Guilford County Schools

MEMORANDUM

TO: Members, Board of Education

FROM: Maurice O. Green, Superintendent
Sharon S. Ozment, Chief Financial Officer

DATE: May 27, 2009

RE: $2M Reversion of State Funds

In late April, the Governor increased the required reversion for public schools from $159 million to $200 million. This reduction of $41 million or $27.75 per average daily membership (ADM) is in addition to the $58 million reduction previously required of school districts and charter schools. The remaining $101 million of the required reversion is expected to come from the North Carolina Department of Public Instruction (NCDPI) and other State Public School Fund reversions.

On May 6, 2009, the State Board of Education authorized emergency funding flexibility (as authorized by 115C-451(b)) to allow Local Education Agencies (LEAs) to move funds from other allotted categories in the State Public School Fund to Non-Instructional Support. This flexibility will allow each LEA to identify the specific allotment categories for which they have determined a reduction could be absorbed. Funds can be transferred into Non-Instructional Support from any categories except Driver's Training, ABC Incentive Awards and School Buses.

Guilford County Schools' share of the current $41 million reversion is $2,003,718. The NCDPI reduced our Non-Instructional Support allotment by this amount on May 7, 2009 in Allotment Revision 24. As a reminder, this allotment category is used to pay salaries and benefits for:

- clerical assistants
- custodians
- substitutes
- Textbook Commission – clerical assistants

Based on year-to-date expenditures, the state spending freeze and 2008-09 fund balance projections as of the end of April, staff recommends that our share of the $41 million reversion be funded with $541,645.42 in local dollars (from the recent freeze of 80% of available local non-salary dollars – i.e., contracted services, office/instructional supplies/materials, travel/mileage reimbursements, staff development) and $1,462,072.58 in transfers from various state allotment categories as allowed per the emergency funding/flexibility.

The $1,462,072.58 would be transferred to Non-Instructional Support from the following state allotment categories:

$373,260.12	Career and Technical Education (CTE) – Program Support
$387,658.67	Disadvantaged Students Supplemental Funding (DSSF)
$ 11,744.35	Behavioral Support
$137,767.44	Learn and Earn
$551,642.00	School Connectivity

The CTE and School Connectivity funds are available due to the state spending freeze - outstanding equipment orders not received prior to the April 16 cutoff date had to be cancelled. The available DSSF funds resulted from some lapsed salary dollars and staff development activities planned beyond the April 16 state spending cutoff/deadline. Likewise, the available Learn and Earn funds were budgeted for staff development activities and student field trips planned beyond the cutoff date and for outstanding supply/equipment orders that were not received prior to the April 16 cutoff date. The available Behavioral Support monies resulted from some lapsed salary dollars and associated fringe benefits.

We must submit our required reversion report to the state by end-of-day on June 5, 2009. Staff will complete another fund balance projection as of the end May before remitting the reversion report.

RECOMMENDATION: The administration recommends using $541,645.42 in local dollars (from the recent freeze of 80% of available local non-salary dollars – i.e., contracted services, office/instructional supplies/materials, travel/mileage reimbursements, staff development) and $1,462,072.58 in transfers from various state allotment categories as allowed per the emergency funding flexibility authorized by the State Board of Education on May 6, 2009 to address the required reversion of $2,003,718 in state funds. In order to maximize the authorized state funding flexibility, the administration also requests the flexibility to adjust these amounts based on the fund balance projections as of the end of May and report any changes in the amounts cited above to the Board of Education at the June 9, 2009 meeting.