Guilford County Schools

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Superintendent's Budget Recommendation 2009-10

Presented to
Guilford County Board of Education
April 7, 2009

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BUDGET DEVELOPMENT PHILOSOPHY

- Use Board of Education's Mission, Core Values and Strategic Plan – Achieving Education Excellence – to guide budget development process
- Reflect current and projected economic conditions
- Use Governor's Proposed Budget as a baseline for state funding

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BUDGET DEVELOPMENT PHILOSOPHY

- Honor request from County Commissioners to request 2009-10 budget that reflects flat or hold-the-line local funding (a “no increase” budget)
  - Fund strategic plan initiatives through budget reductions, redirections or by seeking outside funding
  - Fund other sustaining operations cost increases through budget reductions or redirections
- Provide flexibility to incorporate federal stimulus funds when those funds and the guidelines regarding their use are available to GCS
- Limit impact of budget reductions on existing personnel

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BUDGET DEVELOPMENT PHILOSOPHY

- ***Board Mission***

  Guilford County students will graduate as responsible citizens prepared to succeed in higher education, or in the career of their choice.

- ***Board Core Values***
  - Diversity
  - Empathy
  - Equality
  - Innovativeness
  - Integrity

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BUDGET DEVELOPMENT PHILOSOPHY

- ***Strategic Plan***
  - Major themes:
    - Academic excellence
    - Character development
    - Excellence
  - Eight areas:
    - Improving academic achievement
    - Supportive parent and community involvement
    - Strategic human resource management
    - Respectful and responsive service
    - Safe schools and character development
    - Optimal operations
    - Transformational technology
    - Clear baseline and equitable standards

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BUDGET DEVELOPMENT PHILOSOPHY

- ***Strategic Plan***
  - SMART (*Specific, Measureable, Attainable, Results-Oriented, Time-Based*) goals developed for each of the eight areas
  - Implementation strategies developed for the goals
  - Plan launched in January 2009
  - Plan endorsed by Board of Education in March 2009

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2009-10 BUDGET RECOMMENDATION

- **Total 2009-10 Budget = $651,840,823**
  - Funding sources:
    - State **($357.5M)**
    - Local **($192.6M)**
    - Federal **($49.9M)**
    - Capital Outlay **($10.9M)**
    - Enterprise Funds
      - Child Nutrition **($33M)**
      - ACES (After School Care Enrichment Services) **($7.9M)**

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2009-10 BUDGET RECOMMENDATION

- **Total 2009-10 Operating Budget = $599,970,699**
  - Funding sources:
    - State **($357.5M)**
    - Local **($192.6M)**
    - Federal **($49.9M)**
      - Excludes projected economic stimulus package dollars:
        - $17,030,000 in additional Title I funds
        - $15,859,000 in additional IDEA dollars
          (IDEA = Individuals with Disabilities Education Act)
        - $466,475 in Education Technology Program funds
        - Projected amounts may be reduced by required set asides

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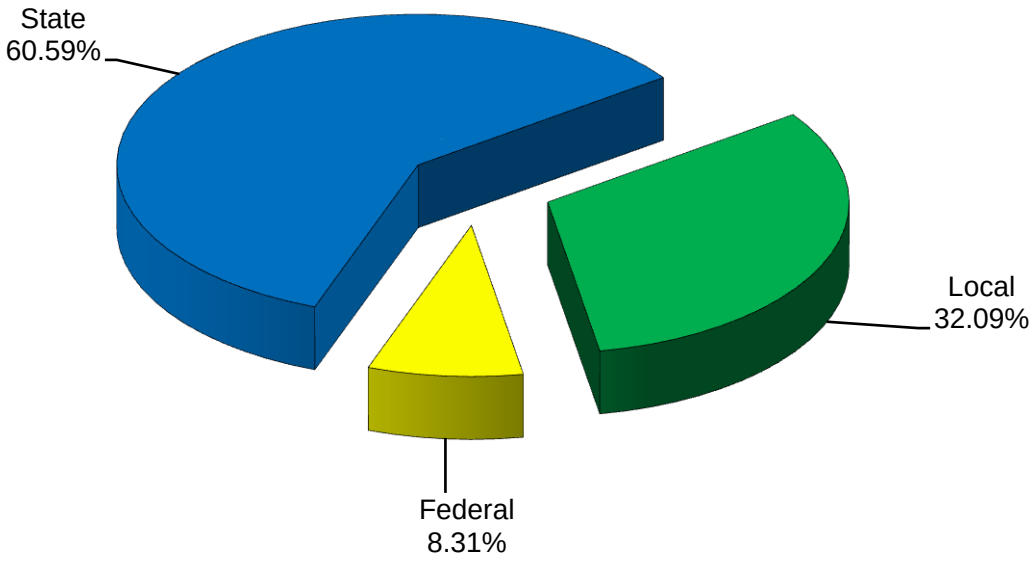
2009-10 BUDGET RECOMMENDATION

2009-10 Operating Budget Revenues/Sources Where The Money Comes From		
State	$	357,528,997
Local		192,555,591
Federal		49,886,111
Total	**$**	**599,970,699**



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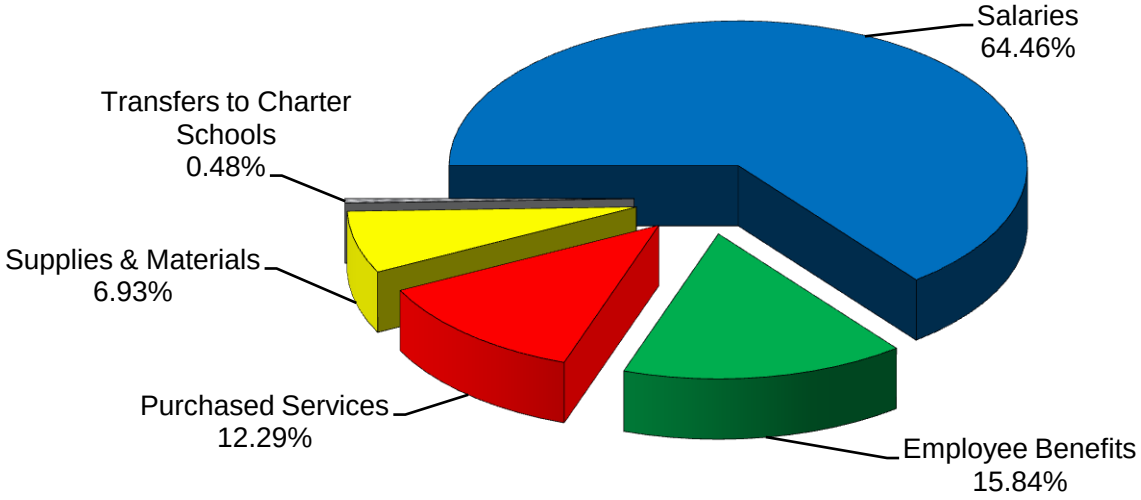
2009-10 BUDGET RECOMMENDATION

2009-10 Operating Budget Expenditures/Uses Where The Money Goes		
Salaries	$	386,741,113
Employee Benefits	$	95,035,359
Purchased Services	$	73,736,399
Supplies & Materials	$	41,577,969
Transfers to Charter Schools	$	2,879,859
Total	**$**	**599,970,699**



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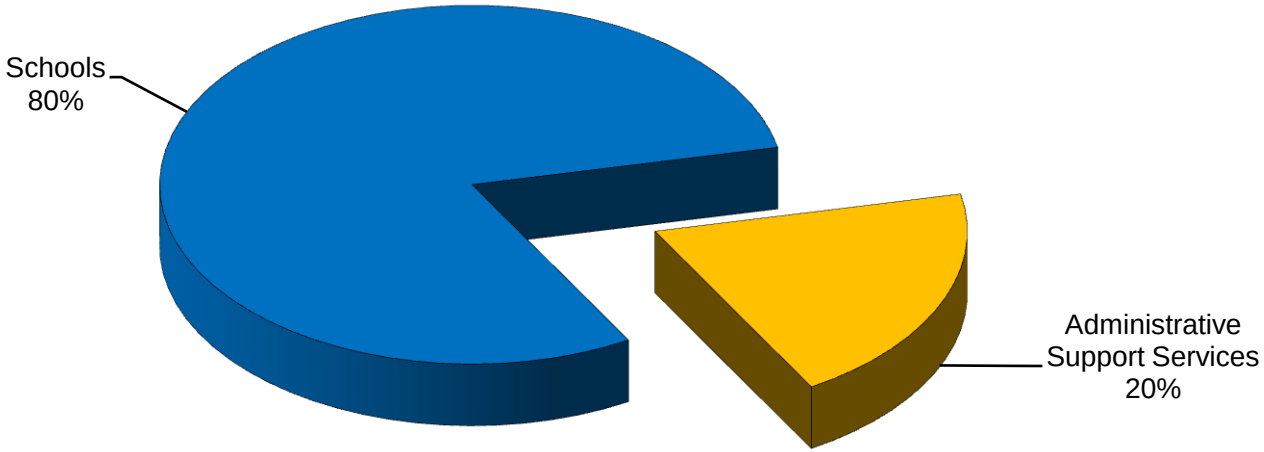
2009-10 BUDGET RECOMMENDATION

SUMMARY OF OPERATING BUDGET		
Schools	$	479,976,559
Administrative Support Services		119,994,140
Total	**$**	**599,970,699**



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STUDENT ENROLLMENT

- 2009-10 ADM (Average Daily Membership) = 71,079
  (per NC Department of Public Instruction 2009-10 State Planning Allotment)

- Projected 2009-10 ADM numbers were impacted by a change in the NC kindergarten cut-off age/date (NCGS 115C-364)
  - Date by which child must have reached age 5
    - Up through 2008-09, date was October 16th
    - Effective 2009-10, date is August 31st
  - Approximately 15,000 children impacted by change

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2009-10 BUDGET RECOMMENDATION

GOVERNOR'S BUDGET		**$12.6M**
REORGANIZATION OF ACADEMIC SERVICES:		**($ 1.1M)**
+ PERSONNEL (Regionalization)	**$ 3.3M**	
+ PERSONNEL (Reorganization)	**$ 0.5M**	
- PERSONNEL (Regionalization/Reorganization)	**($ 5.2M)**	
+ NON-PERSONNEL (Regionalization)	**$ 0.4M**	
- NON-PERSONNEL (Regionalization)	**($ 0.1M)**	
REDIRECTIONS/REDUCTIONS:		**($12.5M)**
+ PERSONNEL	**$ 1.1M**	
- PERSONNEL	**($ 4.6M)**	
+ NON-PERSONNEL	**$ 2.9M**	
- NON-PERSONNEL	**($11.9M)**	
OTHER MAJOR STRATEGIC PLAN INITIATIVES		**$ 1.0M**
		$ 0

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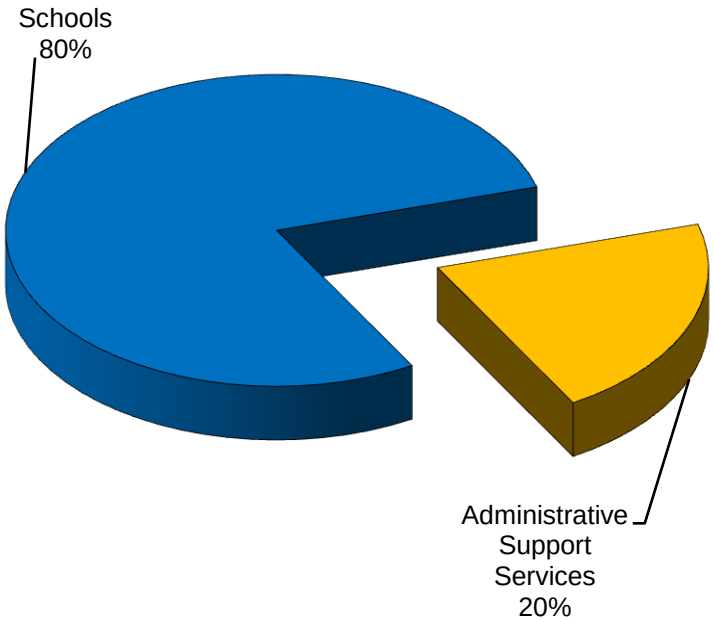
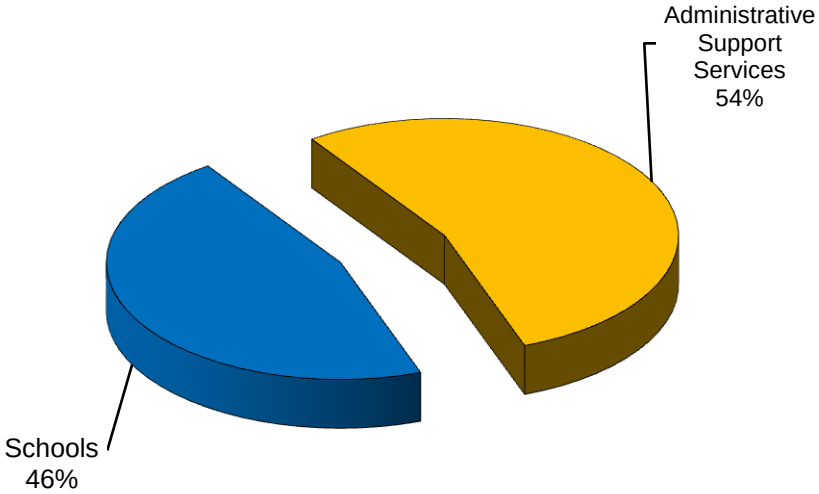
2009-10 BUDGET RECOMMENDATION

SUMMARY OF OPERATING BUDGET		
Schools	$	479,976,559
Administrative Support Services		119,994,140
Total	**$**	**599,970,699**

SUMMARY OF BUDGET CUTS		
Schools	$	10,015,378
Administrative Support Services		11,776,658
Total	**$**	**21,792,036**





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GOVERNOR'S BUDGET

HIGHLIGHTS OF GOVERNOR'S 2009-11 BUDGET PROPOSAL:

- ***Salary Increases***
  - Step increase for teachers, assistant principals and principals **($1.4M)**
  - No salary increases recommended for other employees

- ***Longevity***
  - Freeze on longevity payments for all employees for 2009-10 and 2010-11
  - Retiring employees held harmless from longevity freeze
  - Longevity currently paid to permanent full-time or part-time employees (20 hours per week or more) who have at least 10 years of state service

Years of State Service	Longevity Pay Rate
10 but less than 15	1.50%
15 but less than 20	2.25%
20 but less than 25	3.25%
25 or more	4.50%

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GOVERNOR'S BUDGET

HIGHLIGHTS OF GOVERNOR'S 2009-11 BUDGET PROPOSAL:

- ***Bonus Leave***
  - Employees who are not on the Teacher Salary Schedule will receive bonus leave for each year of the biennium in lieu of longevity payments.
  - The amount of bonus leave will be commensurate to the employee's years of service in state government.

- ***ABC Bonuses***
  - One year moratorium placed on ABC bonuses
  - ABCs Accountability System to be restructured
  - Current ABC bonus payment amounts for schools meeting expected academic growth targets
    - Teachers = $527 and Teacher assistants = $263
  - Current ABC bonus payment amounts for schools exceeding academic growth targets (high growth schools)
    - Teachers = $1,053 and Teacher assistants = $351

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GOVERNOR'S BUDGET

HIGHLIGHTS OF GOVERNOR'S 2009-11 BUDGET PROPOSAL:

- ***Local Education Agency (LEA) Flexibility Reduction***
  - $144M reduction **($7M)**
  - Allocated to LEAs based on average daily membership (ADM)

- ***Improving Student Accountability***
  - $38M reduction **($2.3M)**
  - Allotment category eliminated
  - Allotment was based on number of students performing at Level I or II (below grade level) on:
    - either reading or mathematics end-of-grade tests in grades 3-8
    - writing tests in grades 4 and 7
    - high school end-of-course tests

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GOVERNOR'S BUDGET

HIGHLIGHTS OF GOVERNOR'S 2009-11 BUDGET PROPOSAL:

- ***Non-Instructional Support Personnel***
  - 2.5% or $10.3M reduction **($486K)**
  - Dollar allotment for salaries and benefits for:
    - clerical assistants
    - custodians
    - substitutes
    - Textbook Commission – clerical assistants

- ***Staff Development***
  - 50% or $6.3M reduction **($210K)**

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GOVERNOR'S BUDGET

HIGHLIGHTS OF GOVERNOR'S 2009-11 BUDGET PROPOSAL:

- ***Central Office Administration***
  - 5% decrease or $6.5M reduction **($161K)**
  - Dollar allotment for salaries and benefits for central office staff
  - Allotment category includes, but is not limited to:
    - superintendents
    - directors/supervisors/coordinators
    - associate and assistant superintendents
    - finance officers
    - community schools coordinators/directors
    - athletic trainers
    - health education coordinators
    - maintenance supervisors
    - transportation supervisors

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GOVERNOR'S BUDGET

HIGHLIGHTS OF GOVERNOR'S 2009-11 BUDGET PROPOSAL:

- ***School Resource Officer (SRO) Allotment Adjustment***
  - $1.2M reduction **($136K)**
  - SRO allotment is included in At-Risk Student Services funding
  - One SRO allotted per high school (any school with grades 9-10 or 12)
  - Each SRO allotted @ $37,838 (includes salary and benefits)
  - Adjustment reduces SRO allotment to the 2008-09 actual salary and benefits expenditure (= reduction of approximately $4,537 per SRO)
  - GCS allotted 30 SROs

- ***Finance Officer Staff Development***
  - $64,500 reduction **($250)**
  - Appropriation eliminated

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GOVERNOR'S BUDGET

HIGHLIGHTS OF GOVERNOR'S 2009-11 BUDGET PROPOSAL:

- ***Textbooks***
  - $38M reduction **($1.9M)**
  - Funds allotted @ $67.15 per ADM in 2008-09
  - Funds allotted @ $40.00 per ADM in 2009-10
  - Delaying adoption of math textbooks for grades 6-12

- ***School Bus Replacement***
  - $7.5M reduction
  - Financing extended from 3 years to 4 years on a recurring basis
  - Does not reduce number of buses scheduled to be replaced in 2009-10

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GOVERNOR'S BUDGET

HIGHLIGHTS OF GOVERNOR'S 2009-11 BUDGET PROPOSAL:

- ***School Technology***
  - $4M reduction
  - School technology funds distributed based on K-12 allotted ADM
  - Recommended reduction represents 40% nonrecurring decrease to annual $10M appropriation
  - Reduction offset by $16M in educational technology stimulus funds
  - Governor also recommends transfer of $18M in civil penalties held in escrow to the Civil Penalty and Forfeiture Fund for appropriation
  - End result may be net increase in school technology funds

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SENATE BILL 287

SENATE BILL 287 INCLUDES THE FOLLOWING INCREASES IN FRINGE BENEFIT COSTS:

- 7.3% increase in employer's hospitalization insurance cost
  - 2008-09 = $4,157 per Full-Time Equivalent (FTE)
  - 2009-10 = $4,460 per FTE **($466K)**

- 5% increase in employer's contribution rate for retirement
  - 2008-09 = 8.14%
  - 2009-10 = 8.54% **($383K)**

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COUNTY COMMISSION

- Superintendent's Budget Recommendation honors request from County Commissioners to request 2009-10 budget that reflects flat or hold-the-line local funding (a "no increase" budget)
  - Funds sustaining operations cost increases through budget reductions or redirections
    - Salary increases **($1.4M)**
    - Hospitalization **($466K)**
    - Retirement **($383K)**
  - Funds strategic plan initiatives having 2009-10 launch dates and/or budget implications through reductions or redirections of existing funds or by seeking outside funding

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STRATEGIC PLAN INITIATIVES

- Strategic plan initiatives with major 2009-10 budgetary implications:
  - Reorganization of Academic Services/Regionalization
  - Balanced Literacy and DIBELS
    (Dynamic Indicators of Basic Early Literacy Skills)
  - Elementary Math Textbook Adoption
  - Character Education
  - Teacher Recruitment
  - Respectful and Responsive Service
  - Volunteer Screening
  - Energy Management
  - Business Improvement Plans
  - Developing Baseline Standards

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REGIONALIZATION/REORGANIZATION

WHAT DOES IT COST?		
+ PERSONNEL (Regionalization)	**$3.3M**	
(includes +39 positions)		
+ PERSONNEL (Reorganization)	**$0.5M**	
(includes +6.0833 positions)		
+ NON-PERSONNEL (Regionalization)	**$0.4M**	
Subtotal		**$4.2M**
HOW DO WE FUND IT?		
- PERSONNEL (Regionalization/Reorganization)	**($5.2M)**	
(includes -63 positions)		
- NON-PERSONNEL (Regionalization)	**($0.1M)**	
Subtotal		**($5.3M)**
NET SAVINGS		**($1.1M)**

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MAJOR BUDGET IMPACTS TO SCHOOLS

- **PERSONNEL** **($3.2M)**
  - **90 positions**
    - **Media Assistants (-64 positions)**
    - **ESOL (-7.5 positions)**
      (English for Speakers of Other Languages)
    - **HS Testing Coordinators (-7.5 positions)**
    - **Instructional Technology Facilitators (-11 positions)**

- **WSF (Weighted Student Formula) dollars** **($5.8M)**
  - **Allocated 50% of $11.5M in discretionary funds**
  - **Usually allocate 75% initially and adjust based on 20-day student numbers**
  - **Additional positions may be impacted once principals determine how WSF dollars will be utilized**

- **Superintendent's budget includes funds to restore WSF if actual budget reductions < anticipated reductions** **$1.1M**

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ECONOMIC STIMULUS PACKAGE

- Governor's Budget Proposal includes $1.2B in State Fiscal Stabilization Funds ($580.8M in 2009-10 and 2010-11)
  - Stabilization funds may be allocated directly to districts

- Superintendent's Budget Recommendation excludes projected economic stimulus package dollars:
  - $17,030,000 in additional Title I funds
  - $15,859,000 in additional IDEA dollars (IDEA = Individuals with Disabilities Education Act)
  - $466,475 in Education Technology Program funds
  - Projected amounts may be reduced by required set asides
  - Excluding the dollars now is fiscally conservative approach - provides maximum flexibility to incorporate federal stimulus funds when those funds and the guidelines regarding their use are available to GCS

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ECONOMIC STIMULUS PACKAGE

- Federal government recently released the rules and regulations that will govern how and when these dollars are spent

- NC Department of Public Instruction (NCDPI) still clarifying specific impact of the economic stimulus package dollars for individual school districts
  - maintenance of effort requirements?
  - supplement versus supplant provisions?
  - reporting requirements?

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ENTERPRISE FUNDS

- ***Child Nutrition Fund***
  - Factors to be considered in developing 2009-10 budget:
    - Move all positions to 4-, 6- or 8-hour positions
    - Reduce menu/food choices
      (i.e., offer two versus four entrees)
    - Eliminate breaks in serving time schedules
    - Reduce number of serving lines
      (determine number of lines based on participation)
    - Defer computer equipment replacement at elementary schools
    - Limit computer equipment replacement at middle/high schools

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ENTERPRISE FUNDS

- ***Child Nutrition Fund***
  - Factors to be considered in developing 2009-10 budget:
    - Allow replacement only of small wares
      (i.e., serving utensils, food thermometers, pans)
    - Reduce number of van rentals
      (schedule meal delivery for early/middle colleges and academies based on existing Child Nutrition schedules for traditional/satellite sites)
    - Discontinue printing/distributing menus
      (menus will be available on-line or in newspapers)
    - Increase in school-lunch prices
      (Currently ES = $1.80; MS = $2.10; HS = $2.20)

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ENTERPRISE FUNDS

- ***ACES (After School Care Enrichment Services) Fund***
  - Factors to be considered in developing 2009-10 budget:
    - consolidate programs with low enrollment at cluster sites
    - eliminate positions
    - establish an enrollment fee
    - establish an ACES All-Day activity fee
    - increase weekly fee

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IMPACTED EMPLOYEES

STEPS TAKEN BY HUMAN RESOURCES TO ASSIST DISPLACED EMPLOYEES:

- Notified employees impacted by reorganization/regionalization (3/9-13)
- Posted vacant positions on GCS website (3/16)
- Published deadline of 3/20 to apply for vacant positions
- Conducted interviews for vacant positions (3/23-27)
- Notified applicants not selected for an interview (3/23)
- Conducted computer skills testing for office support candidates (3/24)
- Notified employees impacted by budget reductions (3/25)
- Published deadline of 3/27 for employees impacted by budget reductions to apply for vacant positions
- Conducted computer skills testing for media assistants and testing coordinators (3/31)
- Conducted interviews for media assistants and testing coordinators (3/31-4/1)
- Mailed appointment letters for candidates selected for vacancies and notification letters for those not selected for vacancies (4/6)
- Advise displaced candidates not selected for vacancies of remaining options by (5/1)

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2009-10 BUDGET DEVELOPMENT

NEXT STEPS:

- Superintendent and CFO continue participation in weekly budget update conference calls facilitated by State Superintendent June Atkinson
- Superintendent and CFO present Superintendent's 2009-10 Budget and Budget Message to Joint BOE/Board of County Commissioners (BOCC) Budget Committee on April 9
- BOE conducts work sessions and holds public hearing on budget
- BOE adopts 2009-10 budget
- BOE submits 2009-10 budget to BOCC *(no later than May 15 statutory deadline)*

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2009-10 BUDGET DEVELOPMENT

NEXT STEPS:

- County Manager presents 2009-10 budget message and recommended budget to the BOCC
- BOCC has work session(s) to review BOE budget
- BOCC conducts public hearing on the 2009-10 budget
- BOCC adopts 2009-10 Budget Ordinance *(on or before July 1 statutory deadline)*
- BOE approves Interim Budget Resolution if BOCC has not adopted a 2009-10 Budget Ordinance on or before July 1 and/or the state has not adopted a continuing resolution or a final budget for 2009-10 on or before July 1
- BOE approves final 2009-10 budget and 2009-10 Budget Resolution

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BUDGET DEVELOPMENT PHILOSOPHY

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