

ORANGE COUNTY
BOARD OF EDUCATION

AGENDA ITEM ABSTRACT

Meeting Date: March 19, 2011

AGENDA ITEM No. 12-03-(2)-16

ACTION ITEM: (Y/N) N

SUBJECT: Superintendent's Local Budget Recommendations - 2012-2013

INFO. CONTACT: Patrick Rhodes PHONE: 919-732-8126

- ATTACHMENTS:
1. 2012-2013 Student Enrollment Projections
 2. *DRAFT* PowerPoint: Superintendent's Recommended Budget
 3. School System Position Efficiency Review
-

PURPOSE: The Superintendent and Finance Officer will present a recommended local current expense budget. Other information presented will focus on reductions in state and federal funding and the impact on the system.

BACKGROUND: Currently Orange County Schools has a total operating budget of 70 million dollars which is funded by three major sources: the State of North Carolina, the Federal Government, and Orange County Government. We are experiencing dramatically lower funding levels from state and federal sources. The district will also be facing increased local costs associated with utility costs and employee retirement and health insurance.

The Superintendent will present a recommended budget for Board of Education consideration. Using county formulas the OCS projected enrollment is 7,639 students. The superintendent's recommended budget request is \$25,376,758. This represents a \$220 requested increase in the per pupil appropriation.

A public hearing on the local budget will be held at 6:00 p.m. on Monday, April 9, 2012 in the auditorium of A.L. Stanback Middle School.

FINANCIAL IMPACT: If approved as presented, Orange County Schools will receive \$ 25,376,758 in local current expense funding from the Board of County Commissioners. This represents an additional \$2,307,184 in county funding support.

RECOMMENDATION: The Superintendent recommends the Board of Education receive the superintendent's local budget recommendations and provide feedback to staff.

2012-13 State Student Enrollment Projection

2012-13 NC DPI Certified Students	7,420
Less: Out-of-District	70
Plus: Charter School Students	<u>289</u>
Total 2012-13	<u><u>7,639</u></u>

2011-12 Student Enrollment Projections	7,443
Projected Enrollment Increase	196



Public Schools of North Carolina
North Carolina Department of Public Instruction

State Planning Allotment - Fiscal Year 2012-13
ADM

Enter LEA#

680 Orange County

	<u>ACTUAL</u>	<u>PROJECTED</u>	<u>BETTER OF(2)</u>
KINDERGARTE	572	582	582
GRADE 1	579	592	592
GRADE 2	510	609	609
GRADE 3	574	523	523
GRADE 4	599	585	585
GRADE 5	527	595	595
GRADE 6	553	537	537
GRADE 7	561	562	562
GRADE 8	584	576	576
GRADE 9	641	660	660
GRADE 10	591	576	576
GRADE 11	516	579	579
GRADE 12	533	444	444
TOTAL	<u><u>7,340</u></u>	<u><u>7,420</u></u>	<u><u>7,420</u></u>

ORANGE COUNTY
Schools

**Superintendent's
Recommended Budget**

2012 – 2013


DRAFT
3/19/12

March 19, 2012



District Highlights

- Student Achievement/Proficiency Continue to Rise
- Achievement Gap Continues to Close
- Lowest Dropout Rate on Record– 2.37%
- S.A.T. and A.C.T. Scores Exceed State and National Averages
- Record Number and Value of Scholarships Awarded
- Graduation Rate Continues of to Increase (82.8%)



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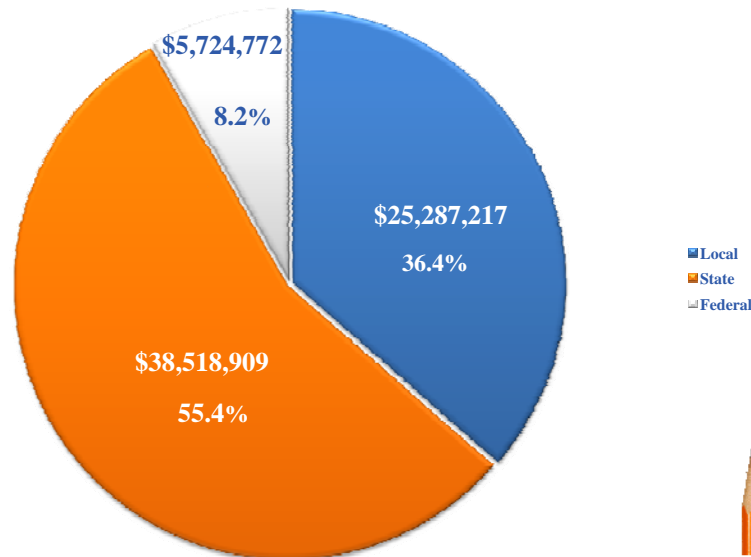
Current Year Budget Overview

	Total Appropriation	Per Pupil Allocation
Local	\$25,287,217	\$3,449
State	\$38,518,909	\$5,254
Federal	\$5,724,772	\$781

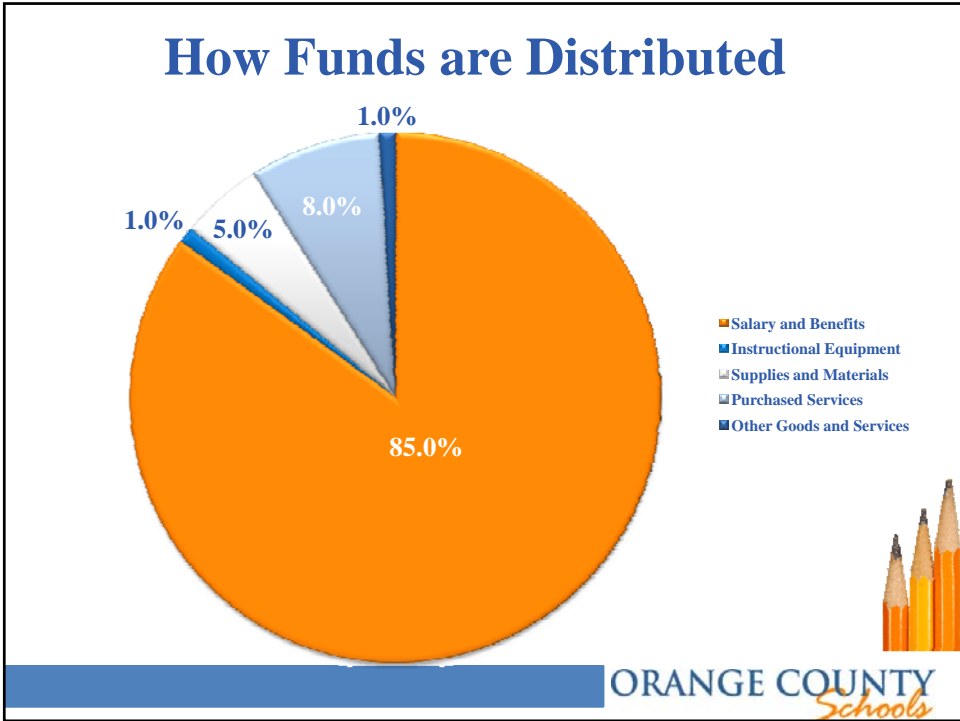


ORANGE COUNTY
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Revenue Sources for 2011-12




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Schools



2011 - 2012 State Funding Cuts

Transportation (-2.5%)	\$583,416
➤ Decreased Funding for fuel, despite increased costs	
Non-Instructional Support (-15%)	\$540,015
➤ Reduced Funding for Clerical Staff, Custodians and Substitute Teachers	
Instructional Supplies (-46%)	\$239,353
➤ Reduced Funding for Consumable Goods for Classrooms, Art Programs, Band Programs and Offices	


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2011 - 2012 State Funding Cuts

Asst. Principal Allotment (-18.8%) \$117,212

➤ Reduced Salaries for each A.P. by 2 Months

Instructional Support (-5%) \$35,930

➤ Reduced Funding for Guidance Counselors, Social Workers, Technology Staff and Literacy Coaches

Central Office Funding (-16%) \$111,912

➤ Cut 5 Central Office Positions



ORANGE COUNTY
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Central Office Staffing Reductions 2007-2012

District Nutritionist	2007
Director of Classified Employment	2008
District Lead Nurse	2008
Director of Healthy Living	2008
District Internal Auditor	2008
Foreign Language Coordinator	2009
Arts Coordinator	2009
Testing Coordinator	2009



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Central Office Staffing Reductions 2007-2012

CTE Coordinator	2009
District Secretary	2009
School Transportation Officer	2010
District Math and Science Coordinator	2011
District Math Specialist	2011
Reading Recovery Lead Teacher	2011
Director of Student Services	2011
School Improvement Specialist	2011



ORANGE COUNTY
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2012-13 District Priorities

- ✓ Expanding S.T.E.M. Initiatives
(Science, Technology, Engineering and Mathematics)
- ✓ Initiating the Engineering is Elementary Program at Central Elementary School
- ✓ Increase Student Access to Technology
- ✓ Increasing Academic Rigor District-wide
- ✓ Implementing the State's Common Core Curriculum



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2012-13 Preliminary Budget Picture

- ✓ State Projected Increase of 148 Students
- ✓ Reduced State and Federal Revenues
- ✓ Utilities Commission Approved Increases for Utilities Costs
- ✓ State Mandated Increases in Employee Benefits Costs



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2012 - 13 Budget Drivers

Unfunded State Mandates That Effect the Local Budget

Increases Equate to the Salaries of 5 Teaching Positions

Retirement Contribution Increases \$170,000

Hospitalization Cost Increases \$ 55,000

➤ **Increase of \$261 per Employee**

Electricity Cost Increase \$55,000

➤ **Approved by the State Utilities Commission**

Total: \$280,000



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2012 - 2013 Budget Drivers

Unfunded State Mandates:

Funding Returned to the State \$2,470,177

➤ **An Increase of \$363,730 from 2011-12**

➤ **The State Requires Districts to Revert Money it Originally Funded to Help Balance the State's Budget**



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2012 - 2013 Budget Drivers

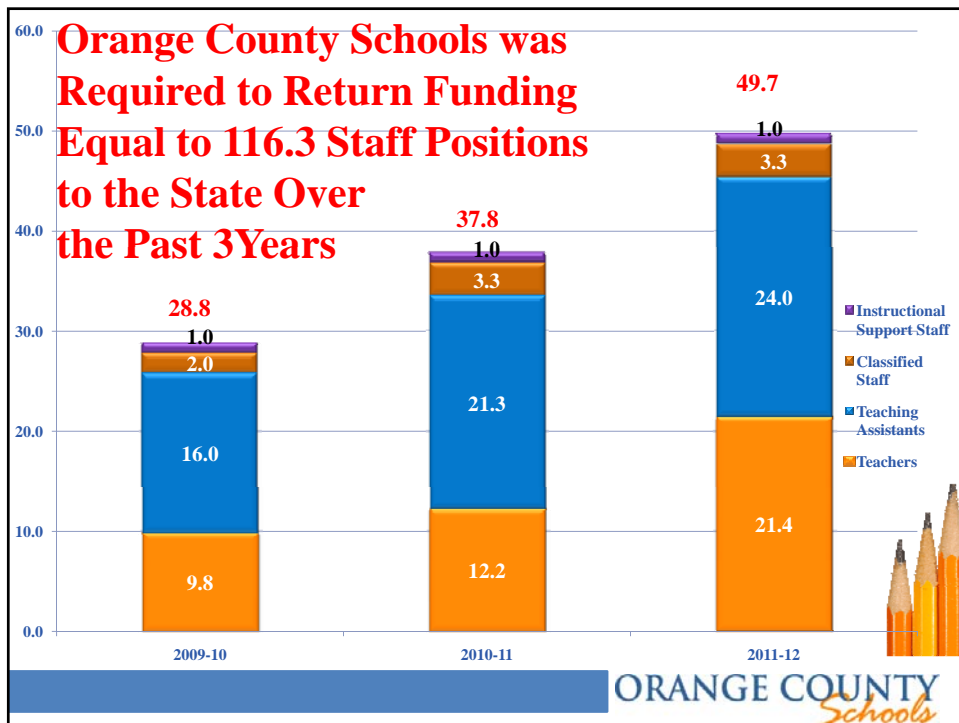
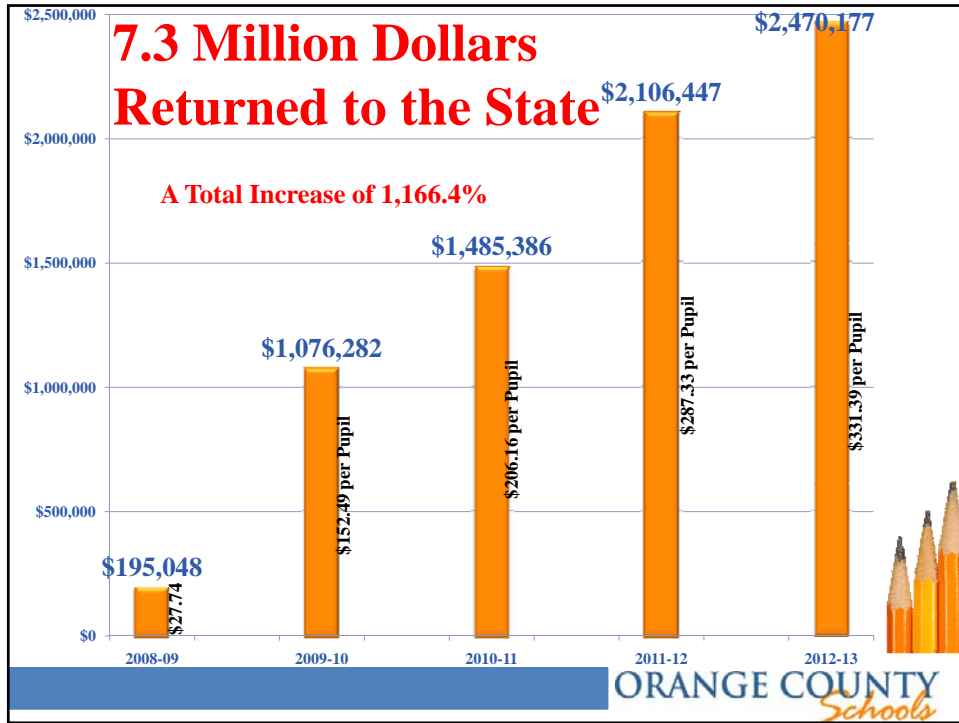
Reversions:

Will Cost the District the Equivalent of 45 Teaching Positions

Since 2008, the District has Been Forced to Revert Funding Equal to the Salaries of 132 Teaching Positions



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Educational Impact of Reversions

Orange County Schools was Required to Revert Staff Positions to the State:

	Teachers	Teaching Assistants	Classified Staff	Instructional Support Staff	Total
2009-10	9.8	16.0	2.0	1.0	28.8
2010-11	12.2	21.3	3.3	1.0	37.8
2011-12	21.4	24.0	3.3	1.0	49.7



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2012 - 2013 Budget Drivers

Unfunded State Mandates:

185 Day School Year \$ 47,000*

➤ **Increased Transportation Costs \$30,000**

➤ **Increase Substitute Teacher Costs \$17,000**

➤ **Increased Utility Costs To Be Determined***



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2012 - 2013 Budget Drivers

Reductions in Funding:

Loss of 6 Foreign Language Teachers Due to
Grant Funding Cessation \$251,508

- 6 Teaching Positions to end June 30, 2012
- Loss of Elementary Spanish Language Instruction
- Loss of Middle School French Language Instruction
- Affects 2,100 Students



2012 - 2013 Budget Drivers

Reductions in Funding:

Loss of Education Jobs Funding \$1,383,856

- Loss of 33 Positions Due to Federal Funding Decreases
- Affects 1,600 Students
- Will Result in Increased Class Sizes for Elementary Schools



2012 - 2013 Budget Drivers

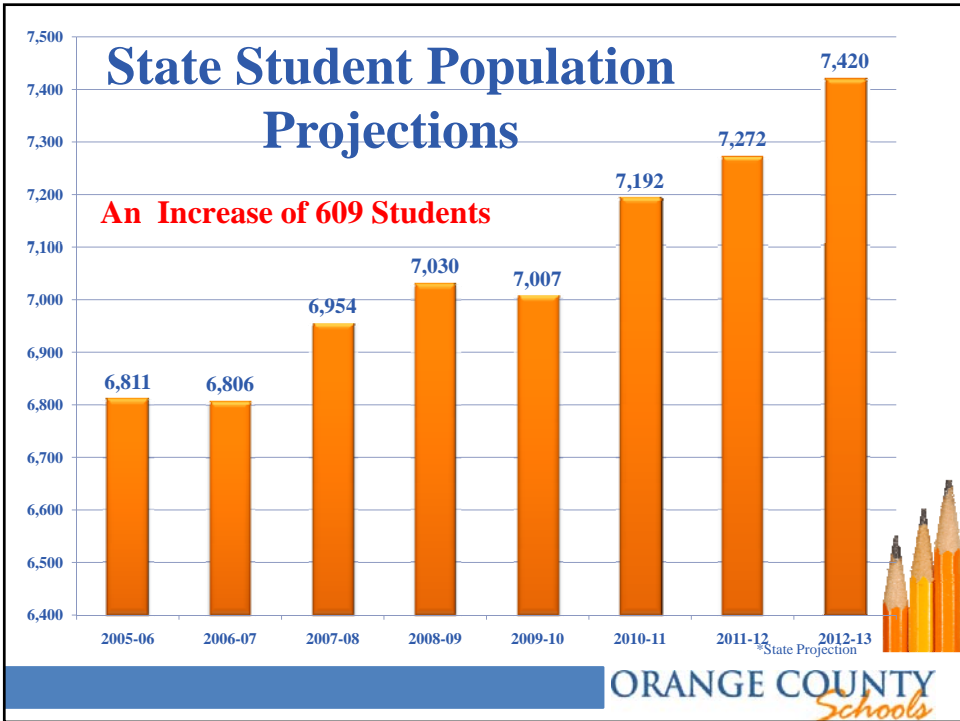
Overall Reductions in Funding and Increased Operational Costs: **\$2,326,094**

Continued Reversion to the State: **\$2,106,447**

Total Funding Deficit: \$4,432,541



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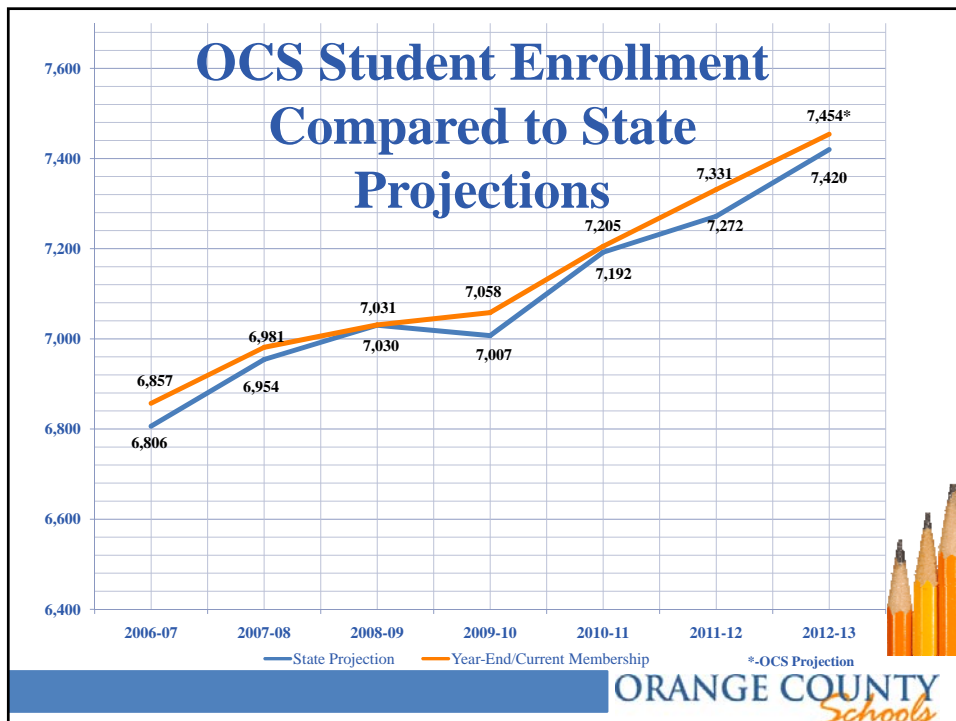


Increasing Student Population

Orange County Schools has **grown by 597 students since Gravelly Hill Middle School was opened in 2007.**



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2012-13 State Student Enrollment Projection

2012-13 NC DPI Certified Students	7,420
(An Increase of 148 Students)	
Less: Out-of-District	70
Plus: Charter School Students	289
Total 2012-13	7,639
2011-12 Student Enrollment Projections	7,443
Projected Enrollment Increase	196



ORANGE COUNTY
Schools

District Priorities 2012 - 13

The Goal of the District is to Maintain an Excellent Educational Program for Students:

- ✓ Protect Class Sizes
- ✓ Support Progressive, Results-oriented Programs
- ✓ Continue Support of At-Risk Programs
- ✓ Safeguard Vital Classroom Expenditures
- ✓ Minimize Job Loss



ORANGE COUNTY
Schools

2012 - 13 Funding Scenarios

2012-13 County Appropriation Formulas

	County Appropriation	2012-13 Projected Enrollment	Per Pupil Amount
Same Dollar Amount as 2011-12	\$23,069,574	7639	\$3,020
Same Per Pupil Amount as 2011-12	\$23,696,178	7639	\$3,102
Increase Per Pupil Amount by \$100	\$24,460,078	7639	\$3,202
Increase Per Pupil Amount by \$200	\$25,223,978	7639	\$3,302
Fully Fund \$4,432,541 in Funding Losses	\$27,502,115	7639	\$3,600
Recommending \$220 Per Pupil Increase (Superintendent's Recommendation)	\$25,376,758	7639	\$3,322


ORANGE COUNTY
Schools

Critical Needs for 2012 - 2013

Protect Positions Cut by the Federal Government:

- **33 Positions Funded by EduJobs** **\$1,383,856**
- **6 Positions Funded by the FLAP Grant** **\$251,508**

Pay for Unfunded State Mandates:

- **Retirement, Hospitalization and Utilities Costs** **\$280,000**
- **Increased Cost of 185 Day Calendar** **\$47,000**

Offset Mandated State Reversion:

- **49.7 Position to be Reverted to the State** **\$2,470,177**

Total Critical Need: **\$4,432,541**


ORANGE COUNTY
Schools

Superintendent's Budget Recommendations

Increase County Per Pupil Allocation by \$220:

➤ **Would Provide Additional Local Funding** **\$2,307,184**

Use Savings from Flexible Funding:

➤ **Apply State Formulas to Change Funding Sources** **\$1,400,000**

Use District Fund Balance:

➤ **Use Funds Saved by the District** **\$725,357**

Total: **\$4,432,541**



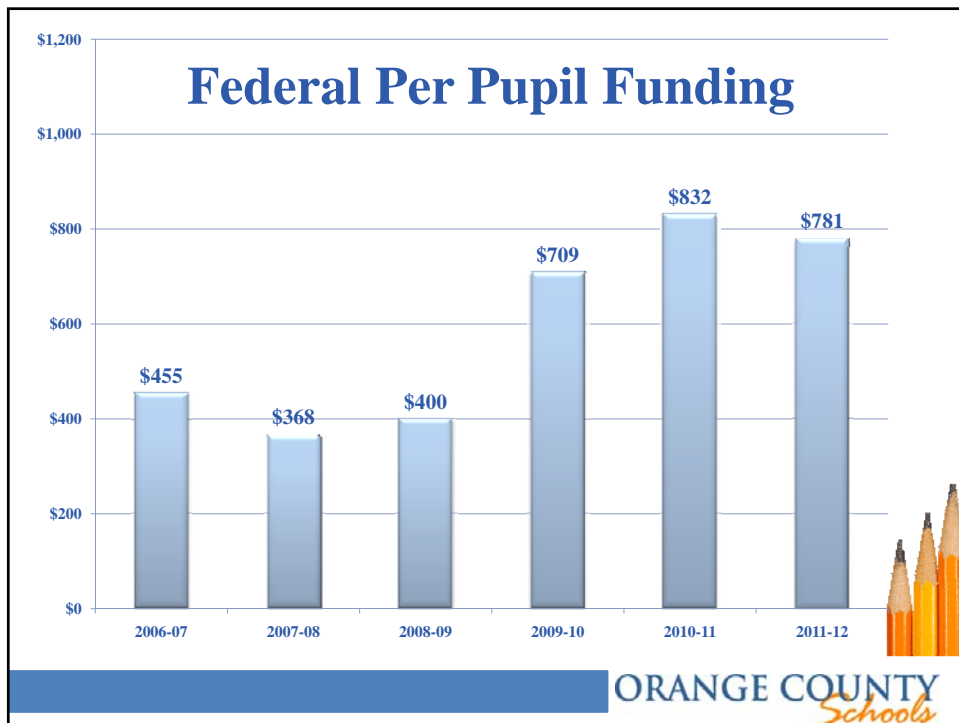
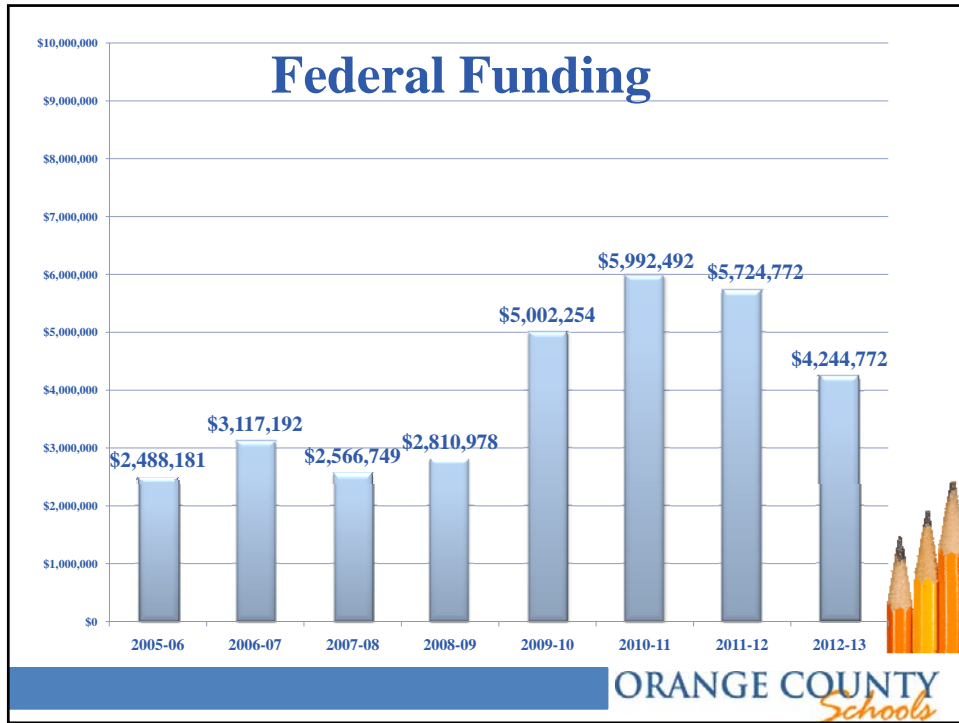
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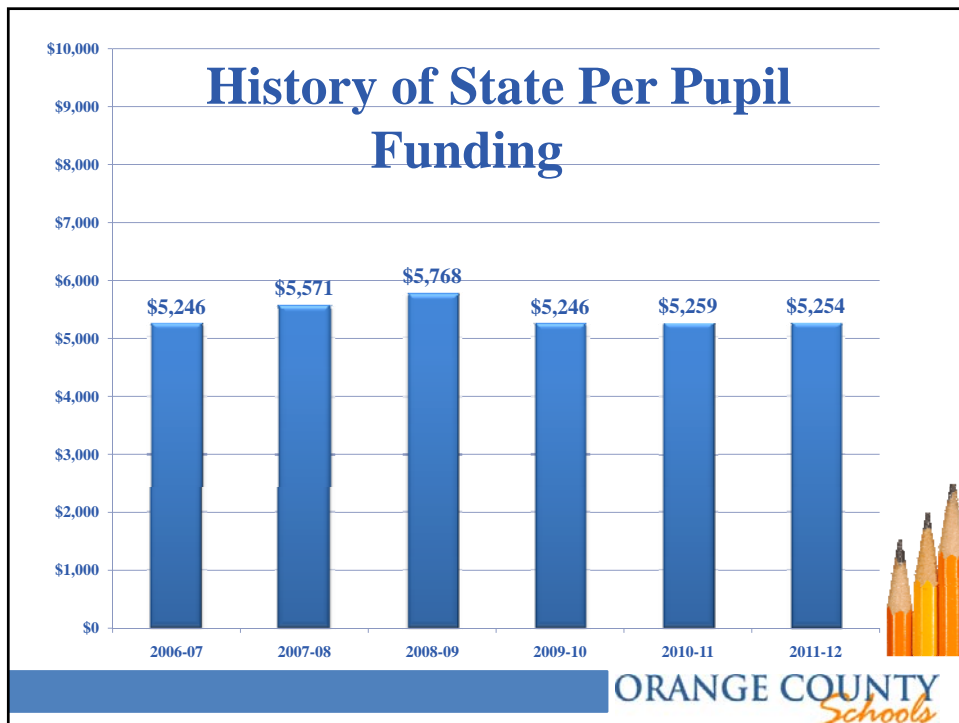
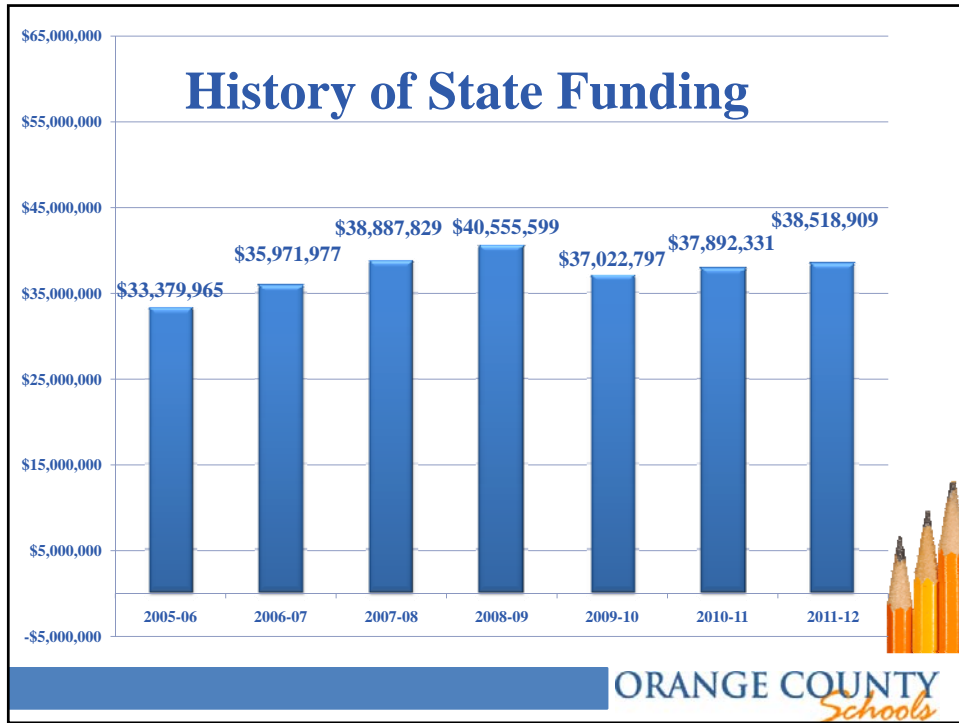
The Superintendent's Recommended
Local Budget Request for 2012-13:

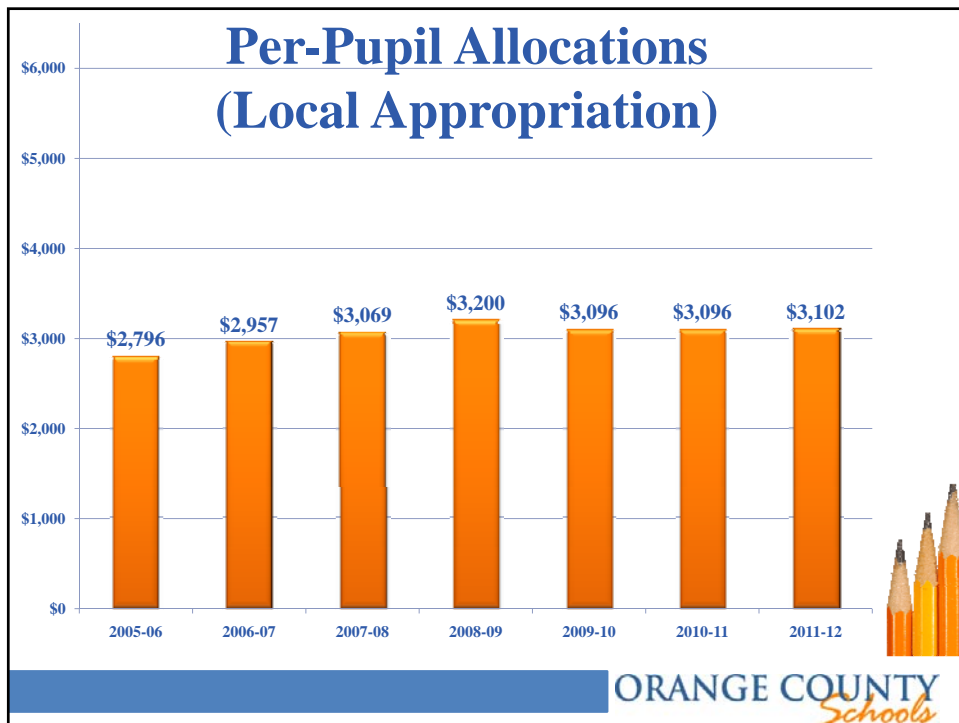
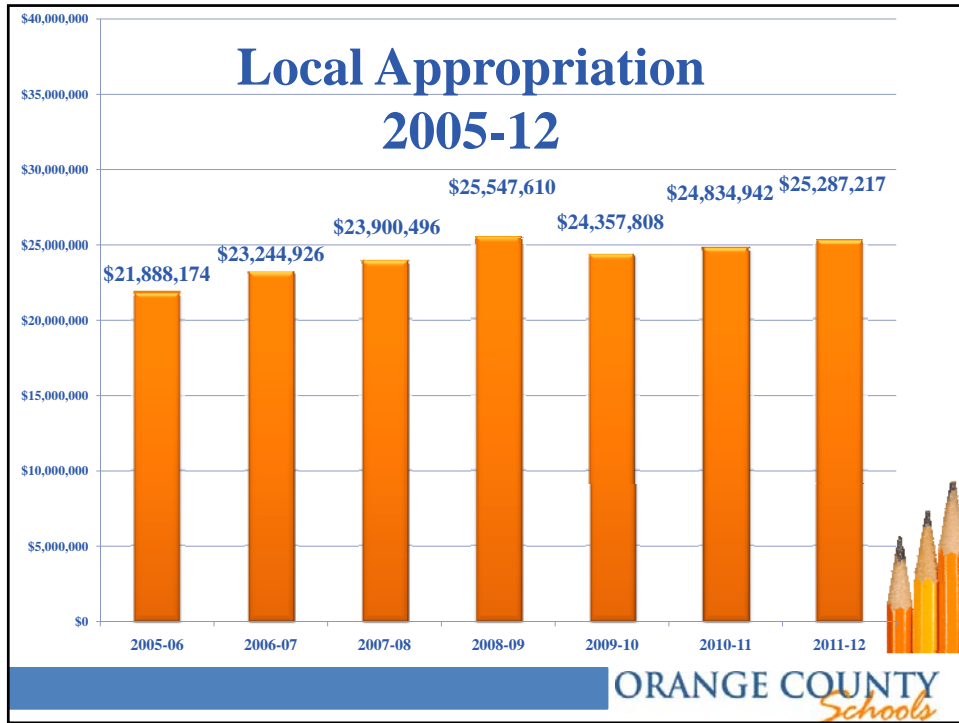
\$25,376,758

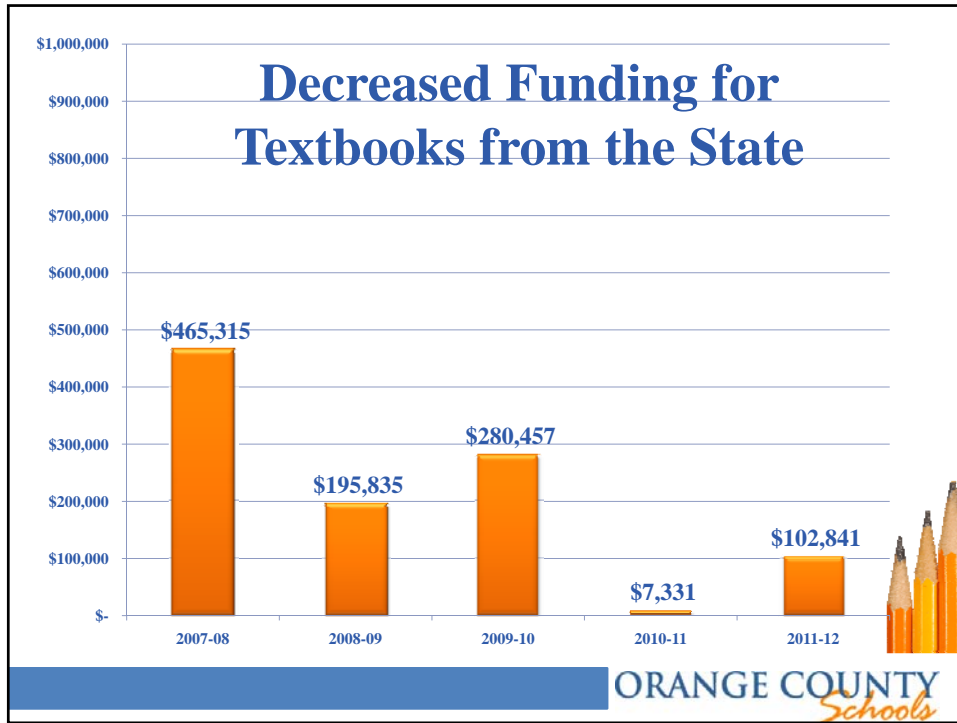


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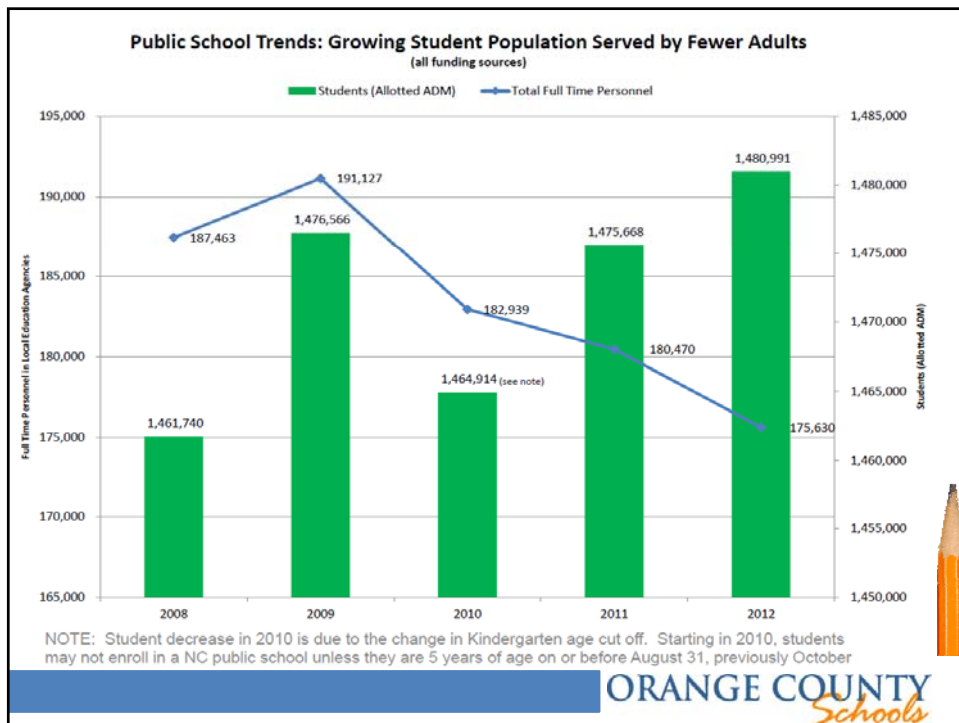
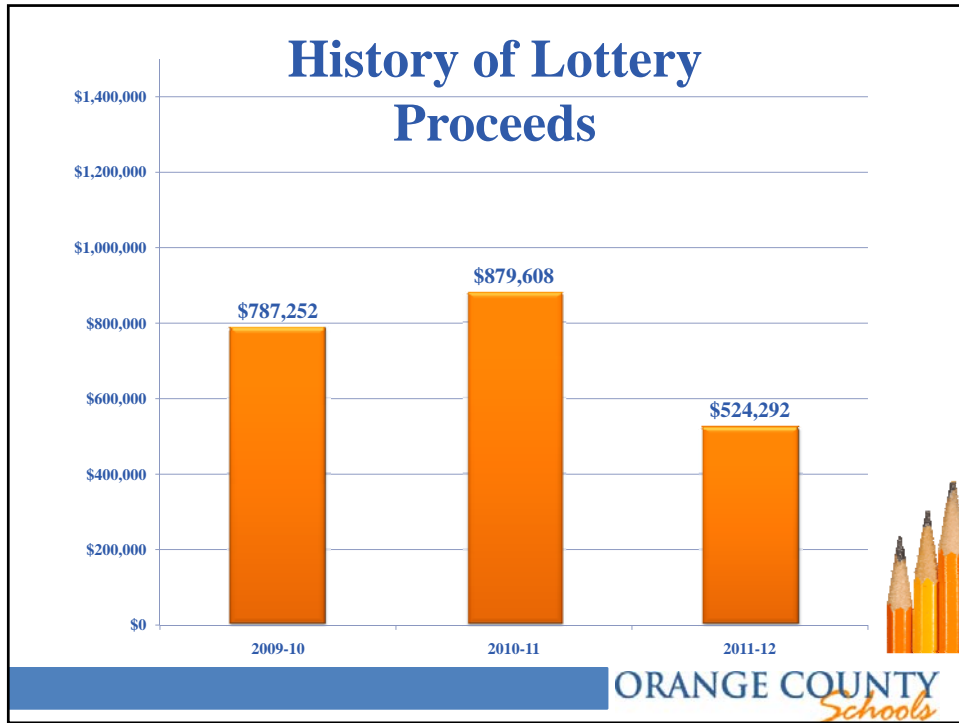


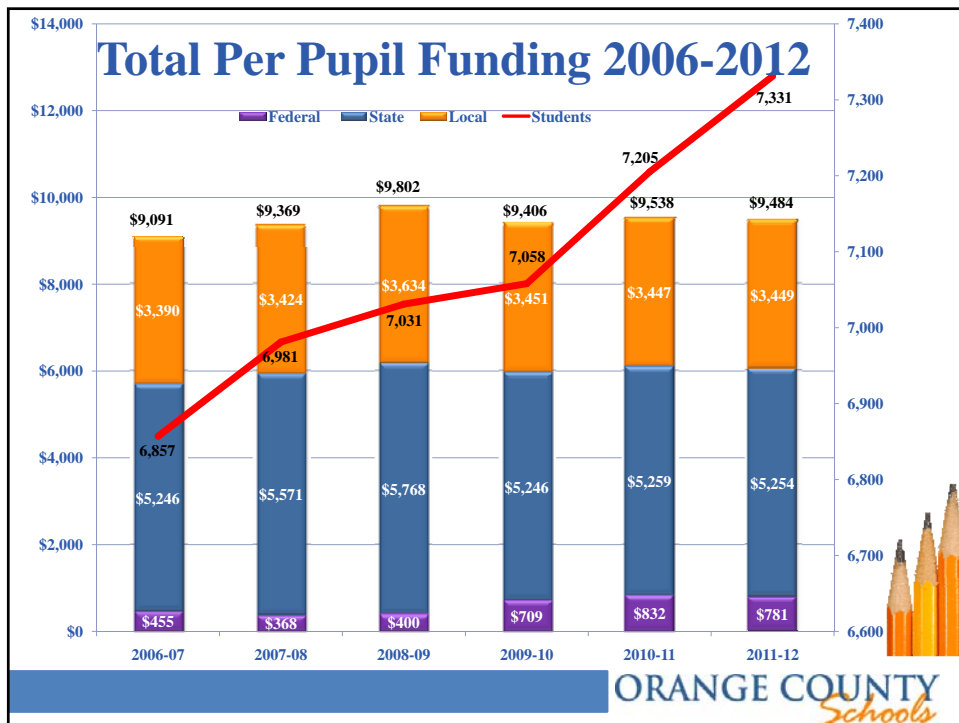
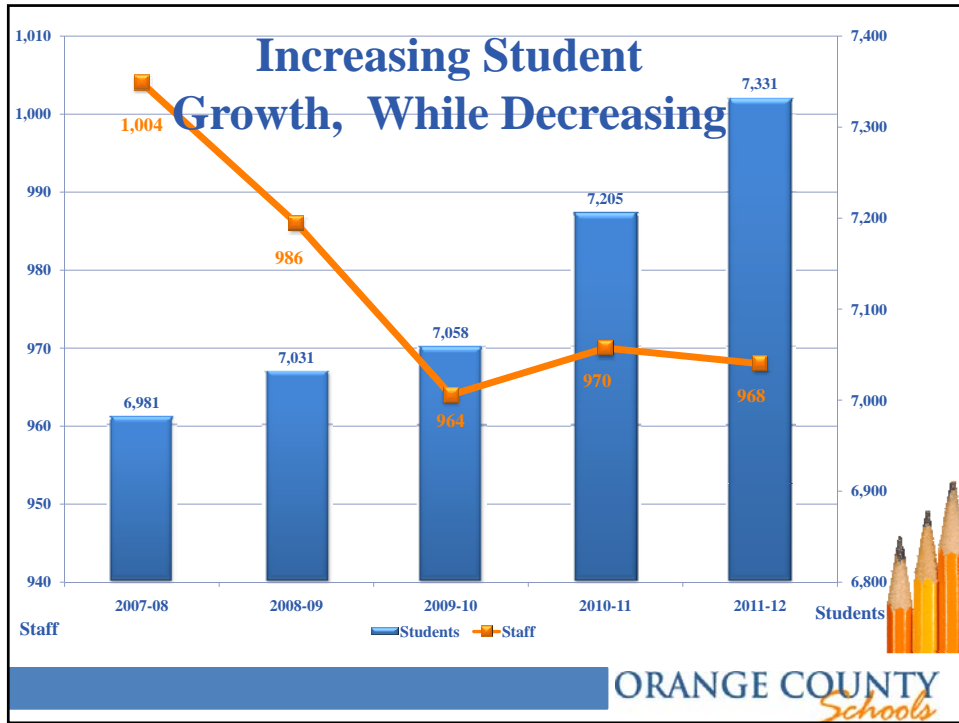


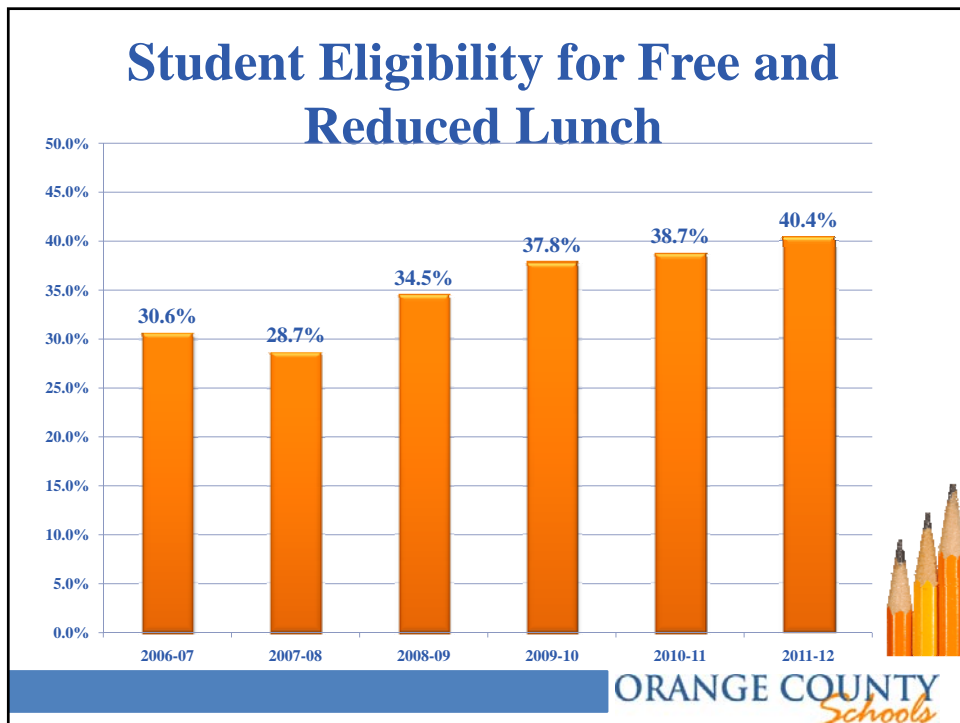
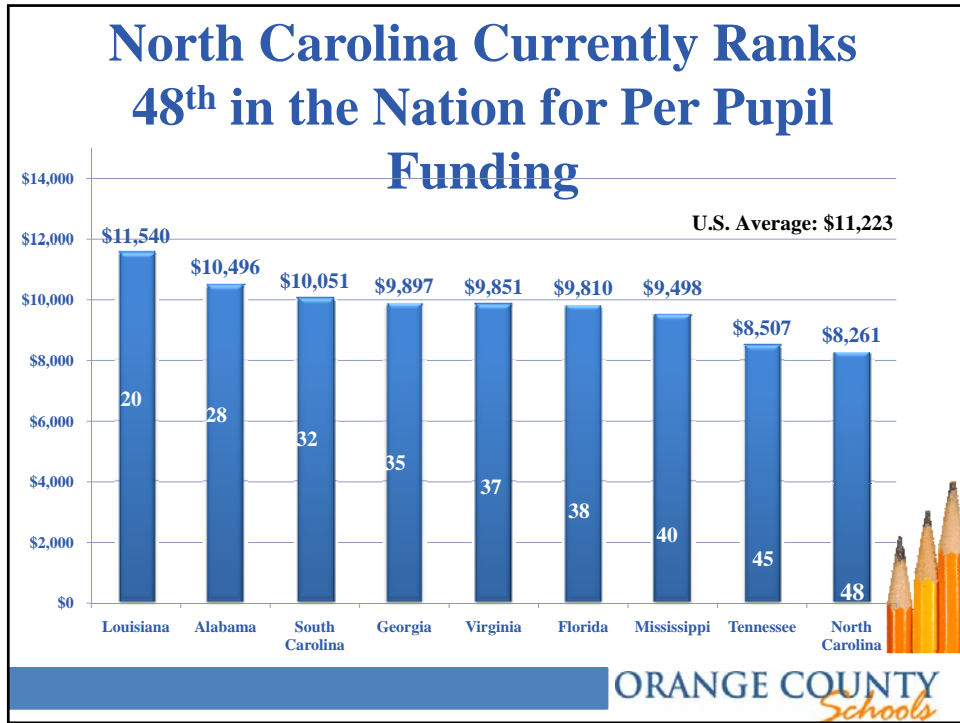
Quarter-cent Sales Tax

Orange County Schools is Projected to Receive \$490,000 from the Revenues Generated by the Quarter-cent Sales Tax

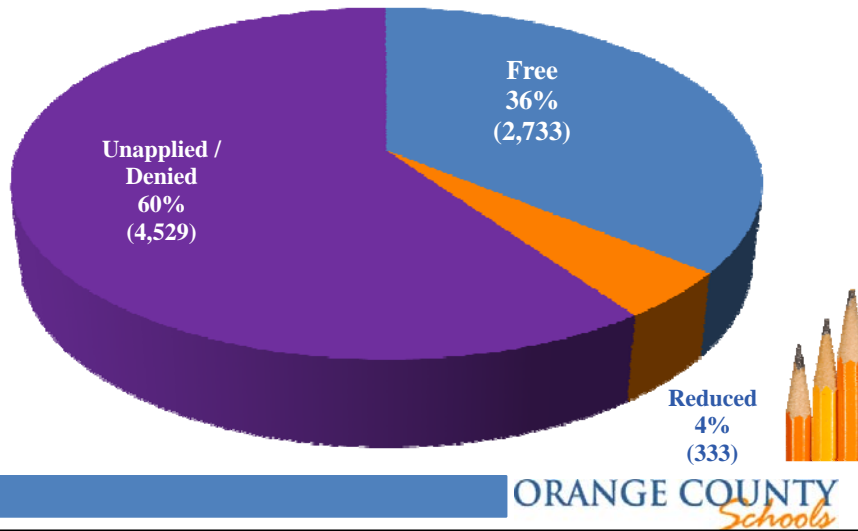
This Funding **CANNOT** be Used for Personnel or Day-to-Day Operations







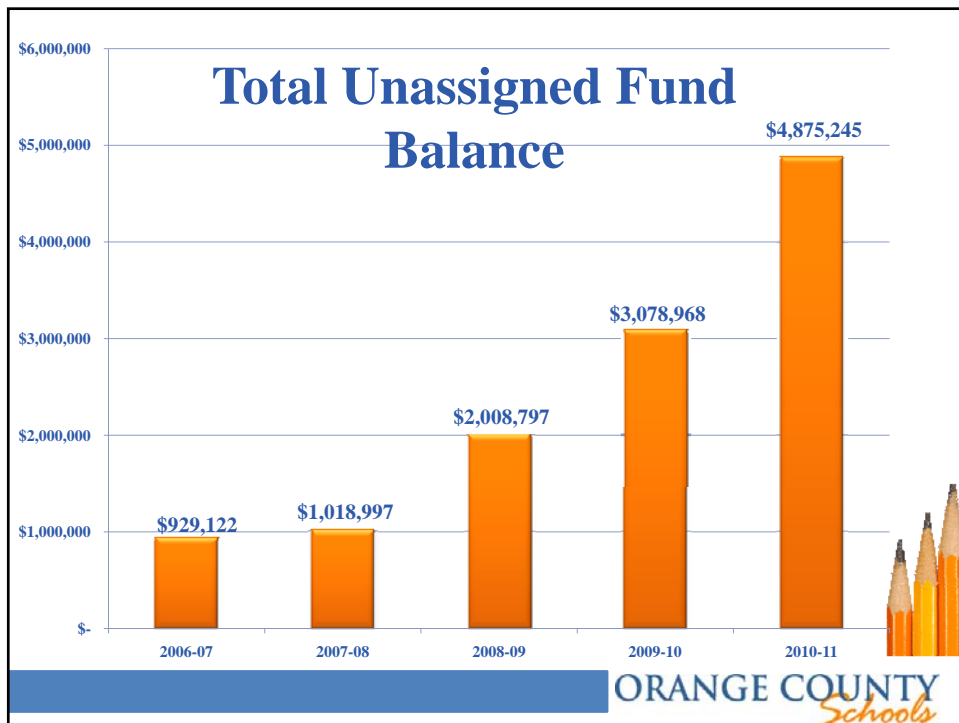
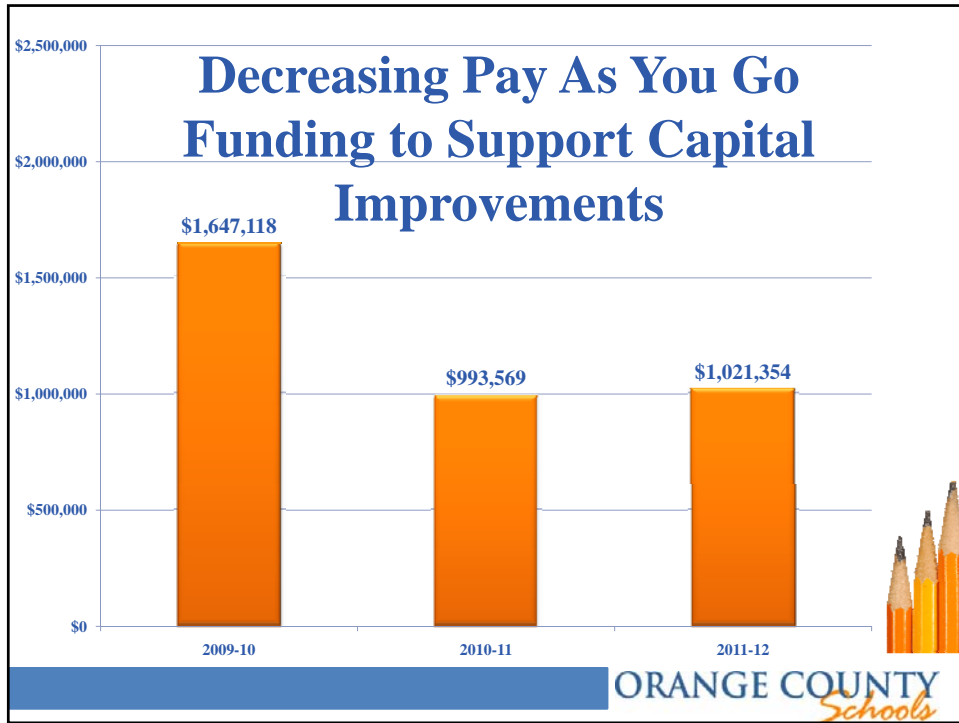
Student Eligibility for Free and Reduced Lunch



For more information, please contact Donna Brinkley at 732.8126 or via email @ donna.brinkley@orange.k12.nc.us

Please visit our district budget page @ www.orange.k12.nc.us

ORANGE COUNTY Schools



SEC-School Efficiency Consultants

School System Position Efficiency Review

Orange County Schools
March 9, 2012



Maximizing Resources for School Success

School System Position Efficiency Review

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INTRODUCTION

North Carolina's individual school districts are facing unprecedented financial pressure to manage the district's financial resources in a manner that will ensure that classrooms have the needed services and materials to achieve academic success. The last several years of severe budget reductions have resulted in major cutbacks in the basic core resources and services that are necessary for learning to take place in individual school classrooms. In an effort to help Local Education Agencies (LEAs) maximize all State, Federal and Local resources SEC-School Efficiency Consultants, an affiliate of Rives & Associates, LLP, have been engaged by Orange County Schools to review how personnel are currently funded in the School District and provide recommendations to the superintendent and finance staff on how to best optimize resources for their personnel.

North Carolina School budgets typically allocate approximately 75 to 80 percent of their resources for personnel. The fiscal management of these personnel costs is a huge and complex undertaking that requires constant analysis if maximum efficiency is to be implemented. The complicated rules related to the appropriate use of the various State, Federal and even Local resources for personnel must be met while still trying to achieve the highest level of resource maximization and flexibility needed to effectively operate a school district. LEA financial and human resource staffs are generally overworked administering the daily responsibilities of the district and cannot spend the time required monthly to analyze all personnel positions in the district to ensure resources are maximized to the fullest extent allowed under State Board of Education financial flexibility guidelines.

Our experienced team, at SEC-School Efficiency Consultants, has reviewed the personnel resources for Orange County Schools in an effort to help the District maximize its resources for the fiscal year 2011-2012. We are pleased to report that we have identified some key areas which can increase revenues for the School District. This report will both summarize and provide the details needed for the School District to take advantage of the State and Federal resources they have been provided, thus freeing up Local revenues to help the District achieve its academic goals.

OVERVIEW OF PROCESS

The first part of our review centered on the use of the following State Public School Fund position allotment categories: Classroom Teachers, School Building Administration, Instructional Support and Career and Technical Education. These allotment categories provide the School District with positions and can be converted at a State-wide average salary into other program categories. This ability for conversion has been diminished for FY 2011-2012, by the North Carolina General Assembly due to the current economic crisis, effectively eliminating the conversion for School Building Administration staff and restricting the conversion of classroom teacher positions.

Our review of these categories centers on examining staff that are currently paid from these resources who may earn less than the State-wide average salary for their position. These are typically staff with fewer than 10 years of experience in their positions. From this review we can determine if the District would gain funding by converting that position and gaining the salary differential compared to the actual anticipated cost for each person as additional State revenue. We typically only recommend a conversion if the differential is greater than \$1,000 to allow for some fluctuations of staff during the year; however, the District can be more aggressive. How and what positions are converted and into which programs depends on the current policies and legislation in effect for those State programs. These policies are also examined during this part of our review process to ensure any recommendations being made would be compliant.

Based on the present data and state of the district's budget, our team has taken a conservative approach in our recommendations for the School District. There remains the potential for additional revenue gain if the District has other local expenditures beyond our recommendations which can be moved to State funds. We have included in the report those positions which "could" be converted for additional revenue by the District at a later time when the new finance officer has completed their review of the budget.

The second part of our review was to examine all Federal funding resources to ensure lower paid personnel were being paid from these funds when possible. Based on our initial review it appears that where possible, lower paid personnel are paid from ESEA-Title I and other federal grants. We would recommend that the District's finance staff review the staffing assignments within the programmatic Federal grants to ensure appropriate staff matches the planning grants and monitor any staffing changes throughout the year to maximize district resources.

The last part of our process was to re-balance selected State position allotment programs and move the funding and positions into the appropriate categories. Our team will be

School System Position Efficiency Review

available to assist with this final portion of the process if necessary. The final steps should be as follows:

1. Have a complete and balanced operating budget.
2. Do a "mock" budget of what funds are needed, in which categories, based on the recommended staffing changes (example: need Local funds to cover principals, so which Local funds need to be moved to State). This process would then let the District know how to complete the ABC Conversion forms to ensure funding is placed in the appropriate sources for the District.
3. Complete the ABC Conversion forms and submit to the State for processing.
4. Obtain the approval and additional funding allotments from the State (the State processes allotments and conversions about twice a month).
5. Do the appropriate "FPD 202"¹ forms and journal entries to move the staff and expenditures recommended into their new budgetary locations. These are the forms required by the State to move staff retroactively. It is a time consuming process since this must be done retroactively for each staff person and each voucher (payment) made to such personnel must be listed.
6. The payroll department likewise needs to make the appropriate changes in its systems and account for any "installment" situations. Each software package has a unique process for handling this step.
7. The District should maintain copies of all documentation from NCDPI related to the acceptance of all transactions proposed.

With the budget situation this year the District should immediately move forward with submitting the ABC conversion forms to place the funding in select categories that will be most beneficial. They should also process the FPD 202 forms immediately as well to ensure all transactions are accepted by the North Carolina Department of Public Instruction (NCDPI).

In conclusion, a comprehensive efficiency review of the School District's personnel resource plan is a complex process and must rely upon the quality of the data provided by the School District. For our efficiency review we obtained payroll and budget data from February. In our recommendations, we have assumed that the District's budget is fully balanced and has accurately accounted for all existing personnel within the current budget resolution. Our efficiency review process examined key staffing combinations and allocations of State, Federal and Local staff. These position reviews should occur quarterly to ensure maximum use of State resources due to the typical turnover of positions during the year.

¹ Form used by the North Carolina Department of Public Instruction (NCDPI) to process expenditure changes between the Local Education Agency (LEA) and the State.

SUMMARY OF RESULTS

The following summarizes the potential additional revenue available to the School District if the recommendations presented are implemented. Should the District determine to only move part of the staff, or a different group of staff, the funding estimates below and on the adjoining detailed tables would vary. It is recommended that the majority of these positions be converted into State Waivers for Certified staff (PRC 008 or PRC 010) to cover the staffing first, and provide the additional funding in local funding categories which enables the District to maximize its flexibility and achieve its educational goals. The following is a summary of the recommendations as a result of our school system position efficiency review and is also provided in Tables A and B of the appendix:

1. Position conversions available through the State Funding Flexibility and "ABC Transfer" process could provide the District with an additional \$701,354 of revenue.
 - a. 37.0- Classroom Teacher positions provides a net \$430,136 (salary differential).
 - b. Teacher Assistants funding is likewise converted at the maximum level allowed to create funds to cover the teachers being converted.
 - c. An additional conversion (switch) of 13.0 Classroom Teachers to compensate for the Initial Allotment value (difference) in Teacher Assistant funds, as allowed by the allotment policy this fiscal year. This will provide a net \$94,152 (salary differential).
 - d. An additional conversion of 6.0 Classroom Teachers to create some flexibility with State At-Risk funds yields an additional \$53,064 in revenue.
 - e. There are additional resources to be had by switching higher and lower paid personnel between state and local funds to take advantage on some additional salary differentials. The total additional revenue for these moves of 16.0 staff is \$124,002.

2. The District should review Federal program grants to ensure positions paid from those grants are in the planning grant program documents and are appropriate for the funding source. These positions (especially in Title I – PRC 050 and Title VI-B – PRC 060) should also be reviewed to ensure that the higher paid staff, if eligible are paid from a corresponding valid State funding source to free up Federal funds to potentially assist the program or carry forward for fiscal year 2011-12. We reviewed the Title I program and found that this maximization has been achieved for the teacher positions. This reconciliation and grant amendments should be done once the budget is re-balanced and validated.

School System Position Efficiency Review

3. In addition the District should examine the positions in the following categories to determine if there is any Local expenditure that could be moved to take advantage of the salary differentials from a potential conversion. We were unable to judge from the data available an effective change of resources however, the District should be aware of the potential for additional funds.
 - a. Career & Technical Education (CTE) positions (PRC 013) could be converted to free up local funding for the District's CTE program. The district has already taken advantage of some of that by converting 10 months into program support funds. There currently remain 19.0 positions which have a salary less than the State conversion rate for this category. In our review, however, we did not see a large Local funds budget (Fund 2) set aside for the CTE program. Since the transfers allowed for this category must remain within the CTE program structure there does not currently appear to be an avenue for the District to take advantage of this conversion potential. However, the funding could be made available depending on instructional program requirements for items such as technology, equipment, etc. The amount of potential funding is \$203,023. **Table L reflects these potential positions.**
 - i. *It should be noted that the State Board of Education (SBE) approved an additional waiver for the current fiscal year (FY 2011-2012) that allows for up-to 7% of CTE funds to be converted into any category. The district should examine its educational program to see if it can take advantage of this potential waiver of at least \$154,465.*

Overall this efficiency review of the positional resources could provide the District with a net additional \$701,354 of new revenue. (Tables A and B reflect the summary of these results).

This is the potential savings for fiscal year 2011-2012 only, as the flexibility and funding available for future years will be contingent on the new legislative session and budget developments. This type of efficiency review is recommended annually in the fall of the year to ensure full maximization of District resources.

RESULT DETAILS BY CATEGORY

The following exhibits provide some additional details of the work performed in each category and are supported by a corresponding table detailing each position. Each year the State-wide average salary for these positions changes, and, as such, the value that can be obtained through conversion does as well. Likewise, District staff in each category typically changes due to turnover, experience, certification, assignments, etc. As such, it is important to obtain the actual State salaries used for the conversion and compare that to the actual staff and current assignments each year. The potential revenue to be obtained will likely vary from year-to-year.

A. School Building Administration – Program Report Code 005 (PRC 005) – Estimated net savings = none available this fiscal year

The first category analyzed is that of School Building Administration, both Principals and Assistant Principals. This category is allocated in “months of employment” so each position must be examined based on the number of months employed compared to the State conversion factor by month. Also in this category the principal and assistant principal months each carry a different State-wide conversion salary. The State changed the conversion factor to that of the beginning level for each of the positions funded from this category. As such this conversion is no longer available for the district. **Table J shows the details of this analysis.**

B. Instructional Support – Program Report Code 007 (PRC 007) – Estimated net savings = none available this fiscal year

The second category analyzed was Instructional Support Personnel. This category is allocated in “10-month positions” so each position must be examined as a whole and reviewed to ensure it is a 10-month position to compare fairly to the State conversion factor. For FY 2011-12 the State-wide conversion salary per each “Instructional Support” position is \$47,866 and with State benefits is \$62,739. Based on the data provided by Orange County in February there are no additional positions paid from this State funding source earning less than this State-wide average. **Table K shows the details of this analysis.**

C. Classroom Teachers – Program Report Code 001 (PRC 001) – Estimated net savings = \$430,136 (group A)

The next category analyzed was Classroom Teachers. This category is allocated in “10-month positions” so each position must be examined as a whole and reviewed to ensure it is a 10-month position to compare fairly to the State conversion factor.

School System Position Efficiency Review

These positions can be converted in fiscal year 2011-2012 into teacher assistant funds. This is a change in the flexibility of this conversion from the past two-years and limits the ability for the districts to maximize these state resources. For FY 2011-12 the State-wide conversion salary per each "Classroom Teacher" position is \$42,263 and with State benefits is \$55,972. Based on the data provided by Orange County in February there are 124.0 teachers paid from State funds earning less than this State-wide average. We are recommending the conversion of 37.0 of those positions at this time, due to the new limitations on the amount that can be converted. The net annual savings of converting this staff (37.0) is estimated at \$430,136. **Table C shows the details summarized below by person.**

Estimated Conversion Revenue	\$ 2,070,965
Estimated Actual Staff Cost	1,640,829
Estimated Savings to District	\$ 430,136

This value for conversion was determined by estimating the annual salary and benefits requirements of the existing teacher assistant staffing in state funds. This conversion is the fairly straightforward in that we are creating funds to cover the teachers converted by first converting the current allotment of teacher assistant (TA) funds (PRC 027) into funds for classroom teachers (PRC 008). We then convert this group of teachers (37.0) into teacher assistant funds but only to the level of actual estimated cost that equals the dollar funding needed to cover teacher assistant expenditures for the current fiscal year, based on the data we have been provided. All of those teachers can then be moved into PRC 008 and with the extra funds created from the TA conversion the district can move an additional 3.0 teachers at a cost of \$136,058 from local funds to be paid from State PRC 008 (Table E).

D. Teacher Assistants – Program Report Code 027 (PRC 027)

The last main category analyzed was Teacher Assistants. This category is allocated as a dollar allotment and as such does not have a "conversion factor" per position. Funds in this PRC can only be converted this year into funds for teacher positions which are placed in PRC 008 (Waivers for Certified Staff). The conversion limit is the value of the initial allotment for the teacher assistant program. We are recommending a conversion of the remaining allotment balance and then replacing that same allotment balance through the teacher conversion in recommendation C above. We are also recommending that the district take advantage of the provision that allows an LEA to convert "up to the initial allotment" and convert the original initial allotment balance differential of \$718,686 into funds for teacher positions and

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then subsequently convert an additional 13.0 classroom teachers to replenish those funds owed to the state. This will provide additional revenue of \$94,152. Table C – part 2 reflects those positions.

Estimated Conversion Revenue	\$ 727,637
Estimated Actual Staff Cost	633,485
Estimated Savings to District	\$ 94,152

E. Additional Classroom Teacher conversion for At-Risk flexibility = \$54,613

As we were analyzing the positions for the district there are a few other position changes that would enable the district to realize additional savings to local and state resources and provide the district with additional flexibility. That requires an additional conversion of 6.0 Classroom Teacher to create additional Teacher Assistant funding (Table D). Teacher Assistants can be moved from State At-Risk funds to PRC 027 (Table D) and the State At-Risk funds can be used for cover the locally paid Assistant Principals (Table D). Those position changes will provide a total net increase of \$53,064. In addition the district will see a savings from the movement of longevity benefits of \$1,549 from local funds to state due to the staff movement being recommended.

Estimated Conversion Revenue	\$ 335,832
Estimated Actual Staff Cost	282,768
Estimated Savings to District	\$ 53,064

F. Other various position movements to maximize positions = \$122,453

As we were analyzing the positions for the district there are a few other position changes that would enable the district to realize additional savings to local and state resources and provide the district with additional flexibility.

1. Instructional support resources can be maximized by switching 2.0 higher paid locally paid staff with 2.0 lower paid state funded staff. The net increase in this "switch" should net an additional \$11,621. *Table F reflects this change.*
2. Assistant Principal resources can be maximized by switching 1.0 higher paid locally paid staff with 1.0 lower paid state funded staff. The net increase in this "switch" should net an additional \$16,967. *Table G reflects this change.*
3. Classroom Teacher resources (EC specific but in PRC 001) can be maximized by switching 1.0 higher paid locally paid staff with 1.0 lower paid state funded staff. The net increase in this "switch" should net an additional \$30,231. *Table H reflects this change.*

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4. Exceptional Children (EC) resources can be maximized by switching 2.0 higher paid locally paid staff with 2.0 lower paid state funded staff. The net increase in this "switch" should net an additional \$9,780. *Table H reflects this change.*
 5. Classroom Teacher resources can be maximized by switching 2.0 higher paid locally paid staff with 2.0 lower paid state funded staff. The net increase in this "switch" should net an additional \$53,854. *Table I reflects this change.*
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We have provided a supplemental table (B) which helps provide the budget and expenditure movement needed by the District to take best advantage of the State's ABC Transfer/Conversion process for FY 2011-2012 and implement our recommendations above. **Table B** provides the suggested movement of budget and expenditure and is split into two distinct budget movement groupings that will help the District tie these movements to the position conversions that are recommended.

CONCLUSION AND RECOMMENDED NEXT STEPS

As the Superintendent and District are aware, the economic outlook for future years does not look bright. Federal ARRA assistance will not be available after the 2011-2012 fiscal year unless additional appropriations are made at the Federal level. This looks doubtful given the general condition of our economy and present political climate across the United States. The same can be said for the current State budget situation, with projections related to the state's obligation to repay the federal government for unemployment benefits. With the education budget at over 40% of the State general fund and K-12 the largest portion of that budget, we need to be prepared for continued significant reductions in revenues for FY 2012-2013. LEAs must develop plans now to prepare for the major gaps in funding anticipated.

Based on our review, Orange County Schools can achieve some new revenues for FY 2011-2012 by taking advantage of current State policies as they relate to funding allotments. If the District takes advantage of the position conversions we have recommended, the District would see an increase in their State allotment funding of \$58,506. The District will also have increased spending power in their Local funds of \$642,848. **This equates to a net increase of revenue available to the District of \$701,354.** (Table B shows the summary of extra funds by PRC and Fund).

We have enjoyed working with your staff and are available to offer technical assistance to them if the District decides to implement any of our recommendations. As shown on page 4, there are detailed next steps that the financial staff of the District need to take in order for the school system to enjoy the benefits of these resources. We hope you have found this process useful to you, and we wish you luck in achieving your academic goals.