

GUILFORD COUNTY SCHOOLS

Superintendent's Recommended 2009-10 Budget

**ACHIEVING
EDUCATION
EXCELLENCE**

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Intelligence plus character – that is the goal of true education.

– Dr. Martin Luther King, Jr.

LETTER FROM THE SUPERINTENDENT



April 7, 2009

Dear Board Members:

Thank you for giving me the opportunity to serve the children of Guilford County Schools (GCS). When GCS launched its first ever strategic plan – Achieving Education Excellence – in January 2009, we embarked on an ambitious journey. In March, the Board approved the plan.

We launched this aggressive plan of improvement for our school district, our community and, most importantly, our children, in the midst of extremely challenging economic times. GCS had already been required to revert millions of dollars earlier in the school year to help the state deal with its budget situation. Moreover, the leading economic indicators painted a stark and negative economic forecast for this country, state and county.

While some might use the bleak economic outlook as an excuse to not move forward with our vision of achieving education excellence for all children, we cannot. Our children already have waited far too long. As Gandhi said, **“We must be the change we wish to see in the world.”** Now is the time for us to demonstrate the strength of character we want from our children. Working together, I am confident – and I am determined – that we can overcome the challenges we face and emerge as a stronger, more vibrant and more excellent school district, one that truly serves all children well.

With our vision of excellence as our guide, I present to you my first budget and budget message. The budget reflects the economic conditions we are dealing with on a daily basis, and yet, it also provides this school district with the opportunity to move closer to the goals set forth in the strategic plan. For example, we are only seeking the same amount of funding from the Guilford County Board of Commissioners that we sought last year – even though the needs are certainly there to support an increase in funding.

To continue moving the district forward, however, we are aligning our organization and our resources to support the district’s strategic plan and achieve the board’s mission of ensuring that our students will graduate as responsible citizens prepared to succeed in higher education, or in the career of their choice. Our children, parents, employees and community are looking to us now to see how we’re going to handle the challenges we face. They have asked for change and we have delivered that through the strategic plan. Now we need the courage to act on it.

We have had to make some difficult decisions that are impacting employees who have provided good service to our schools and our district. Our goal is to keep these employees as members of the GCS family by finding them other positions. While we may not succeed in each and every case, depending on individual credentials, we are going to do everything we can to keep them employed with us during these tough economic times.

Using Governor Beverly Perdue's proposed budget request as a guide, we anticipate a reduction in state funding of more than \$10 million. As a result, we are reducing valuable programs and services that have benefited our students as well as our employees and organization. We are also cutting back on staff development, travel, printing, office supplies, textbooks, instructional materials, photocopying and many, many other items that are necessities, not luxuries.

We have tried to minimize the negative impact these reductions may have on classroom teaching, and we've tried to minimize job loss for our employees. The harsh reality we face is that as a people-intensive business, we can't make significant cuts in our operating expenses without impacting our people.

As such, this budget calls for eliminating about 153 positions, including 63 from central office. The other 90 are school-based positions, primarily media assistants. The positions represent a savings of about \$8.7 million that can be used as cuts or redirections. Central administration makes up approximately 20 percent of the budget while the other 80 percent is school-based.

This budget also continues to give principals authority to make decisions regarding some positions at their respective schools. Unfortunately, they are being called upon to make those decisions with less funding this year than in previous years. As principals work on their staffing for the 2009-10 school year with more limited funds, there may be additional positions impacted. Once again, we will work to find placements for employees affected by these decisions.

We did not make these cuts lightly; nor did we make these cuts solely to provide funding for the reorganization of central administration, the creation of regional offices or strategic plan initiatives. In fact, these initiatives were primarily funded by reductions and redirections from central administration budgets.

The school-based position cuts, as well as significant other cuts from central administration are the result of anticipated flat funding at the local level and potential multi-million dollar reductions in funding from the state. In another possible reflection of the dire economic situation we face, as well as the change in the kindergarten cut-off age, GCS does not project any growth in student enrollment for the first time in several years. If the economic outlook improves, we hope to release some additional funds to schools.

Again, some might use the economy as an excuse to settle for less. As your superintendent, I assure you that in GCS, we cannot and will not accept anything less than our very best.

Excellence is the only option.

Sincerely,



Maurice "Mo" Green
Superintendent of Schools

VISION

Achieving education excellence – the successful coupling of academic achievement and character development – is the vision that drives GCS’ new strategic plan and the vision that is supported by the superintendent’s 2009-10 budget recommendation to the Board of Education.

Achieving this vision during tough economic times is going to require excellence on all fronts. Simply put, GCS – and every individual associated with it – will have to do more with less. While current economic conditions can’t be ignored and are reflected in this request, GCS’ mission remains the same: graduating responsible citizens who are prepared to succeed in higher education, or in the career of their choice.

MISSION

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

*This mission was adopted by the Guilford County Board of Education on Dec. 12, 2000.

“The way we define excellence dictates the way we achieve it.”

– Robert J. Sternberg

VALUES

Diversity

We are committed to creating an educational organization where a variety of persons and perspectives are welcome. We are committed to providing an environment where students and staff from all cultures and backgrounds may succeed.

Empathy

We are committed to developing a culture where our employees identify with and understand the feelings of our students and parents as well as their colleagues.

Equality

We are committed to creating a school system where everyone is appreciated and judged based solely on their contributions and performance. Through the work of this institution, we will create awareness of and develop strategies to understand and eradicate prejudice, discrimination and racism on the individual and organizational level.

Innovativeness

We are committed to fostering a work environment where the goal is not to manage innovations, but to become innovative. Problems are identified, ownership of those problems is assumed by the adults in the district and everyone works together as agents of the solution until the problems are solved. We will not stop until obstacles are removed, solutions found, and clear and compelling goals are established.

Integrity

We are committed to creating a school district that acts with honesty and forthrightness, holding ourselves to high academic and ethical standards, and dealing with everyone with respect.

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EXECUTIVE SUMMARY

By the Numbers 2009-10

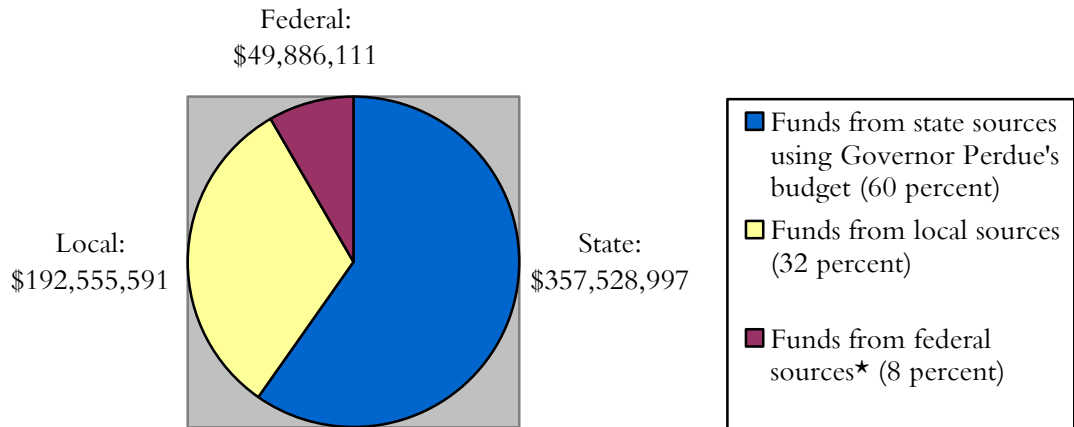
Outlined below are some significant numbers represented by this budget:

Total operating budget: \$599,970,699 (*Excludes capital outlay and enterprise funds such as child nutrition and ACES*)

Total budget: \$651,840,823 (*Includes capital outlay and enterprise funds*)

Projected student enrollment for 2009-10: 71,079

GCS Operating Budget:



Budget Development Process



Serving as the district's financial plan, the budget aligns GCS resources with vision, mission, goals, objectives and strategies outlined in the district's strategic plan, which was approved by the school board on March 10, 2009.

Some strategic plan initiatives, such as the reorganization of Academic Services and central administration, are already underway. Others will launch or begin the development process during the new fiscal year, which begins July 1, 2009. This budget addresses both categories.

This budget also anticipates significant budget reductions in state funding. Using the Governor's proposed budget as a baseline and assuming the Guilford County Board of Commissioners does not provide an increase in funding, GCS anticipates a negative impact of approximately \$12.6 million due to revenue loss or increased costs.

In particular, the Governor's proposed budget reduces GCS' funding by \$10.3 million, while increasing local costs by more than \$2.3 million, due to the 2 percent raise recommended for teachers, principals and assistant principals, a \$466,234 increase in employer health insurance

premiums (employer cost per full-time employee increasing from \$4,157 to \$4,460) and a \$383,427 increase in the employer retirement costs (employer contribution rate is increasing from 8.14 percent to 8.54 percent).

This budget was developed by the superintendent's executive team, in collaboration with various division and department managers. The goal was (and is) to reorganize the school system and fund the district's strategic plan initiatives without asking the county for additional dollars. As it became clear that the state's financial crisis would be borne by local districts, GCS began to identify potential budget cuts and redirections to address this looming issue as well.

As part of the process, the team built on the ideas and concerns gathered from the more than 4,000 individuals who participated in the "Mo Wants to Know" campaign, which was part of the superintendent's listening and learning tour. The team also reviewed feedback from the more than 3,500 individuals who shared their views during online surveys about the proposed regional organizational structure. The team also engaged the superintendent's new advisory team for principals in the process. This group provided input and helped weigh various options and scenarios.



Potential Budget Reductions

The proposed budget, which uses the Governor's budget as a baseline, includes approximately \$21.8 million in cuts and redirections. The changes will help GCS meet an anticipated \$10.3 million reduction in state funding and pay for \$2.3 million in increased personnel costs driven by the Governor's proposed budget.

The remaining \$9.2 million in cuts and redirections are being used to align the district's resources with the strategic plan launched in January and support major initiatives that are either currently underway or are scheduled to begin next school year. The reductions also are needed to present a flat budget in terms of local funding to the Guilford County Board of Commissioners as requested by Chairperson Skip Alston. (See section titled, *County's Request for Flat Funding*, for additional details.)

Approximately \$11.8 million of the \$21.8 million in reductions and redirections in the proposed GCS budget come from central office; the remaining \$10 million are school-based. Central administration makes up approximately 20 percent of the budget while the other 80 percent is school-based.

The proposed budget calls for eliminating about 153 positions, including 63 from central office, primarily in the Academic Services division. The other 90 positions are school-based positions, primarily media assistants. The positions represent a savings \$8.7 million that can be used as cuts or redirections. The district hopes to minimize job losses through attrition.

As part of the reorganization of Academic Services, GCS is adding 45 positions, including the regional office positions. The changes in Academic Services, including reductions in personnel and some expenses for contracted services, supplies and materials and mileage reimbursement, among others, yield a net savings of approximately \$1.2 million.

The district also proposes withholding about 50 percent or \$5.8 million of the schools' Weighted Student Formula (WSF) dollars as a potential budget cut. The discretionary WSF dollars are used by principals to purchase a variety of items, including classroom materials, software, professional development and some positions.

GCS typically withholds about 25 percent of these funds each spring, releasing additional dollars later in the school year as state funding levels are finalized and student enrollments stabilize. The district anticipates some school-based positions may be impacted by the decision to withhold the WSF dollars.

The district won't know how many additional school-based positions may be affected until principals turn in their staffing workbooks later this month. Because the General Assembly has just started working on its budget, the final state budget is likely to change. If the district's financial outlook improves, some additional dollars will be released to schools first.

For the first time in several years, the proposed budget does not anticipate any increase in student enrollment, due to the economy and the impact of a new state law going into effect this fall that changes the cut-off date for new kindergarten students.

GCS, like other districts statewide, expects to see a temporary, one-year drop in kindergarten enrollment. North Carolina students must turn 5 years old by August 31 in order to enroll in kindergarten this year. The previous cut-off date was October 16.

Although GCS anticipates little or no growth in student enrollment overall, this may vary school to school. GCS' projections for student enrollment align with the state's forecast for the district. Student enrollment projections drive how many positions are allocated to schools. Schools may gain or lose staff positions depending on how much variance there is in student enrollment. GCS uses allotment formulas, such as student-teacher ratios, to determine staffing for schools.

By taking a larger percentage of cuts from central administration, GCS officials were able to address the anticipated revenue shortfalls without making any changes to student-teacher ratios, which impact class size. In addition, GCS is using the same formulas as last year to allot staffing for counselors, social workers, assistant principals and teacher assistants.

County's Request for Flat Funding

GCS also is trimming personnel and other expenses tied to local funding in order to comply with the county's request for a flat budget. In light of the current economic situation and projections indicating stagnant student enrollment growth, and as long as the County provides funding as outlined in this budget, GCS felt this was a reasonable request. As the education of our children must remain a top priority, the reasonableness of such a request must be re-evaluated next year.

As a result, GCS has developed a flat or "no increase" budget for 2009-10. For the first time in several years, GCS does not anticipate a net increase in student enrollment for the district, as the economy stalls relocations and as the change in the kindergarten age requirement kicks in this year, shrinking kindergarten enrollments statewide for 2009-10.

Unfortunately, costs for personnel benefits, district insurance and other operating expenses are expected to increase next year and must be accounted for in this budget in order to keeping the funding level from the county the same. For example, if the Governor's proposed budget was ultimately approved, GCS would need to spend about \$2.3 million additional dollars out of local funds to keep all employees on a level playing field in terms of salary increases and benefits.

The decision to present a flat budget to the county also helped drive the district's decision to withhold 50 percent of the school's discretionary WSF dollars as potential budget reductions and redirections.

Federal Stimulus Dollars

The budget does not take into account any stimulus funding the district may receive. GCS could receive some stabilization funds; and, according to the Council of Great City Schools, the district may receive an additional \$33.4 million in stimulus dollars for Title I, exceptional children and educational technology, depending on how the state chooses to disburse the funds.

GCS anticipates that federal stimulus dollars will provide some budget relief; however, it is too early to know for sure, especially since the federal rules for how those funds may be spent were just published as this budget proposal was being developed and since the state's plans are still evolving.

The district will present a plan for using the stimulus dollars at a later school board meeting once administrative staff members have had the opportunity to review the rules and regulations more thoroughly. State and federal officials need to clarify some contradictory directions as well.

Strategic Plan Initiatives

In addition to the reorganization of Academic Services and the creation of a new organizational structure in which central services are delivered to schools through five regional superintendents, the district is embarking on several other major strategic plan initiatives during the 2009-10 school year.

These strategies include providing early literacy intervention for struggling readers in grades K-2 and expanding reading interventions at the middle and high school levels; strengthening the district's balanced literacy approach K-12, refocusing writing instruction and engaging the community in the promotion of K-12 literacy; strengthening the mathematics curriculum and improving instruction by expanding teachers' ability to differentiate instruction for students in grades K-5; providing culturally rich curriculum guides and study units; infusing technology into instruction; and, expanding character education district-wide.

In addition to strengthening teaching and learning during the 2009-10 school year, the district's strategic plan also focuses on improving energy management and conservation; increasing the number of volunteers serving our schools; creating more business and community partnerships; providing more respectful and responsive service (to GCS employees as well as to parents and community members); developing business improvement plans for all major operational areas; and, developing baseline and equity standards to ensure a more level playing field for students and teachers.

GCS leadership is determined to meet the goals and objectives outlined in the district's strategic plan. As stated previously, the costs for these and other district initiatives for 2009-10 are being funded primarily through redirections and reallocations of current resources within central administration. While some plans may have to be scaled back or delayed due to budget constraints, the district is moving forward aggressively to make the plan's vision of excellence for all children in all schools a reality.

Achieving Excellence

Reducing significant expenses from a budget that is already lean in comparison with many other large districts in North Carolina has been – and will continue to be – a painful process for all concerned.

However, by keeping the district’s collective focus on strengthening the curriculum, improving teaching and increasing student learning, GCS is confident that it will emerge as a stronger and more effective school district.

When excellence is the goal, nothing short of excellence will suffice. By working together, GCS can become one of the nation’s leading school districts, a place where every child has an equal opportunity to learn, achieve and excel. As Martin Luther King, Jr., has said, **“It’s always the right time to do the right thing.”**

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MAJOR STRATEGIC PLAN INITIATIVES

Reorganization of Academic Services

In the recent past, GCS Academic Services was organized similarly to the Chicago School Improvement Model, which included a division of Academic Improvement and a division of School Support Services. Academic Improvement included 10 instructional improvement officers (IIOs), who worked closely with principals and school faculties to improve student achievement.

Responsibilities included leadership development, principal supervision, identification and implementation of research-based best instructional practices and data analysis. IIOs also approved school improvement plans for Title I and low-performing schools. Additionally, IIOs served as liaisons between the district office and the schools. They were held accountable for student achievement, but controlled no financial or human resources to help the schools.

In a separate division and reporting to a different chief officer, three school support officers (SSOs) were charged with resolving parent and community concerns as well as the oversight of student safety and discipline. Parent complaints were logged in the School Support Office, and the SSOs served as mediators between the school and the parents. SSOs had no principal supervisory responsibilities; and, therefore, little influence over principal decisions.

This structure, coupled with other initiatives and efforts, certainly produced some noteworthy gains for the school district. Unfortunately, this disconnected organization of services also created some barriers for internal and external customers. Parents expressed frustration about not knowing who to call for what. Principals expressed concern because they were expected to follow the conflicting directions of an IIO and a SSO. The new administration did not know who was responsible for specific duties, and IIOs and SSOs sometimes disagreed on the separation between the two divisions' responsibilities.

In November 2008, the Academic Services division was reorganized. Prior to the reorganization, academic services were spread throughout several divisions. Exceptional Children and English as a Second Language were housed in the Information Technology Division. Curriculum and Instruction, Federal Programs, Career and Technical Education, Professional Development, and Induction and Success were housed in the Curriculum and Organizational Development Division. Counseling, Athletics, Dropout Prevention and After-school Care Enrichment Services were located in the Student Services Division.

This fractured organization prevented problems from being solved holistically because process improvement was dependent on too many people and too many departments. During the fall of 2008, a new Chief Academic Officer was appointed, and all academic services were organized into one division. This strategy was the first step in moving services closer to the student, school and community.

The next step was to create four geographical regions and an additional region for schools requiring intensive support. Within the current budget proposal, it is evident that the administration has carefully planned for the implementation of regionalization, an organization that will provide services more effectively and efficiently to our schools.

Each region will be staffed with a regional superintendent, an executive director, a student services administrator, an instructional technology facilitator, a formative assessment coach and office support.

Additionally, the regions will have direct access to district liaisons in various divisions, including Human Resources, Transportation, Finance, Child Nutrition, Maintenance, Curriculum and Instruction, District Relations and Exceptional Children. The Enrichment Region will provide additional human and financial resources to schools that need them the most.

In summary, regional offices will bring education to the doorstep of our community and our families. Regionalization will help make a big district feel small, while maintaining the advantages in terms of resources, expertise and economies of scale typically only found in larger school systems.

Regional Support Structure

The regional support structure continues the district's progress toward one of the major initiatives in its strategic plan: decentralizing the district into regions to provide high quality, timely and cost-effective services and support to schools.

The regional support structure supports the following strategic plan goals:

- Improve the percentage of community members, parents, students and employees who indicate information, responses to inquiries and services are provided in a timely and efficient manner as measured by an annual survey
- Increase the percentage of employees who consider GCS a “preferred place” (culture/climate) to work as measured by an annual survey
- Meet and/or exceed key performance indicators for all business operations, divisions and departments

To accomplish these goals, academic and school support central services are being decentralized into regional offices to place resources closer to schools, enhance responsiveness and increase community involvement. The district will be restructured into five regions:

- Central Region
- Northern Region
- Southeastern Region
- Western Region
- Enrichment Region

A non-geographically contiguous region, the Enrichment Region, will provide intensive support to nine schools. The other four regions are geographically contiguous and consist of elementary, middle and high schools based on current GCS high school feeder patterns and student assignment plan. As much as possible, the regions have comparable number of students and similar ethnic and socioeconomic populations.

Creation of Regional Offices

The five regional offices being created as part of the district's current restructuring effort will provide direct supervision of schools and principals, and will offer parents and community members a “one stop shop” to contact regarding school information and concerns.

For principals, having a regional superintendent will greatly simplify GCS' current reporting structure. By having one person to go to for guidance, advice, support and assistance, principals will not have to spend as much time chasing down information and will be able to place greater focus on improving teaching and learning.

Also, since regional superintendents will be part of the communities they serve, they will be more in touch with local needs and concerns. Regional superintendents will have decision-making authority over the most critical areas impacting GCS. As such, they will be able to work more quickly to solve problems and create new solutions to meet student, parent and employee needs.

Parents and community members will be able to visit or contact their school's respective regional office to receive information about a number of topics. These topics include academics, discipline, transportation, facilities, finance, technology, health and safety issues, and some elements of exceptional children services.

The regional office will also provide facts and figures about each region and the schools within the region. Information about after-school programming, school field trips, advanced learning, exceptional children, school nutrition, magnet and choice schools, and transportation-related matter will also be available at each regional office. Although the first point of contact for parents will still be their child's school or schools, parents may also file grievances at this level as well.

Balanced Literacy and DIBELS

As part of its emphasis in the strategic plan on using a balanced instructional approach in developing student literacy, the district is expanding its investment in Dynamic Indicators of Basic Early Literacy Skills (DIBELS). DIBELS was chosen after a six-month trial of various, research-based systems within GCS. This assessment system detects early reading difficulty in order to prevent reading failure later on for students.

The need for such a system became clear in 2007 when GCS research indicated that more than 18 percent or about 900 third-grade students were not proficient in reading, using state test scores prior to any remediation. Also, changes in federal laws governing special education have increased the need for such a system. These changes require districts to show students have been provided proper instruction and intervention prior to any referrals for exceptional children services.

By assessing the key predictors of reading success – fluency and phonemic awareness – DIBELS provides teachers with immediate feedback that can be used to tailor instruction to meet individual student needs. Teachers upload the data using a hand-held device. In addition to providing a quick, research-based assessment, this process allows the data to follow the student from grade-to-grade and school-to-school within GCS.

The data are analyzed and compared to national norms of typically developing students three times per year, in September, January and May. If a student is scoring below expected norms, the teacher is provided with intervention strategies from the *Now What?* tools to use in class.

Teachers can make data-driven decisions about instructional grouping, and what, specifically, the students need next. Additionally, a student-specific *Home Connect* document is sent to parents/guardians informing them of their child's reading strengths and areas for improvement. *Home Connects* includes recommended activities to support reading at home.

Prior to using DIBELS in their classrooms, teachers participate in one day of professional development in order to learn how to administer the assessments and use the hand held device. This training is provided at the school by a trainer who is designated to provide ongoing support. A three-hour follow-up session is held to learn how to analyze the data after the teachers have completed DIBELS administration. Protocols for discussing the data and problem-solving at grade level meetings are provided to teachers as well.

Currently, 40 GCS elementary schools are using DIBELS as the K-2 universal screener for reading. Twenty-seven more schools are scheduled to implement DIBELS in the fall of 2009.

Elementary Math Textbook Adoption

The 2008-09 Mathematics Textbook Adoption Committee comprised of 46 GCS elementary teachers recommended *enVision Math*, published by Pearson Education/Scott Foresman, to support teaching and learning of the Standard Course of Study in grades kindergarten through fifth grade.

The committee's decision was based on several criteria, including alignment with the revised state curriculum, the use of age-appropriate and aligned vocabulary, the variety of useful materials designed to help students conceptualize mathematical ideas, the interdisciplinary approach used and the focus on interactive, problem-solving and participatory learning for students.

The committee also selected *enVision Math* because it provides teachers with online support and resources, including lessons that align with the state curriculum in a format currently used by GCS, and easy-to-follow lesson plans that simplify the task of differentiating instruction for various student levels and English Language Learners.

Since the North Carolina Department of Public Instruction has postponed the implementation of the revised state curriculum for mathematics until 2010-11, the team is currently correlating the new text with the existing state curriculum to support and train classroom teachers. GCS decided to move forward with the textbook adoption now in order to strengthen and accelerate students' access to more rigorous mathematics content and more inviting instructional strategies.

Character Education

As a key component of the achieving education excellence vision, character education will become a key foundation for GCS. As such, this initiative will make a statement about who we are as a district, as educators, and as responsible, caring leaders. Close examination of the district's strategic plan reveals key elements of character development in all eight areas, as well as in its stated vision, and the mission of GCS.

Coordinating an initiative as wide-sweeping as character education will be in GCS will require a centrally located position, a character education coordinator. This coordinator will work closely in the schools, pre-kindergarten through grade 12. The coordinator's responsibilities will include communicating and interacting regularly throughout the community, as well as partnering regularly with other areas and divisions throughout GCS.

Connections to diversity, school safety and culture, curriculum and instruction, professional development, classroom management, and parent outreach will be strong and ongoing. To

spearhead this effort, provide the needed support, and make sure that character development is not regarded as an add-on, but as part of the fabric of GCS, the character education coordinator position will be vital.

GCS' character education initiative will be a process, not a program. As part of this process, all schools will develop their own character development plans. These plans will be based upon each school's unique qualities and strengths, and will be developed with the guidance and support of the district.

Although GCS will model, teach and celebrate common character cornerstones, each school team will actively seek the assistance and input of its parents, students and communities in developing an approach to character education that meets their needs. The character education process will involve schools working together across neighborhood lines and up and down the pre-kindergarten through grade 12 spectrums. The focus will be building, welcoming and embracing people, diverse viewpoints and cultures while solving common problems.

GCS' character education process will go beyond rote memorization of traits. The goal of character education in GCS is to develop students socially, ethically and academically by infusing character education into every aspect of the school culture and curriculum, and to help students develop good character. This involves knowing, caring about, and acting upon community-driven character cornerstones such as respect, caring, responsibility, courage, integrity, determination, self-discipline and giving.

GCS recognizes that in order to develop good character in children, the adults in the district's schools and communities can, and must, model this behavior first by caring about people and fostering relationships that provide hope and empowerment. GCS plans to do this by:

- Teaching and caring for all children as if they were our own children.
- Serving and giving back to a community that has entrusted us with their most precious gifts—their children.
- Expecting and striving for excellence in every instance.
- Modeling integrity, respect, responsibility and self-discipline in all that we do.
- Embracing and building upon the strength of our diversity.
- Being courageous and determined in the face of challenges that will test our resolve as both individuals and a community.

Teacher Recruitment

Each year, GCS hires approximately 650 certified faculty due to a teacher turnover rate that averages about 12 annually. While GCS expects to hire fewer teachers for 2009-10 as a result of the economic downturn and budget reductions, recruiting and placing certified faculty at hard-to-staff schools (typically our Mission Possible schools) and content areas remains a significant concern. In North Carolina as well as nationally, there is a shortage of qualified teaching candidates in mathematics, science, English Speakers of Other Languages (ESOL), world languages and special education.

To proactively address these two major challenges, GCS Human Resources is supporting the regionalization process by creating an enrichment region staffing specialist. Human Resources is also supporting regionalization through the Lateral Entry Resource and Advising Center launched on October 1, 2008.

Working closely with the Enrichment Region superintendent, the newly designated staffing specialist will target his/her efforts towards recruiting a diverse pool of effective teaching candidates to fill positions in this region.

As part of the Lateral Entry Resource and Advising Center, two staffing specialists will work to recruit content experts into the field of teaching. Once hired, the specialists will work with lateral entry teachers to provide a network of support that includes: teacher preparation, advising, on-site coaching, networking, communications, and professional resources.

These specialists also lead the GCS Alternative Certification Program, the state's first and only in-house licensure program for lateral entry teachers. The center has greatly reduced lateral entry teacher attrition in the 2008-09 school year and is anticipated to be able to continue this positive trend.

As a result of these efforts, GCS expects to open the first student day of school fully staffed. Additionally, GCS is projecting further reductions in the attrition rate of our lateral entry teachers.

Respectful and Responsive Service

Rolling out the red carpet for everyone who comes in contact with an organization is a vital, yet often overlooked, aspect of school and district management. By focusing more time, attention and resources on this issue, GCS recognizes that true educational excellence is possible only in an environment that promotes and delivers service excellence as well.

In 2009-10, the district will provide professional development and new reference tools for support staff and administrators, beginning with central office departments and the new regional offices scheduled to open this July. Surveys and other assessments are being developed to assess progress and identify areas that need improvement. District divisions and departments will use data to develop service improvement plans, which will be monitored by GCS leadership.

Volunteer Screening

Today more than ever, principals, teachers and other school-based personnel are expressing a need for well-trained, community volunteers who can serve as positive role models for children while assisting students as mentors, tutors and lunch buddies.

Volunteers are also needed to assist staff by working as school receptionists, volunteer coordinators, webmasters, data entry clerks, photo copiers, research assistants or as lunch and playground monitors. Budget reductions caused by the economic downturn and the state mandate to find mentors for high school graduation projects are expected to make the need for volunteers even greater.

During the 2009-10 fiscal year, GCS plans to aggressively recruit, train and match volunteers to meet school needs. The district also plans to work with principals and school-based staff to ensure that volunteers are welcomed, deployed effectively and recognized for their efforts. By providing more coordination at the district level, GCS plans to improve the volunteer experience for everyone involved.

In order to accomplish this, new software and new materials are required so volunteers may be screened, tracked and deployed in accordance with school needs and school board policy

mandating criminal background checks for any volunteer who works directly with students. District Relations is also reorganizing staff and job functions to support this initiative.

Energy Management

As part of the GCS strategic plan, the district will develop an energy master plan during the 2009-10 fiscal year. The plan will focus on human behavior strategies, system intervention and system design strategies. This plan creates a baseline standard to better understand our current use of energy and to measure future energy savings against. In addition, targeted facility audits will help to develop energy conservation measures that will be prioritized for implementation. Simply stated, the plan maximizes energy conservation and energy efficiency in GCS in order to reduce the district's overall consumption.

In addition to assessing various systems, equipment, energy consumption patterns and other items, the plan will provide ongoing monitoring to ensure that GCS is making steady progress. Communication and training for employees will be embedded within the plan, which will involve many different employees and departments as well as outside energy management experts in an advisory capacity. GCS also will develop a recognition program for schools and departments that have made significant energy reductions. The plan is slated to launch in December, 2009.

Business Improvement Plans

GCS begins the process of developing and executing business improvement plans for all schools, as well as district divisions and departments next school year. This multi-year process is designed to transform the organization into a high-performing and result-oriented school district.

Using common business management processes and tools, including the development of standards, key performance indicators, project plans and oversight, and process improvement protocols, GCS will monitor improvement on an ongoing basis.

The goal is to help all areas use data more effectively to improve how services are organized, developed and delivered while building a positive, team-oriented work climate for employees and a caring, welcoming and inclusive school climate for students, parents and community members.

Developing Baseline Standards

The establishment of baseline standards for all schools and equity standards for targeted schools in the areas of instructional supplies and materials, technology, media (library) materials and supplies, human resources, staffing, facilities and co-curricular activities will begin the process of ensuring that every school in the district has the resources required to educate the population of students it serves.

During the 2009-10 school year, staff will work as a project team to develop the standards, conduct an audit and determine the gap between the desired state and the actual state. The development and audit will require that personnel from each school assist in the process. The current projected completion date for this project is December, 2009, excluding facilities. The facilities department will conduct a separate audit that is to be completed by March 2011.

BUDGET REDUCTIONS AND REDIRECTIONS

Board of Education

The Board of Education has reduced its budget for 2009-10 by \$20,030. Reductions include legal fees, sponsorships, professional development, association dues and travel.

Superintendent's Office

Expenses are being reduced by \$20,000 in the Superintendent's Office. Reductions include contracted services, membership dues, office supplies and staff development.

Chief of Staff

The Chief of Staff has reduced expenses by \$45,144 in District Relations. Reductions include staff development, materials and supplies, and the elimination of an office support position. GCSTV 2's operational budget and programming are provided thanks to a grant from Time Warner Cable.

As part of aligning current human and financial resources with the goals and objectives outlined in the strategic plan, District Relations is gaining two positions. The GCS grant writer is moving from accountability to community relations and business partnerships, while a program administrator II position is being added to the communications team.

Other increases in this budget include funding for a variety of strategic plan initiatives, including training materials and printing, surveys, software, parent and character education programming for GCSTV 2, online volunteer registration and automated criminal background checks, and contracted services for respectful and responsive service, and supportive family and community involvement. The total increase for strategic plan initiatives overseen by the Chief of Staff is \$227,275.

Administrative Division

As part of the district reorganization this fall, a division of administration was created. This division consists of Accountability and Research, Chief Administration Office, Human Resources and Technology Services. These four areas support the operations of schools as well as the central office and employ more than 155 staff with a total projected budget in excess of \$19.2 million.

Given the decline in projected revenue from both state and local governments, and to redirect resources to support the district's strategic plan, the division has reduced its budget by approximately \$1.3 million for fiscal year 2009-10.

The projected reductions will not impact the level of services the division provides to schools and central office, including the five new regional offices. Therefore, the most significant reductions were taken from the areas related to staff/professional development, contracted services, renegotiation of service contracts, mileage reimbursement and the alignment of departmental responsibilities.

During fiscal year 2009-10 the division will continue its focus of supporting the district's strategic plan through project team work on teacher recruitment, development of baseline standards, the development of online tools to support parents and students, and the development of local 21st century based technology standards.

Finance and Operations

The budget reductions proposed by Finance fall within four general areas: terminating the Eastern High School modular village lease; reducing cost-per-copy program costs; reducing print shop equipment lease costs; and, reducing administrative expenses. The total reduction for finance and operations combined is \$2.4 million.

- The termination of the modular village lease will generate a savings of approximately \$1.2 million. With the opening of the new high school facility scheduled this spring, the modular units will be removed from the site. Playing fields will be constructed on the campus where the modular units were previously located.
- Finance proposes reducing the number of copies per student in 2009-10 from 1,712 to the national average of 1,500 - a reduction of 12.38 percent. The number of administrative copies will also be reduced by 12.38 percent or approximately 607,000 copies. Cost savings are estimated at \$78,022. The cost of equipment, parts, service and supplies (except paper) are fixed as part of the cost per copy/print arrangement.
- The district maintains a print shop operation which utilizes high speed copiers. Staff negotiated a lease arrangement for this equipment that resulted in savings of approximately \$35,000.
- Operations will reduce the scope of services for the summer painting program and mulching services – a savings of \$393,797.
- Operations will reduce its reliance on temporary employees and overtime, a savings of \$271,396.
- Operations will also reduce equipment and material expenditures by postponing the telephone upgrade – a savings of \$35,000.
- Where possible, in-house staff will be used for dumpster pick-up and repairs and other maintenance and custodial services. GCS expects these actions to reduce costs by \$56,000.
- Given current economic conditions and the request from Guilford County Commissioners to develop a 2009-10 budget that reflects flat or hold-the-line local funding, staff members have proposed reductions in administrative expenses such as contracted services, office supplies, travel and staff development. Through these efforts, finance expects to save approximately \$78,000.
- The reduction in office supply costs will be realized in large part by the implementation of paperless pay stubs for administrative and teacher payrolls thus reducing the number of direct deposit advice forms purchased by the district. These savings should yield \$9,093.

Academic Services

During the 2008-09 school year, the division of Academic Services was reorganized to bring all the areas that impact teaching and learning in our schools under one umbrella. This division now consists of Curriculum and Organizational Development, Student Support Services, Exceptional Children, Federal Programs and Academic Improvement.

These five areas provide direct support to our schools, students, staff and community. Including staffing, as well as instructional and student support, Academic Services has a total 2008-09 budget of approximately \$56.2 million. Given the decline in projected revenue, we have projected a decrease in our spending of approximately \$5.6 million for fiscal year 2010.

Proposed reductions include, but are not limited to a:

- Decrease in Advanced Placement exam fees by sharing the costs with students who are able to pay – a reduction of \$87,396
- Discontinuation of consulting services with Johns Hopkins for the Talent Development high school reform model – a savings of \$528,000
- Elimination of Springboard, a middle school English Language Arts program – a savings of \$337,547
- Reduction of site licenses for Teachscape, a classroom walkthrough tracking software – a savings of \$37,000
- Delay in the health textbook adoption – a savings of \$1.2 million
- Elimination of the Homework Hotline – a savings of \$137,594
- Decrease in 14 office support positions – a savings of \$590,226
- Decrease in staff development, contracted services, and supplies and materials

During fiscal year 2009-10, we will continue our focus of supporting the district's strategic plan through our project team work on: balanced literacy; character education; innovative schools and programs; acceleration and enrichment opportunities for students in academics, career and technical education, and the arts. Additionally, we will focus on the successful implementation of regionalization and continuous improvement in academics.

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OTHER FACTORS IMPACTING THE BUDGET

Child Nutrition Budget

During the 2008-09 school year federal funds comprised approximately 49 percent of GCS' \$33 million child nutrition budget. In order to receive these funds, school districts in North Carolina were required to execute a formal agreement with the federal government. This agreement specifies that school districts "shall ... waive indirect cost fully or partially when the assessment of this cost contributes to a financial loss in the Child Nutrition Program."

In 2007-08, our Child Nutrition Fund experienced a net loss of \$2.47 million, of which \$2 million was attributable to the assessment of indirect costs. Based on the 2008-09 year-end projections completed to date, the Child Nutrition Fund will experience a similar loss in 2008-09 if indirect cost is assessed.

Waiving all or a part of the indirect cost impacts the district's Child Nutrition Fund and the Local Current Expense Fund. The Child Nutrition Fund benefits from the waiver (i.e., the fund reflects less of an operating loss than it would have if indirect costs were assessed or breaks even or reflects a profit); however, the Local Current Expense Fund is negatively impacted by such a waiver in that this fund either realizes a lesser amount of indirect cost assessment from the Child Nutrition Fund than was budgeted as a revenue source (result of a partial waiver) or does not realize any of the budgeted revenue attributable to the assessment of indirect cost in the Child Nutrition Fund (result of a full waiver).

It is important that the Board of Education, district employees, parents and the public understand that school districts across the state are wrestling with the same Child Nutrition Fund issues as GCS.

This point is very well illustrated by the following excerpts from a February 8, 2009 presentation made to the North Carolina Association of School Business Officials by Dr. Lynn Hoggard, Section Chief, Child Nutrition Services, North Carolina Department of Public Instruction.

Dr. Hoggard entitled her presentation: "Can your LEA's Child Nutrition Program survive the Perfect Storm?"

- 94 of 115 LEAs are operating in the red
- Average revenue loss for 2007-08 was \$200,000
- NC's Child Nutrition Programs lost \$23 million in the 2007-08 school year
- Local BOEs contributed nearly \$4 million to the program in 2007-08
- 15 LEAs began the current school year with a zero operating balance
 - 15 additional LEAs began the current school year with less than 0.25 months operating balance
 - The average operating balance is 1.13 months
 - Nearly half of all LEAs have a dangerously low operating balance
- Federal Reimbursement rates (effective 7/1/08)
 - \$2.57 (free meal)
 - \$2.17 (reduced-price meal)
 - \$.24 (paid meal)
- 95 of 115 LEAs increased meal prices last year

- To date (as of 2/12/09), there is more than \$1.1 million in unpaid meal charges in the state's 115 school districts
- The total increase in food cost for the 2008-09 school year is projected to range from 8 percent to 15 percent
- The sale of foods and beverages in competition with the school meals programs is estimated to divert \$60,000 to \$80,000 from the Child Nutrition Program in each high school. The amount of time available for student meals contributes to this problem
- Average cost to produce a school lunch rose from \$2.80 to \$3.20
 - Average cost to a paying student is \$2.00
 - Free reimbursement falls short by \$0.63
 - Reduced reimbursement falls short by \$1.07
 - Paid rate falls short by \$2.97
 - Paid rate + meal cost falls short by \$0.77

Clearly, GCS is wrestling with the same concerns. As such, staff recommends taking the following actions in order to develop a 2009-10 Child Nutrition Fund budget that will generate sufficient revenues to cover expenses including the assessment of indirect costs:

- Move all positions to 4-, 6- or 8-hour positions
- Reduce menu/food choices (i.e., offer two entrees versus four)
- 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 other computer equipment replacement to that deemed mission critical/emergency
- 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 online or in newspapers)
- Consider increase in school-lunch prices

See table below for comparison of proposed GCS lunch prices versus those of other select districts with whom we are frequently compared

| | Current GCS | Current Charlotte- Mecklenburg | Current Chapel- Hill/ Carrboro | Current Winston- Salem/ Forsyth | Current Davidson | Current Wake |
|-------------------|------------------------|---|---|--|-----------------------------|-------------------------|
| Elementary | \$1.80 | \$2.00 | \$2.60 | \$2.25 | \$3.00 | \$2.00 |
| Middle | \$2.10 | \$2.00 | \$2.85 | \$2.35 | \$3.00 | \$2.00 |
| High | \$2.20 | \$2.00 | \$2.85 | \$2.45 | \$3.00 | \$2.00 |

The following points are also noteworthy:

- Based on the Governor's budget proposal, no salary increases have been factored into projected 2009-10 costs; however, each 1 percent salary increase will increase operating costs in Child Nutrition by approximately \$89,000.
- A substantial increase in meal cost is typically followed by an initial decrease in participation. If we assume a 50-cent increase in lunch costs across the board (elementary, middle and high) and estimate a 10 percent participation reduction, revenues would decrease by \$206,000 and food costs would decrease by \$255,000, rendering a net savings of \$49,000.
- If the reduced priced category is eliminated, the district could receive an additional \$249,000 in state or federal funding.
- If the requested 35-cent increase in the federal reimbursement rate is approved, our federal funding would increase by \$2.8 million thus eliminating the need to take the actions outlined above.

ACES Budget

GCS offers the After-school Care Enrichment Services (ACES) program for students in kindergarten through fifth grade at 64 elementary schools. Currently, approximately 4,100 students are enrolled in ACES, and there are about 300 ACES staff members. ACES is not offered at Fairview, Oak Hill and Wiley Elementary Schools as there is a low-cost, community-based, after-school program near these schools. The 2008-09 ACES weekly fee per student is \$40.

Each ACES program is licensed by the North Carolina Division of Child Development and therefore can accept payment via Department of Social Services (DSS) child-care vouchers. Currently, payment for 435 ACES students is made through DSS child-care vouchers.

In order to balance 2008-09 ACES expenses and revenues, funding cuts were required. This limited the ACES programs' ability to replace and maintain supplies and materials, add resources for the students and provide enrichment activities. The 2009-10 ACES budget restores funding allotments and provides funds for anticipated cost increases for supplies and materials, health insurance and employer's retirement contributions.

The ACES plan for 2009-10 includes cost savings by: consolidating programs with low enrollment at cluster sites and eliminating positions; increasing revenues by establishing an enrollment fee and ACES All-Day activity fee; and, increasing the ACES weekly fee.

In addition, some positions will be reassigned to provide regional technical assistance and training to ACES site coordinators. The 2009-10 ACES plan provides access to after-school care to all elementary students and positions the district to provide a high quality, financially-viable ACES program in keeping with the district's strategic plan.

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