

**ORANGE COUNTY  
BOARD OF EDUCATION**

**AGENDA ITEM ABSTRACT**

**Meeting Date:** February 6, 2012

**AGENDA ITEM No.** 12-02-16

**ACTION ITEM: (Y/N)** N

**SUBJECT:** Local Budget Discussion #1

**INFO. CONTACT:** Donna Brinkley / Patrick Rhodes      **PHONE:** 919-732-8126

**ATTACHMENTS:** 1. Orange County Schools Approved Budget Calendar – Fiscal Year 2012-2013.

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**PURPOSE:** The purpose of this agenda item is to allow the Board of Education to begin budget planning discussions.

**BACKGROUND:** For the 2011-2012 budget year, Orange County Schools received a local appropriation of \$23,069,574. Local revenues are used for salaries, benefits, supplies, materials, instructional equipment and purchased services and represent 34.5 percent of the total combined operating budget of \$69,530,898.

According to county government staff, county revenues continue to be stable. The major budget drivers for the 2012-2013 budget cycle are related to the state and federal budget contractions as well as increases in employee related costs. Specific budget drivers are listed below:

- |                                     |             |
|-------------------------------------|-------------|
| 1. Retirement Contribution Increase | \$170,000   |
| 2. Hospitalization Cost Increase    | \$55,000    |
| 3. State Reversion Increase         | \$363,730   |
| 4. Longer school year (5 days)      | \$30,000    |
| 5. FLAP Grant funding cessation     | \$ 251,508  |
| 6. Loss of EduJobs Funding          | \$1,383,856 |

State Budget Background

For the past three budget years Orange County Schools has experienced declines in overall state allocations. State budget cuts for 2011-2012 include an overall reduction of 9.97%. 5.97% is categorical and the other 4% is the discretionary reversion.

The total discretionary cut for 2011-12 was \$2,106,447 (\$289.67 per student). For 2012-13 the discretionary cut will increase by \$363,730.

Some specific cuts are listed below.

% Reduced

- |       |                                    |
|-------|------------------------------------|
| 18.8% | Assistant Principal Allotment      |
| 46%   | Cut to Instructional Supplies      |
| 16%   | Cut to funding for Central Office  |
| 5%    | Reduction in Instructional Support |
| 15%   | Non Instructional Support          |
| 2.5%  | Transportation                     |

(continued)

The biennial budget also eliminated funding for mentors, staff development, dropout prevention, Governor's School and N.C. Teaching Fellows.

Federal EduJobs funding of \$1,383,856 million will not be available for FY 2012-2013. Federal Foreign Language Assistance Program funding of \$251,508 is also being cut. Federal ARRA Stimulus and Stabilization dollars expired September 30, 2011.

During the last budget cycle, the board established a budget subcommittee. The committee was made up of select teachers, principals, the superintendent, the finance director and board members Donna Coffey, Eddie Eubanks and Stephen Halkiotis. In addition, input into the last budget was provided by the principals, Leadership Team, Teacher Advisory Council and through suggestions on the school system website.

**FINANCIAL IMPACT:** While specific budget drivers are listed above, the exact financial impact is unknown at this time.

**RECOMMENDATION:** The Superintendent recommends the Board of Education establish a budget subcommittee and provide further direction to staff.

**Orange County Schools  
Budget Calendar  
Fiscal Year 2012-2013**

<b>OCS – Board Approval</b>	<b>February 6, 2012</b>	<b>OCS Board of Education review/approval of Fiscal Year 2012-17 Capital Investment Plan</b>
<b>OCS – FY 2012-2017 Capital Investment Plan</b>	<b>February 7, 2012</b>	<b>FY 2012-17 Capital Investment Plan due To Orange County Financial Services from Orange County Schools</b>
BOCC – Capital Investment Plan	March 1, 2012	Manager presents 2012-2017 Capital Investment Plan to Board of County Commissioners. (Budget Work Session)
<b>OCS – Budget Recommendation</b>	<b>March 5, 2012</b>	<b>Formal presentation made to Board of Education by the Superintendent on “Budget Recommendations”</b>
<b>OCS – Budget Consideration (Public Hearing)</b>	<b>March 19, 2012 6:00 P.M.</b>	<b>Public Hearing – Capital Funds Budget And Local Current Expense Budget</b>
<b>OCS – Work Session</b>	<b>March 19, 2012 7:00 P.M.</b>	<b>Board of Education participates in Budget Work session</b>
<b>OCS – Work Session</b>	<b>April 2, 2012</b>	<b>Board of Education participates in Budget Work session</b>
<b>OCS – Board Approval</b>	<b>April 16, 2012</b>	<b>Board of Education Adopts Local Current Expense Budget</b>
BOCC – CIP Follow-up	April 19, 2012	Capital Investment Plan follow-up with BOCC. One hour allotted at regular work session
<b>OCS – Budget Distribution</b>	<b>April 26, 2012</b>	<b>Budget due to County Commissioners From Orange County Schools</b>
BOCC – Work Session	April 26, 2012	Boards of Education Fiscal Year 2012-13 Budget Presentations to BOCC @ Work Session
BOCC – Manager Presents	May 15, 2012	Manager presents Fiscal Year 2012-13 Annual Operating Budget to Board of County Commissioners
BOCC – Budget Consideration	May 17, 2012	Public Hearing – Orange County Budget and Capital Investment Plan Public Hearings
BOCC – Budget Consideration	May 22, 2012	Public Hearing – Orange County Budget and Capital Investment Plan Public Hearings
BOCC – Work Session Discussion of School Budgets	May 24, 2012	Board of County Commissioners Participates in Board of Education Budget Work Session
<b>OCS – Continuation Budget Approval</b>	<b>June 18, 2012</b>	<b>Board of Education adopts Continuation Budget</b>
BOCC – County Commissioners Adoption of Budget	June 19, 2012	County Commissioners adopt Fiscal Year 2012-13 Annual Operating Budget and 2012-17 Capital Investment Plan