

**ORANGE COUNTY
BOARD OF EDUCATION**

AGENDA ITEM ABSTRACT

Meeting Date: June 10, 2013

AGENDA ITEM No. 13-06-19

ACTION ITEM: (Y/N) N

SUBJECT: 2013-2014 Budget Discussion

INFO. CONTACT: G. Patrick Rhodes, Superintendent **PHONE: 919-732-8126**

ATTACHMENTS:

1. OCS Summary of State Budget Reductions over 5-Year Period.
2. Public Schools of North Carolina FY 2013-2014 Budget Comparison.
3. Request for Additional County Appropriation.
4. Summary of Special Provisions - Senate Bill 402.
5. Meeting Plan for the County/Schools Collaboration Work Group.

PURPOSE: The purpose of this item is to provide an opportunity for board members to publicly discuss 2013-2014 state and local budget developments. The board will also discuss the June 12, 2013 collaboration meeting.

BACKGROUND: On May 28, 2013, the Board of Education discussed the impact of the Governor's proposed budget on Orange County Schools. Specific concerns included the loss of funding for 27 teacher assistant positions. On May 19, 2013, the N.C. Senate released their proposed budget. The senate's budget will cut 33 teacher assistant positions from Orange County Schools. More detailed information regarding the senate budget is attached. At the time of abstract preparation, the N.C. House had not released their budget.

On Thursday, May 23, 2013, the Board of County Commissioners held a public hearing on school system budget requests. At the time of abstract preparation, the county manager's recommended budget included an increase of \$21.00 per student. Including new enrollment growth increases, this would provide a total of \$417,513 from county sources. The Orange County Board of Education budget is requesting a per pupil increase of \$158.00 or \$1,211,228 in additional revenue.

On June 6, 2013, the Board of County Commissioners held a work session on the budget. Supporting information related to the budget request for Orange County Schools was presented.

The next County Commissioner/School Boards Collaboration Meeting will be held on June 12, 2013 at the Board of Education offices here in Hillsborough. A draft meeting agenda is attached.

FINANCIAL IMPACT: For the current 2012-2013 fiscal year, Orange County Schools received \$ 41,745,340 in state appropriations, \$24,021,695 in local funding and \$4,541,639 in federal funding. The Board's budget request to the Board of County Commissioners is \$25,489,450 which is an increase of \$1,211,228 over the current year appropriation.

RECOMMENDATION: The Superintendent recommends the Board of Education discuss the most recent budget information and provide direction to staff as needed.

OCS Summary of State Budget Reductions over 5-year Period

	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
<u>State Discretionary Reduction</u>					
Classroom Teachers		\$ 532,331	\$ 670,485	\$ 1,143,508	\$ 1,717,358
Central Office	11,672		3,000	3,000	
Non-Instructional Support		54,820	104,399	104,399	
Instructional Support			58,759	59,602	
CTE Months of Employment				69,888	70,740
CTE Program Support	15,612	2,500	2,500	2,577	
School Technology	25,000	1,844	2,220		
Mentor Pay	49,377				
Teacher Assistants		480,000	639,236	716,686	
Staff Development	15,313				
Academically Gifted	57,839				
Supplies and Materials	20,235				
Textbooks		4,787	4,787	4,787	
Total Discretionary Reduction	\$ 195,048	\$ 1,076,282	\$ 1,485,386	\$ 2,106,447	\$ 1,788,098
<u>Other State Reductions</u>					
Central Office		\$ 41,171		\$ 108,912	
Non-Instructional Support		*1,891,820	*1,842,779	299,288	232,137
School Building Administration (APs)			521,101		318,443
Driver's Training		21,811	18,793	48,177	49,925
CTE Months of Employment		28,794			
CTE Program Support				14,484	29,614
Mentor Pay			34,402	34,402	34,402
Teacher Assistants		48,074			
Staff Development	11,861	53,523	53,523	53,523	53,523
Transportation		235,648	48,978		
Supplies and Materials	109,015		106,337	180,214	
At- Risk		74,125			
Improving Student Accountability		247,383	247,383	247,383	247,383
School Connectivity		28,376	65,109	85,031	77,833
Textbooks	269,480	180,071	453,197	357,687	359,533
Total Other State Reductions	\$ 390,356	\$ 958,976	\$ 1,548,823	\$ 1,429,101	\$ 1,402,793
		*ARRA for PRC003	*ARRA for PRC003		
Grand Total of State Reductions	\$ 585,404	\$ 2,035,258	\$ 3,034,209	\$ 3,535,548	\$ 3,190,891

STATE INCREASES TO EMPLOYER MATCHING BENEFITS

	<u>2008-09</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>
State Retirement (% of salaries)	8.14%	8.75%	10.51%	13.12%	14.23%
Health Insurance (per employee)	\$ 4,157	\$ 4,527	\$ 4,929	\$ 4,931	\$ 5,192



Public Schools of North Carolina
State Board of Education | Department of Public Instruction

PROPOSED 2013-2014

FY 2013-14 Budget Comparison
Beginning Appropriated Budget (Base)

State Board of Education	Governor	Senate
\$ 7,984,924,757	\$ 7,984,924,757	\$ 7,984,924,757

<i>State Public School Fund - Continuation</i>	
Average Daily Membership Adjustment	
Annual Leave (shortage)	
Longevity (shortage)	
Short Term Disability (excess)	
Social Security/Retirement (shortage)	
Torts (shortage)	
Unemployment (shortage)	
Workers Compensation (shortage)	
Transportation (fuel per gallon increase)	
Instructional Supplies (restore non-recurring reduction)	
Textbooks (eliminate non-recurring reduction)	
School Buses (restore non-recurring reduction for replacements)	
Additional funding for 5 Instructional days	
Average Salary Adjustment	

-		9,991,163 R	11,776,341 R
10,776,762			
18,868,908			
1,640,616			
8,563,421			
612,769			
16,990,430			
15,693,642			
23,000,000			
38,417,147		9,443,104 R	(6,919,008) R
76,500,000		58,250,000 R	
20,000,000			(28,425,435) R
14,239,181			
-		(11,873,083) R	(11,873,083) R

<i>State Public School Fund - Expansion</i>	
Academically and Intellectually Gifted	
Assistant Principals	
Child Nutrition (Implement Nutrition Standards)	
Classroom Teachers	
Classroom Technology	
Comprehensive Reading Initiative	
Digital Learning Opportunities (Recurring)	
Digital Learning Opportunities (Non-Recurring)	
LEA Adjustment / Flexibility Reduction	
EVAAS	
EVAAS (Enhanced Reporting)	
Excellent Public Schools Act (S.B. 795)	
Exceptional Children	
Healthy Schools Initiative	
Instructional Support	
Limited English Proficiency (LEP)	
Low Wealth Supplemental	
Mentoring - Principals	
Mentoring - Teachers	
Nurses	
Salary Increases - Teachers	
Small County Reserve	
Teacher Assistants	
Teachers - Training for Lateral Entry Teachers	
Teachers - Planning Time	
Testing (Explore, Plan, Act, Workkeys)	
SPSF Adjustments	

18,535,785	R		
23,315,825	R		
20,032,740	R		
			(286,433,312) R
60,000,000	R		
80,897,408	R		
		17,068,441 R	
		9,076,544 NR	
376,124,279	R		376,124,279 R
			850,000 R
			300,000 NR
			18,578,841 R
80,555,819	R		
400,000	R		
			(16,990,590) R
8,626,278	R	(3,000,000) R	(6,000,000) R
			(14,945,402) R
4,484,436	R		
29,044,008	R		
62,482,833	R		
325,356,270	R		
		(1,555,885) R	(1,555,885) R
		(117,123,733) R	(142,329,582) R
1,038,500	R		
59,219,666	R		
8,000,000	R	7,500,000 R	7,500,000 R
1,158,113,847		(22,223,449)	(100,342,836)

<i>Dept of Public Instruction</i>	
Agency Operating (2.5% Reduction)	
Charter Schools (3 positions)	
Governor's Schools	
Graduation Gap	
Human Resource Management System (Modernize System)	
Licensure (Support Automation)	
North Carolina Virtual Public Schools (6 positions)	
North Carolina Procurement Alliance (Child Nutrition)	
Residential Schools for the Deaf & Blind	
DPI Adjustments	

			(1,040,654) R
320,000	R	320,000 R	320,000 R
730,000	R		
90,000	R		
1,000,000	R		
100,851	R		
989,454	R		
80,000	R		
2,300,759	R		
5,611,064		320,000	(720,654)



Public Schools of North Carolina
State Board of Education | Department of Public Instruction

PROPOSED 2013-2014

FY 2013-14 Budget Comparison

	State Board of Education	Governor	Senate
Education Support Organizations			
NCCAT (46.5 Positions)	3,000,000 R	(2,219,222) R	(3,130,606) R
NC Teacher Corps	2,800,000 R		
Tarheel ChalleNge (transfer to Dept of Public Safety)		(767,719) R	(767,719) R
Teach for America			5,100,000 R
Teaching Fellows (Phase out Program)		(3,095,000) R	(3,095,000) R
Teaching Fellows (Fund Balance to Meet Need)		(1,300,000) NR	(1,300,000) NR
ESO Adjustments	5,800,000	(7,381,941)	(3,193,325)
Total Expansion/Reduction	1,414,827,787	(29,285,390)	(104,256,815)
Total Requirements	9,645,055,420	7,955,639,367	7,880,667,942
One-Time Over Collected Civil Penalties		25,950,674 NR	25,950,674 NR
Overrealized Sales Tax Receipts to SPSF		5,025,426 R	5,025,426 R
Recurring Lottery Receipts to use for Digital Learning		17,068,441 R	
Non Recurring Lottery Receipts to use for Digital Learning		9,076,544 NR	
Ending Appropriated Budget	\$ 9,645,055,420	\$ 7,898,518,282	\$ 7,849,691,842
Retirement Rate	14.59%	14.59%	14.68%
Health Benefit	\$ 5,314	\$ 5,314	\$ 5,285
Salary Increase	See separate tab	See separate tab	See separate tab
Reduction in Driver Ed Receipts		(625,322)	(2,792,962)

R= Recurring/ NR= Nonrecurring
Prepared by NCDPI Financial Services Div

**Request for Additional County Appropriation
(TA Funding Loss and Expansion Items)**

	<u>BOE Approved And Requested</u>	<u>Impact of Senate's Proposed Budget on TA Funding</u>
1. Reduction in Teacher Assistant funding in Governor's proposed budget (Loss of 27 Teacher Assistants)	\$ 879,213	
Reduction in Teacher Assistant funding in Senate's proposed budget (Loss of 33 Teacher Assistants)		\$ 1,074,594
2. School Safety Contingency Appropriation	\$ 220,000	\$ 220,000
3. Pre-K Exceptional Children's Teacher	\$ 55,000	\$ 55,000
4. Reading Teacher - Central Elementary	\$ 55,000	\$ 55,000
Total	\$ 1,209,213	\$ 1,404,594
 2013-14 enrollment projections per county calculations	 \$ 7,666	 \$ 7,666
 Per Pupil increase in County Appropriation needed to offset loss of Teacher Assistant state funding and to fund expansion items	 \$ 158 *	 \$ 183

*Per pupil request by Board of Education 4/25/13

County Projection includes Charter School students less out-of-district students:

State Student Projection	7,501
Charter School Students	254 **
Out-of-District Students	<u>(89) **</u>
	<u>7,666</u>

**Totals used in County allocation for the 2012-13 Budget

Total 2013-2014 requested County Appropriation: (\$3,325 per pupil X 7,666 students) (\$158 increase per student)	\$ 25,489,450
2012-2013 County Appropriation:	\$ 24,021,695

Projected Fund Balance as of 6/30/13	\$ 4,957,417
Less: Fund Balance Appropriated	\$ 891,450
Projected Fund Balance 6/30/14	\$ 4,112,774

Summary of Special Provisions- Senate Bill 402

Senate Appropriations Bill Special Provisions

<http://www.ncleg.net/sessions/2013/budget/2013/S402-CSMDxf-9.pdf>

Money report

http://www.ncleg.net/sessions/2013/budget/2013/SB402_Committee_Report_2013-05-21.pdf

Synopsis

1. Salaries and Benefits

No salary increases for certified or non certified personnel

Section 35.15

Retirement rate 14.68% (fy2013 14.23%)

Health

July 1, 2013 \$5,285

July 1, 2014 \$5,402

8.22 Phase out Certain Teachers Supplements

Beginning July 1 2014, no teachers or instructional support will be paid on the Master Schedule, or receive advanced pay or Phd. (Includes social workers, guidance counselors, speech language pathologists, psychologists, audiologists etc. does not include nurses.)

Excellent Public Schools Act-Merit Pay Section 9.6(h)

\$500 in annual pay increase in FY 2014-15 for teachers to opt in to a 4 year contract per Section 9.6 of Special Provisions. \$10,200,000 for 2014-15

2. LEA Adjustment Elimination

LEA adjustment	359,738,508
Lottery receipts	<u>16,385,771</u>
	376,124,279
a. Classroom teachers	(286,433,312)
b. Instructional Supt	(6,919,008)
c. Materials	(16,990,590)
d. Appropriation	(65,781,369)

Summary of Special Provisions- Senate Bill 402

a. Classroom teachers ratios
Reduce \$286,433,312 by changing the ratios. (note that the class size maximums and teacher daily load maximums are deleted per special provision section 8.14)

2012-13	2013-14
1:18	1:19
1:17	1:18
1:22	1:24
1:21	1:23
1:24.5	1:26.5
1:26.64	1:29

Approximately 5,200 classroom teacher reduction

b. Instructional Support Personnel

Reduce \$16,990,590

Approximately 270 positions or 5% reduction

c. Instructional Materials

Per Continuation Budget	\$89,111,629
2012 <i>non recurring</i> cut	(38,417,147) ⁽¹⁾
Addl Reduction	<u>(\$6,919,008)</u>
2013-14 appropriation	43,775,474

(1) *Amount that was cut in the 2012-13 budget as a non recurring cut. This amount was not restored in the Governor's or Senate Budget*

3. Teacher Assistants

Reduction \$142,329,582

2012-13 \$1,182.69 per ADM in K-3

2013-14 \$1,727.83 per ADM in K-1

Approximately 4,580 positions

4. Limited English Proficiency

Reduce \$6,000,000

\$3,000,000 due to a declining enrollment

\$3,000,000 cut to the program

5. Transportation Budget: Driver Education

Reduce (\$2,792,962)

Increase the optional driver education fee, from \$45 to \$65 per participating student.
Per student appropriations are reduced from \$200.94 to \$184.94.

Summary of Special Provisions- Senate Bill 402

6. Textbooks

Per Continuation Budget	\$100,106,166
2012 <i>non recurring</i> cut	(76,500,000) ⁽¹⁾
Addl Reduction	<u>(\$0)</u>
2013-14 appropriation	\$ 23,606,166

(1) *Amount that was cut in the 2012-13 budget as a non recurring cut. This amount was **not** restored in the Governor's or Senate Budget*

7. Section 8.14 LEA Budgetary Flexibility

LEAs may transfer funds between categories, the following applies:

- 1a) EC and CTE transfers are limited by federal law and SBE policy
- 3) No funds shall be transferred in to central office allotment.
- 5a) Classroom teachers may be converted to international exchange teachers at the statewide average salary average.
- 5b) Classroom teachers and instructional support may be converted at the A-00 step
- 5c) Principals may be converted at the first step of PIII. Assistant principals at AP00
- 10) Funds to carry out the Excellent Public Schools Act shall not be transferred.

LEAs shall publish on their website by October 15 of each year in plain english,

- A description of each PRC and a summary of the prior year's expenditure of state funds by PRC
- A description of each object code within a PRC and a summary of prior year's expenditure of state funds by object code
- A description of each allotment transfer that increased or decreased the initial allotment amount by more than 5% and the educational priorities that necessitated the transfer.

Class size

No class size maximums or teaching loads for K-12

8. Other Allotments

8.1 Funds for Children with Disabilities – dollars per child \$3,743.48, cap 12.5%

8.2 Funds for Academically Gifted-\$1,223.01 for maximum of 4%

8.3 Low Wealth

Changes the weighting of the formula for counties that have an Armed Forces base and have an ADM greater than 23,000. Affects Cumberland and Onslow counties only

[\$14,945,402 reduced from Low wealth Supplemental Funding budget, does not affect the allotments to the individual LEAs]

8.4 Small County

No additional counties included

[\$1,555,885 reduced from Small County budget, does not affect the allotments to the individual LEAs]

Summary of Special Provisions- Senate Bill 402

8.9 NC Virtual Public Schools

Repeals the funding formula for NCVPS

Replaces with

SBE shall calculate no later than Feb 28, the actual instructional cost for each LEA and charter based on actual NCVPS enrollment as of that date.

8.11 Bus Replacement

SBE to adopt guidelines for the replacement of school buses at 250,000 miles or upon 20 years of service.

[reduce \$28,425,435]

9. Excellent Public Schools Act \$18,578,841

8.16 Excellent Public Schools Act

Funds appropriated for summer reading camps shall not revert at the end of the fiscal year.

9.1 State Employee Literacy Volunteer Leave Time

5 hours per month for employees to volunteer in a literacy program in a public school.

9.2 Maximize Instructional Time

No more than 2 days per year to take practice tests that do not have the primary purpose of assessing current student learning.

Restrictions on field tests.

Final exams shall be in the last 10 days if year long and last 5 days if semester long.

9.3 Teacher Licensure and Fees

Changes fees and other requirement

9.4 School Performance Grade

[appropriates \$300,000 for EVAAS #15]

9.5 Pay for Excellence

On hold until a robust evaluation instrument and process accurately assesses and evaluates the effectiveness of a teachers.

9.6 Teacher Contracts

Changes to tenure.

10. Other

8.10 Closes NCCAT

[reduce \$3,130,606 46.25 positions]

Teaching Fellows (\$3,095,000) R (1,300,000) NR

Continues phase out that began in 2011

Summary of Special Provisions- Senate Bill 402

8.21 Teach For America \$5,100,000

Current state support is \$900,000. State support to increase by \$5,100,000 to establish a TFA program in the Triad region, grow in the southeastern region, targeted subject specific recruitment and the assumption of management responsibilities for the NC Teacher Corps beginning 2014-15.

8.12 Education Services for Children at certain Juvenile Facilities

Funds appropriated for education for children at certain juvenile facilities shall only be used to provide educational services for children who are residents of the facility. In 2014-15, the LEAs shall be responsible for the education of the students.

[effective July 1, 2014 #18 appropriates \$3.8min 2014-15]

8.17 Communities in Schools Learning Initiative

Students enrolled in the Harvard University Reads for Summer Learning Initiative shall be exempt from mandatory retention.

8.18 Instructional Improvement System

Optional portion of Home Base be receipt supported. SBE shall establish a cost of no more than \$4 per ADM for the optional portion. Shortages may be made up with DPI funds.

8.19 Study of GPA and class rank calculations

5.4 Indian Gaming Education Revenue Fund

There is appropriated from the Indian Gaming Education Revenue Fund to the Department of Public Instruction, School Technology Fund, \$3,000,000 for the 2013-2014 fiscal year \$3,500,000 for the 2014-2015 fiscal year.

5.3 Civil Penalty and Forfeiture Fund

(a) Appropriations are made from the Civil Penalty and Forfeiture Fund for the fiscal biennium ending June 30, 2015, as follows:

	FY 2013-2014	FY 2014-2015 41
School Technology Fund	\$ 18,000,000	\$ 18,000,000
State Public School Fund	\$146,313,464	\$120,362,790
Total Receipts ⁽¹⁾	\$164,313,464	\$138,362,790

(1) Total receipts that support the State Public School Fund in lieu of General Fund appropriation.

May 29, 2013

Draft

Meeting Plan for the County/Schools Collaboration Work Group
Wednesday, June 12, 2013 10:00 AM to 12:00 Noon
OCS Central Office, Hillsborough

Expected Attendees (15): Work Group Members (9): Jamezetta Bedford, Michelle Brownstein, Frank Clifton, Donna Coffey, Thomas Forcella, Barry Jacobs, Stephen Halkiotis, Earl McKee, Patrick Rhodes. Staff (6): Clarence Grier, Paul Laughton, Todd LoFrese, Michael Talbert, Greg Wilder, and Andy Sachs (facilitator).

Proposed Agenda

10:00 Convene

- Introductions, as needed.
- Review proposed agenda for today's meeting

10:10 Follow-up from April 23 Joint Boards Meeting

Discussion: What if anything took place at the April 23 Joint Boards meeting that the Work Group needs to take note of, plan future sessions around, etc.?

10:35 Older School Facilities

- Each school district will provide an update on its inventory of facility needs at older schools.
- Discussion: To what extent is there value in coordinating on any aspects of this across the two school districts? What are some worthwhile ways to coordinate?
- Decision: Next steps?

11:10 Legislative Issues

Discussion to identify matters that have come out of this year's legislative session that are of mutual interest to Work Group members, and goals for collaborating around those matters.

With respect to goals for collaborating, also discuss Commissioner Jacobs's suggestions from previous meeting that the Work Group (a) consider the extent to which the County's "fair funding" allocations could be of use in addressing any of these matters, and (b) learn together about how communities around the country have defended themselves successfully against state efforts to undermine public education.

11:45 Wrap Up

- Meeting and overall process evaluation.
- Check-in on timing for next Work Group meeting.

12:00 Adjourn