruction (whereas there were 15 positions at DHHS)
- no principal positions are provided
- the funding for the one central position – superintendent – is eliminated. Instead, the director of one of the schools must take on the superintendent's responsibilities. This creates a significant problem for providing oversight and accountability of this school and the performance of essential duties by the superintendent for all three schools.

Health & Human Services, Section G

21. Position Eliminations – Office of the Controller (\$76,215)

This eliminates two positions, one due to the transfer of these schools to DPI. The funds for this position were not transferred to DPI.

House Bill 200

Section 7.25 Residential Schools

In addition to describing the elimination of the superintendent position, this provision prohibits the Department from closing or consolidating any of the three schools.

Transportation

Section K

LEAs will be responsible for picking up \$8.7 million of the cost in running the driver education program. To offset this, they may charge students up to \$75 for the course. There was considerable discussion of this requirement in appropriations in regard to students from low-income families.

House Bill 200

Section 31.1 Driver Education Reform

The special provision also addresses the \$75 fee as well as incorporating many of the provisions in S339, Modify Driver Education Program.

Reserves/Debt Service/Adjustments

Section L

A.1 Severance Expenditure Reserve - \$75 million provided for 2011-12

The \$75 million for severance pay reflects the large number of state-level positions cut in this budget.

A.3 State Retirement System Contributions- \$297.4 million for 2011-12; \$404.2 million for 2012-13

House Bill 200

Section 29.22(b), (c) Salary-related Contributions

These provisions change the employer contribution to the retirement system from 10.51% to 13.62% for the 2011-2012 year and to 15% for the 2012-13 year. These increases are much greater than what was proposed by Governor Perdue or in health care bill, Senate Bill 265, which was vetoed by the Governor. A comparison chart is available at <http://www.ncpublicschools.org/fbs/> under the "What's New" section and titled "Proposed retirement and health benefits comparison". While these costs are covered for state-funded employees paid through salary allotments, these costs must be absorbed by LEAs that use categorical allotments for positions and all locally-funded personnel.

A.7 State Health Plan \$11.7 million for 2011-12, \$109.5 million for 2012-13

The proposed budget does not outline changes in benefits or deductibles.

Other Special Provisions in House Bill 200

Our website provides excerpts of House Bill 200 that relate to public schools. Following is an explanation of some of those provisions. For the full listing, see the index provided at the beginning of the excerpts. This document is available on our legislative webpage at <http://legislative.ncpublicschools.gov/resources-for-legislators> under Budget.

Section 5.4 Education Lottery

Education lottery funds are down by \$33 million from last year (\$458,155,576 to \$424,963,630). The Public School Building Capital Fund had some of its budget restored by amendment by Representative Moore, with an appropriation of \$98.7 million (down from \$113.7 million last year). Lottery funds appropriated for prekindergarten are down \$16 million from last year (2010-11 appropriation of \$79, 635,709 down to \$63,135,709). These cuts enabled the class size reduction to remain constant at \$220.6 million.

LEAs continue to have the flexibility to transfer capital funds to the classroom. Last year two school systems used this flexibility (Buncombe County Schools and Asheville City Schools).

Section 7.1(a) Education Reform in North Carolina

This provision sets out a number of issues to be studied by Joint Education Oversight and reported to the 2012 Regular Session of the General Assembly. Representative Stam's amendment, H200-AMH-47, added a number of other specific issues. The proposed House budget (Education, Section F, B6) provides \$1 million for the study.

Section 7.9 Tuition charge for Governor's School

The proposed House budget eliminates State funding for the Governor's school. (Education, Section F, B46). Beginning with the summer 2012 program, the State Board may implement tuition charges to cover the elimination of \$849,588 in State funding.

Section 7.11 Textbooks

This provision prohibits the State Board from adopting new textbooks prior to July 1, 2013. This will affect the planned adoption of textbooks in 2012 related to the new essential standards in science and the arts.

The proposed budget causes substantial reductions in the textbook allocation for this biennium budget (\$13 million recurring, \$79.5 million non-recurring in 2011-12, \$79 million non-recurring in 2012-13 – Education, Section F, B14). While this will make it difficult for LEAs to purchase newly adopted textbooks, textbook adoptions do not require LEAs to purchase them: they may buy other materials if they transfer their funds to instructional supplies.

Section 7.13(a) Elimination of Reporting Requirements

This provision eliminates the local safe school plan (G.S. 115C-105.47) and the local technology plan (G.S. 115C-102.6C, 115C-102.6D (d), and 115C-102.7). Earlier versions of this provision also called for the elimination of the Academically or Intellectually Gifted Plan and the School Improvement Plan. Both of those requirements have been restored.

7.15 Transfer of Federal Agricultural Education Funds

This provision transfers the development of the secondary agricultural education curricula from the State Board to the Department of Agricultural and Extension Education at NCSU and requires the State Board to then adopt whatever is developed as a part of the Standard Course of Study. It also requires a transfer of funds to support this development at NCSU. This transfer raises significant concerns in regard to the relationship to the federal Carl D. Perkins funds and governance responsibilities of the State Board of Education.

Section 7.17 School Calendar Pilot Program

This provision adds Stanly County Schools for a pilot program, along with the existing pilot for Wilkes County Schools for allowing a school calendar of 180 days or 1,000 hours of instruction instead of requiring both. The concerns for this kind of provision focus on the potential reduction in instructional time.

Section 7.18 (Performance Pay Model)

This requires the State Board to establish a performance pay model that a local school administrative unit may use with State funds, except salary allotments. Some LEAs are already using Race to the Top local funds to implement performance-based pay plans and there is a State-level initiative offering performance-based pay to the staff at the 118 lowest-achieving schools being served through RttT.

Section 7.19 Budget Reductions/Department of Public Instruction

(see explanation above in review of funding)

Section 7.21 LEA Budgetary Flexibility

(see explanation above in review of funding)

Section 7.22 North Carolina Virtual Public Schools Allotment Formula

Representative Blackwell's amendment (H200-AMH-46) replaces the provision in the proposed H200. Local superintendents sought this change. It is a detailed provision intended to fairly share costs for the NC Virtual Public Schools across school districts.

Section 7.23(a) Performance-Based Reductions in Force

This provision modifies existing law on reductions in force (G.S. 115C-325(e)(2)) to remove the requirement that career (tenured) employees who were dismissed due to a reduction in force be given priority in hiring decisions for three years. It also adds a new requirement that the State Board develop a policy to provide uniform criteria for reductions in force in local school administrative units. These criteria must include consideration of work performance. While the Department has provided guidance in the past for administering the RIF requirements in law, this is a new requirement that the State Board adopt policy.

Section 7.25 Residential Schools

(see explanation above in review of funding)

Section 7.26 Sixty-five percent of school funding must be used for classroom instruction

This provision gives the State Board new authority to modify allotment formula and transfer funds in order to ensure that each local school administrative units spends at least 65% of State operations funding for classroom instruction. The State Board rules would further define those funds related to classroom instruction. This requirement does not apply to charter schools. A recent analysis by Financial and Business Services shows that all school districts currently meet this requirement. This is available on our legislative page website at <http://legislative.ncpublicschools.gov/resources-for-legislators/resources-for-legislators> under "Department of Public Instruction/Budget".

Section 29.12 Teacher Salary Schedules

This provision continues differentiated pay for NBPTS certification and master's degree. (Some budget documents earlier in the process identified potential cuts in these areas but such suggestions were not followed.) Salaries are frozen at the current level.

Section 29.13 School-based Administrator Salary Schedule

Salary remains frozen at the current level; however, due to the 16.6% cut in the allotment for assistant principals, school districts will have to reduce positions or months of employment for individuals in these roles. How school districts have structured school administrator contracts for assistant principals may affect how reductions in months of employment are carried out.

Section 29.16 Furloughs Authorized/Public Schools

Like last year, this provision allows furloughs to offset the required LEA adjustment to the budget. In last year's budget, employees who earned \$32,000 or less were not subject to the furlough. That threshold was set at \$25,000 in the proposed budget but was changed to \$30,500 by an amendment introduced by Representative Blackwell (Amendment No. 81).

Section 29.22(b), (c) Salary-related Contributions

(see explanation above in review of funding)

Orange County Schools
Estimated Impact of House Budget Proposal Funding Reductions
Estimation Based on DPI Worksheet provided May 3, 2011

	2010-11 Current Allotment	2011-12 Projected Allotment	Projected Reduction Amount	% Reduced
LEA Adjustment (negative reserve)	(\$1,485,386) *	(\$1,693,340) *	\$207,954 **	14% **
+ Teacher Assistants (Fund Only K-1)	2,425,481	1,260,369	1,165,112	48.04%
At-Risk Student Services	935,396	823,148	112,248	12%
+ Non-Instructional Support Personnel	2,077,097 ***	1,653,580	423,517	20.39%
Textbooks	12,184	106,098	(93,914)	n/a
+ Instructional Supplies	310,967	242,628	68,339	21.98%
+ Academically or Intellectually Gifted	343,568	315,174	28,394	8.26%
+ Central Office Administration	796,732	722,477	74,255	9.32%
School Building Administration (principals & assistant principals)	1,981,712 (246 MOEs)	1,823,175 (226.32 MOEs)	158,537 (19.68 MOEs)	8%
Instructional Support	2,363,724 (36 Pos.)	2,245,538 (34.2 Pos.)	118,186 (1.80 Pos.)	5%
Limited English Proficiency	302,328	272,095	30,233	10%
Transportation	1,876,600	1,782,770	93,830	5%
School Technology	4,874	0	4,874	100%
More at Four	335,750	268,600	67,150	20%
++ Driver's Education	173,928	116,528	57,400	33%
			<u>\$2,516,114</u>	

* LEA discretionary reversion
** Increase in discretionary reduction
*** Stabilization Dollars
+ Revised
++ Added

Reversion increases by \$311,931 in 2012-13.
Approximately 40 positions
Clerical, custodians and substitutes
n/a
21.98%
Approximately .5 positions
9.32%
Reduction is for Assistant Principals
5%
Approximately 1.06 positions; guidance counselors, social workers, psychologists, media specialists, nurses
10%
Approximately .55 positions
5%
100%
20%
Approximately 1.22 teaching positions
33%

State Planning and Proposed House Allotment Formulas FY 2011-12

Category	FY 11-12 Continuation Budget		FY 11-12 House's Proposed Budget		Difference		Basis of Allotment (Funding Factors are rounding)
	Pos/Months	Amount	Pos/Months	Amount	Pos/Months	Amount	
Administration							
Central Office Administration		107,570,586		96,813,527		(10,757,059)	-10.00%
							Continuation - FY 10-11 Initial Allotment - decrease by .01% House's Proposed - FY 10-11 Initial Allotment - decrease by 9.32%

Category	FY 11-12 Continuation Budget		FY 11-12 House's Proposed Budget		Difference		Basis of Allotment (Funding Factors are rounding)	Salary
	Pos/Months	Amount	Pos/Months	Amount	Pos/Months	Amount		
Instructional Personnel and Support Services								
Classroom Teachers	69,736.00	3,826,202,378	69,736.00	3,826,202,378	0.00	0	0.00%	1 per 18 in ADM. (LEA Class Size Ave. 5:21) 1 per 22 in ADM. 1 per 21 in ADM. 1 per 24.5 in ADM. 1 per 26.64 in ADM. 1 per county or based on subagreements.
Teacher Assistants		527,793,315		269,145,833		(258,647,482)	-49.01%	\$1,131.29 per K-3 ADM. \$1,131.29 per K-1 ADM. % loss ranges from 44.39% to 56.8%
Instructional Support	7,464.00	458,942,443	7,091.00	436,017,293	(373.00)	(22,925,150)	-5.00%	Continuation - 1 per 200.10 in ADM. House's Proposed - 1 per 210.53 in ADM.
School Building Administration Principals (Positions)	2,486.00	208,566,870	2,486.00	208,600,309	0.00	33,439	0.02%	Principal: Continuation: 1 per school with at least 100 ADM or at least 7 state paid teacher and instructional support personnel
Assistant Principals (Months)	18,532.00	118,074,044	14,641.00	93,287,765	(3,891.00)	(24,786,279)	-20.99%	House's Proposed - no principals for new schools <100 in ADM. Assistant Principals: Continuation Budget - 1 month per 80 in ADM. House's Proposed - 1 month per 100.56 in ADM
Total		325,640,914		301,888,074		(24,752,840)	-7.58%	
Career Technical Ed. - MOE (LIMITED FLEXIBILITY- Salary Increase)	66,212.00	377,970,037	66,212.00	377,970,037	0.00	0	0.00%	Base of 50 Months of Employment per LEA with remainder distributed based on ADM in grades 8-12.
Classroom Materials/ Instructional Supplies/ Equipment		93,760,884		52,981,432		(40,779,452)	-43.49%	Continuation Budget - \$62.82 per ADM plus \$2.66 per ADM in grades 8 and 9 for PSAT House's Proposed - \$35.36 per ADM plus \$2.69 per ADM in grades 8 and 9 for PSAT
Textbooks (Budget includes Regular and CWD; \$ per ADM Regular Only)		118,834,834		36,598,088		(82,236,746)	-69.20%	Continuation - \$79.21 per ADM House's Proposed - \$23.71 per ADM

State Planning and Proposed House Allotment Formulas FY 2011-12

Category	FY 11-12 Continuation Budget		FY 11-12 House's Proposed Budget		Difference		Basis of Allotment (Funding Factors are: funding)
	Pos/Months	Amount	Pos/Months	Amount	Amount	%	
Noninstructional Support Personnel		396,649,804		337,152,333	(59,497,471)	-15.00%	Continuation - \$267.57 per ADM. House's Proposed - \$227.39 per ADM. \$5,000 per Textbook Commission member for Clerical Assistants.

Category	FY 11-12 Continuation Budget		FY 11-12 House's Proposed Budget		Difference		Basis of Allotment (Funding Factors are: funding)
	Pos/Months	Amount	Pos/Months	Amount	Amount	%	
Academically or Intellectually Gifted Students		70,667,591		62,187,480	(8,480,111)	-12.00%	Continuation Budget - \$1,192.92 per child for 4% of ADM. House's Proposed \$1,049.75 per child for 4% of ADM.
At-Risk Student Services		251,049,088		220,923,197	(30,125,891)	-12.00%	Continuation Budget: Each LEA receives the dollar equivalent of one resource officer (\$37,838) per high school. Of the remaining funds, 50% is distributed based on ADM (\$78.51 per ADM) and 50% is distributed based on number of poor children, per the federal Title I Low Income poverty data (\$353.14 per poor child). Each LEA receives a minimum of the dollar equivalent of two teachers and two instructional support personnel (\$232,710). House's Proposed: Each LEA receives the dollar equivalent of one resource officer (\$37,838) per high school. Of the remaining funds, 50% is distributed based on ADM (\$86.18 per ADM) and 50% is distributed based on number of poor children, per the federal Title I Low Income poverty data (\$353.14 per poor child). Each LEA receives a minimum of the dollar equivalent of two teachers and two instructional support personnel (\$232,710).
Children with Disabilities		606,499,193		599,499,193	(7,000,000)	-1.15%	Each LEA receives the dollar equivalent of one resource officer (\$37,838) per high school. Of the remaining funds, 50% is distributed based on ADM (\$86.18 per ADM) and 50% is distributed based on number of poor children, per the federal Title I Low Income poverty data (\$353.14 per poor child). Each LEA receives a minimum of the dollar equivalent of two teachers and two instructional support personnel (\$232,710).
School Aged							
Preschool		50,353,309		50,353,309	0	0.00%	\$3,598.55 per funded child count. Child count is comprised of the lesser of the Dec. 1 handicapped child count or 12.5% of the allotted ADM.
Other: Group Homes, Community Res.; Developmental Day; Behavioral Support		38,085,791		38,085,791	0	0.00%	Base of \$54,887 per LEA; remainder distributed based on Dec 1 child count of ages 3, 4, and PreK-5, (\$2,905.10) per child. Approved applications. To be allotted in a revision.
Disadvantaged Student Supplemental Funding		694,338,293		687,938,293	(7,000,000)	-1.01%	
Driver Training		78,753,727		78,753,727	0	0.00%	See the Allotment Policy Manual for formula for allocating supplemental funding to address the capacity needs of LEAs in meeting the needs of disadvantaged students.
		31,888,496		23,335,293	(8,553,203)	-26.82%	Continuation Budget- \$236.31 per 9th grade ADM. Includes private, charter, and federal schools. House's Proposed- \$172.89 per 9th grade ADM. Includes private, charter, and federal schools. All LEAs to assess fees up to \$75 for those enrolled.

State Planning and Proposed House Allotment Formulas FY 2011-12

Categorical Programs (Cont)	FY 11-12 Continuation Budget	FY 11-12 House's Proposed Budget	Difference	Basis of Allotment (Funding Factors are rounding)
Limited English Proficiency	75,055,124	67,549,612	(7,505,512)	-10.00% Continuation Budget - Base of a teacher asst. (\$29,750); remainder based 50% on number of funded LEP students (\$352.23) and 50% on an LEA's concentration of LEA students (\$3,239.86)
Low Wealth Supplemental Funding	223,335,000	223,335,000	0	0.00% House's Proposed Base of a teacher asst. (\$29,750); remainder based 50% on number of funded LEP students (\$315.14) and 50% on an LEA's concentration of LEA students (\$2,897.80)
Mentor Pay	9,214,190	0	(9,214,190)	-100.00% See the Allotment Policy Manual for formula allocating supplemental funds to eligible LEAs that are located in counties that do not have the ability to generate revenue to support public schools at the state average level. We will provide additional info
School Technology	10,000,000	0	(10,000,000)	-100.00% The FY 09-10 Funding factor was \$756.16 per eligible employee. Counts have not been updated and will affect this factor.
				Continuation Budget - \$6.75 per ADM. House's Proposed - \$0 per ADM.
Small County Supplemental Funding	44,073,736	44,073,736	0	0.00% See the Allotment Policy Manual for formula that allocates supplemental funding to County LEAs with less than 3,239 ADM. Also county LEAs with ADM between 3,239 and 4,080 whose adjusted property tax base per student is below the state average adjusted
Staff Development	12,629,623	64,560	(12,565,063)	-99.49% Continuation Budget - FO/CN Base - \$750; 25% Funding Base - \$26,301; Remaining - \$6.32 dollars per ADM
Transportation	419,004,577	392,924,348	(26,080,229)	-6.22% House's Proposed - \$0 Based on an efficiency rated formula and local operating plans.
Career Technical Education - Program Support	19,539,107	19,539,107	0	0.00% \$10,000 per LEA with remainder distributed based on ADM in grades 8-12 (\$33.67).

Other	FY 11-12 Continuation Budget	FY 11-12 House's Proposed Budget	Difference	Basis of Allotment (Funding Factors are rounding)	
Category	Pos/Months	Amount	Pos/Months	Amount	%
LEA Adjustment		(304,774,366)		(346,944,388)	13.84%
Learn And Earn Online		1,000,000		0	-100.00%
Geographically Isolated Schools		411,503		0	-100.00%

Employee Benefits	Continuation Budget	Senate Bill 265
Category		
Hospitalization	\$4,929 per position per year.	\$4,952 per position per year.
Retirement	10.51% of total salaries.	10.61% of total salaries.
Social Security	7.65% of total salaries.	7.65% of total salaries.

State Planning and Proposed House Allotment Formulas FY 2011-12

Statewide Average Salaries for FY 2011-12 (Benefits are not included)	
Category	Basis of Allotment
Teachers	\$42,263
Principals (MOE)	\$5,569
Assistant Principals (MOE)	\$4,975
Career Technical Ed. (MOE)	\$4,414
Instructional Support	\$47,866

Note: Dollars for 2011-12 position/month allotments are based on LEA's average salary including benefits, rather than the statewide average salary. They are still position/month allotments and you must stay within the positions/months allotted, not the dollars.

Allocation of Projected Revenue for FY 2011-12
(Based on Preliminary Revenue Estimates of \$176.0 million)

Schools - For FY 2011-12, assumes the same total dollar amount for Current Expense for appropriation (does not include funding for Durham Technical College in calculation of the 48.1% target)

	FY 2010-11 Actual	FY 2011-12 Preliminary	Difference	% Change
Current Expense (Mandated Appropriation, Discretionary Dollars)	\$59,371,992	\$59,371,992	\$0	0.0%
Recurring Capital (Mandated Appropriation, Discretionary Dollars)	\$3,000,000	\$3,000,000	\$0	0.0%
Long Range Capital (Mandated Appropriation, Discretionary Dollars)	\$2,590,117	\$2,628,989	\$38,852	1.5%
School Related Debt Service (Mandated Appropriation)	\$18,182,682	\$17,519,486	(\$663,196)	-3.6%
Fair Funding (Non Mandated Appropriation)	\$988,000	\$988,000	\$0	0.0%
Total School Funding ⁽¹⁾	\$84,132,791	\$83,508,447	(\$624,344)	-0.7%
% of County General Fund Revenues	48.0%	47.4%		0.0%

⁽¹⁾ Does not include additional County funding for School Health Nurses, School Social Workers, School Resource Officers. Total Education appropriation % for FY 2010-11 including these components totaled 49.01%, and would be 48.46% given the above preliminary amounts for FY 2011-12.

Calculation of Current Expense/Per Pupil Appropriation

	FY 2010-11	FY 2011-12	Difference	% Change
Projected # of Students	19,177	19,141	-36	-0.2%
Projected Per Pupil Allocation	\$3,088	\$3,102	\$6	0.2%