

III.A.

Charlotte-Mecklenburg Board of Education

Agenda Item

Meeting Date

September 23, 2014

Agenda Item Title

Recommend Approval of Charlotte-Mecklenburg Board of Education 2014-15 Operating Budget

Correlation to Board of Education Vision, Mission & Core Beliefs

Operating effectively and efficiently with fiscal accountability

Staff Present

Sheila W. Shirley, Chief Financial Officer

Main Points

On May 13, 2014 the Board of Education approved the 2014-15 Proposed Budget. Since that time the Board of County Commissioners (BOCC) and the state have adopted their budgets, and we have estimates for our federal budget. In accordance with state statute 115C-432, the Board of Education shall adopt a budget resolution making appropriations for the budget year in such sums as the board may deem sufficient and proper.

Fiscal Implications

State - \$749,327,262

County - \$388,236,594

Federal/Grants - \$153,673,260

Other/Special Revenue - \$20,658,033

Total Operating Budget - \$1,311,895,149

Capital Replacement - \$10,000,000

Child Nutrition Program - \$67,079,095

After School Enrichment Program - \$13,369,706

Total Proposed Budget - \$1,402,343,950

Agenda Item Type

Action

Motion

Recommend approval to adopt the budget resolution for the Current Expense, Capital Replacement, After School Enrichment Program, and Child Nutrition Program Budgets for FY 2014-15.

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Sept. 23, 2014

To the Charlotte-Mecklenburg Board of Education:

When we began planning our 2014-2015 operating budget for Charlotte-Mecklenburg Schools, we identified four areas as our top priorities: a three percent raise for all district employees, increased choice and personalization for students, broadening support services for students and schools, and expanding literacy initiatives.

The final budget addressed each of these priorities in some way. Overall, our operating budget grew by \$69 million, or 5.6 percent this year. Nearly all of that increase (\$57 million) came in state-mandated salary and benefits increases for our employees.

It was our goal to give all employees at least a three percent raise. However, the state-mandated raises for teachers ranged from less than one percent to more than 18 percent. We were required to use local money to match the raises for teachers paid with county funds. The local-cost impact was \$12.2 million, more than the \$7.3 million allocated by the county to cover the raises. Thanks to the Mecklenburg Board of County Commissioners and County Manager Dena Diorio, we were able to match the state raises for our county-paid employees. But we did not have enough money to give additional raises to our employees. The state awarded \$500 raises to non-certified employees. So for 2014-2015, all of our employees got raises but not all got the minimum of three percent that we had set as our goal.

We were able to fund \$11.4 million in new initiatives and help pay for enrollment growth and added space by making \$16.1 million in reductions and redirections. We have launched two new school models: iMeck at Cochrane Collegiate Academy and an early college high school on the campus of UNC Charlotte. We are also expanding to meet demand for proven models, such as magnet schools, by replicating STEM, Montessori and middle college schools to accommodate more students. In all, this budget has funded 12 new programs and schools.

This budget year was challenging because of the many legislative changes to education funding and the protracted budget process at the state level. Chief Financial Officer Sheila Shirley and her staff have demonstrated fiscal expertise and foresight in keeping up with a rapidly changing financial landscape in public education. This budget reflects the continuing commitment of Charlotte-Mecklenburg Schools to educating every child, every day, for a better tomorrow.

Warm regards,



Dr. Heath E. Morrison

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**MECKLENBURG COUNTY, NORTH CAROLINA
CHARLOTTE-MECKLENBURG BOARD OF EDUCATION PROPOSED BUDGET
FISCAL YEAR 2014-2015**

5000	Instructional Services	
5100	Regular Instructional	\$ 146,545,921
5200	Special Populations	18,822,128
5300	Alternative Programs	10,489,746
5400	School Leadership Services	31,817,958
5500	Co-Curricular	4,043,075
5800	School-Based Support	<u>18,912,181</u>
	Subtotal Instructional Services	\$ 230,631,009
6000	System-Wide Support Services	
6100	Support and Development	\$ 5,575,258
6200	Special Population Support and Development	1,854,550
6300	Alternative Programs Support and Development	1,395,700
6400	Technology Support	14,033,972
6500	Operational Support	69,783,338
6600	Financial and Human Resource Services	15,611,044
6700	Accountability	4,351,732
6800	System-wide Pupil Support	3,276,945
6900	Policy, Leadership and Public Relations	<u>10,783,836</u>
	Subtotal System-Wide Support Services	\$ 126,666,375
7000	Ancillary Services	
7100	Community Services	\$ -
7200	Nutrition Services	<u>721,207</u>
	Subtotal Ancillary Services	\$ 721,207
8000	Non-Programmed Charges	
8100	Payments to Charter Schools	29,635,267
8300	Debt Service	<u>582,736</u>
	Subtotal Non-Programmed Charges	\$ 30,218,003
	TOTAL OPERATING EXPENDITURES	<u>\$ 388,236,594</u>
9000	Capital Outlay	
9100	Category I Projects	\$ 9,249,616
9200	Category II Projects	750,384
9300	Category III Projects	<u>-</u>
	TOTAL CAPITAL OUTLAY	<u>\$ 10,000,000</u>

Submitted for Board Approval on September 23, 2014

**CHARLOTTE-MECKLENBURG BOARD OF EDUCATION
 CHARLOTTE, NORTH CAROLINA
 BUDGET RESOLUTION FY 2015-15**

BUDGET RESOLUTION FY 2014-15

BE IT RESOLVED by the Board of Education of the Charlotte-Mecklenburg School Administrative Unit:

Section I The following amounts are hereby appropriated for the operation of the school administrative unit for the fiscal year beginning July 1, 2014 and ending June 30, 2015:

Current Expense

(A) Instructional Services

5100	Regular Instructional Services	\$ 639,158,617
5200	Special Populations Services	153,092,282
5300	Alternative Programs Services	101,410,690
5400	School Leadership Services	73,362,807
5500	Co-Curricular Services	5,560,895
5800	School-Based Support Services	<u>65,230,151</u>
	Total Instructional Programs	<u>\$ 1,037,815,442</u>

(B) System-Wide Support Services

6100	Support and Development Services	\$ 6,476,243
6200	Special Population Support and Development Services	3,368,020
6300	Alternative Programs Support and Development Services	4,988,002
6400	Technology Support Services	15,258,012
6500	Operational Support Services	166,384,791
6600	Financial and Human Resource Services	17,480,293
6700	Accountability Services	5,259,217
6800	System-wide Pupil Support Services	3,495,407
6900	Policy, Leadership, and Public Relations Services	<u>15,460,461</u>
	Total Supporting Services	<u>\$ 238,170,446</u>

(C) Ancillary Services

7100	Community Services	549,284
7200	Nutrition Services	<u>1,057,315</u>
	Total Ancillary Services	<u>\$ 1,606,599</u>

(D) Non-Programmed Charges

Payments to Other Governmental Units and Transfer of Funds	\$ 33,719,926
Debt Service	<u>582,736</u>
Total Supporting Services	<u>34,302,662</u>
Total Current Expense	<u>\$ 1,311,895,149</u>

Capital Replacement

(A) Buildings and Sites	\$ 9,249,616
(B) Furniture and Equipment	650,384
(C) Vehicles	<u>100,000</u>
Total Capital Replacement	<u>\$ 10,000,000</u>

Child Nutrition Program

(A) Salaries and Benefits	\$ 27,513,191
(B) Food and Operational Costs	<u>39,565,904</u>
Total Child Nutrition Program	<u>\$ 67,079,095</u>

After School Enrichment Program

(A) Salaries and Benefits	\$ 10,240,301
(B) Operational Costs	<u>3,129,405</u>
Total After School Enrichment Program	<u>\$ 13,369,706</u>

Total Expenditures	<u><u>\$ 1,402,343,950</u></u>
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Section II The following revenues are estimated to be available for the fiscal year beginning July 1, 2014 and ending June 30, 2015:

Current Expense

County Appropriation	\$ 388,236,594
State Funds	749,327,262
Federal and Other Grant Funds	153,673,260
Other and Special Revenue Funds	20,658,033
Total Current Expense	\$ <u>1,311,895,149</u>

Capital Replacement

County Appropriation	\$ <u>10,000,000</u>
Total Capital Replacement	\$ <u>10,000,000</u>

Child Nutrition Program

Sales and Operating Transfer from General Fund	\$ 15,157,068
Federal and Other Revenues	<u>51,922,027</u>
Total Child Nutrition Program	\$ <u>67,079,095</u>

After School Enrichment Program

Participant Fees	\$ 13,354,706
Interest Income	<u>15,000</u>
Total After School Enrichment Program	\$ <u>13,369,706</u>

Total Revenues \$ 1,402,343,950

Section III All appropriations shall be paid first from revenues restricted as to use, and second from general unrestricted revenues.

Section IV The Finance Officer, with the approval of the Superintendent, is hereby authorized to transfer appropriations within a fund as follows:

- (A) Proposed expenditures from State, Federal, or other sources of revenues, may be amended upon receipt of information altering the anticipated revenues. A report of such budget amendments shall be made to the Board of Education on a monthly basis.
- (B) Allocations may be transferred within a function with a report of such transfers made to the Board of Education on a monthly basis.
- (C) Transfers between functions or from contingency appropriations may be made with a report of such transfers made to the Board of Education.
- (D) Transfers between funds shall not be made without prior approval of the Board of Education.

Section V Copies of this Budget Resolution shall be immediately furnished to the Superintendent and School Finance Officer for direction in carrying out their duties.

**2014-2015 PROPOSED CURRENT EXPENSE BUDGET:
COMPARISON TO PRIOR YEAR**

	2014-15 Proposed Budget	2013-14 Adopted Budget	% Change
REVENUES			
State of North Carolina	\$ 749,327,262	\$ 715,578,978	4.7%
Federal and Other Grants	153,673,260	151,533,596	1.4%
Mecklenburg County Appropriation	388,236,594	356,544,548	8.9%
Other and Special Revenue	20,658,033	19,050,747	8.4%
TOTAL REVENUES	<u>\$ 1,311,895,149</u>	<u>\$ 1,242,707,869</u>	<u>5.6%</u>
EXPENDITURES			
Instructional			
Regular Instructional	\$ 639,158,617	\$ 603,737,422	5.9%
Special Populations	153,092,282	141,998,883	7.8%
Alternative Programs and Services	101,410,690	96,327,452	5.3%
Co-Curricular	5,560,895	5,365,618	3.6%
School-Based Support	65,230,151	63,935,386	2.0%
Total Instructional	964,452,635	911,364,761	5.8%
Instructional Support			
Support and Development	6,476,243	5,638,398	14.9%
Special Population Support and Development	3,368,020	3,409,065	-1.2%
Alternative Programs Support and Development	4,988,002	5,003,279	-0.3%
System-wide Pupil Support	3,495,407	2,882,805	21.3%
Total Instructional Support	18,327,672	16,933,547	8.2%
Operations			
Technology Support	15,258,012	14,779,389	3.2%
Operational Support	166,384,791	161,431,897	3.1%
Financial and Human Resource Services	17,480,293	17,253,434	1.3%
Accountability	5,259,217	6,547,882	-19.7%
Community Services	549,284	545,643	0.7%
Nutrition Services	1,057,315	1,048,823	0.8%
Debt Service	582,736	582,736	-
Other	4,084,659	4,026,221	1.5%
Total Operations	210,656,307	206,216,025	2.2%
Leadership			
Policy, Leadership and Public Relations	15,460,461	14,311,680	8.0%
School Leadership Services	73,362,807	70,915,300	3.5%
Total Leadership	88,823,268	85,226,980	4.2%
Charter School Funds	29,635,267	22,966,556	29.0%
TOTAL EXPENDITURES	<u>\$ 1,311,895,149</u>	<u>\$ 1,242,707,869</u>	<u>5.6%</u>

**2014-2015 PROPOSED CURRENT EXPENSE BUDGET:
SUMMARY OF CHANGES TO 2013-2014 BASE BUDGET**

	State	County	Federal and Other Grants	Other and Special Revenue	Total
2013-2014 ADOPTED BUDGET	\$ 715,578,978	\$ 356,544,548	\$ 151,533,596	\$ 19,050,747	\$ 1,242,707,869
REVISIONS TO 2013-2014 ADOPTED BUDGET					
A. Revisions to Base Budget*	(7,731,593)	-	(19,056,195)	(5,887,686)	(32,675,474)
Sub-Total	(7,731,593)	-	(19,056,195)	(5,887,686)	(32,675,474)
2013-2014 BASE BUDGET	707,847,385	356,544,548	132,477,401	13,163,061	1,210,032,395
I. REDUCTIONS/REDIRECTIONS					
A. Reductions/Redirection of Funds to Alternative Uses	(12,152,549)	(3,974,393)	-	-	(16,126,942)
Sub-Total	(12,152,549)	(3,974,393)	-	-	(16,126,942)
II. SUSTAINING OPERATIONS					
A. Salaries and Benefits	39,521,021	13,494,200	3,831,847	12,593	56,859,661
B. Program Continuation	10,924,233	4,888,848	17,319,012	4,522,975 ^A	37,655,068
Sub-Total	50,445,254	18,383,048	21,150,859	4,535,568	94,514,729
III. STUDENT GROWTH AND ADDITIONAL SPACE					
A. Enrollment Increases	2,859,729	7,126,484	-	-	9,986,213
B. Additional Space	83,022	1,963,086	-	-	2,046,108
Sub-Total	2,942,751	9,089,570	-	-	12,032,321
IV. PROGRAM EXPANSION AND NEW INITIATIVES					
A. Academic Choice & Personalized Learning:					
Portfolio of Options	244,421	1,884,142	-	1,550,000 ^A	3,678,563
Personalized Learning	-	1,570,749	45,000	-	1,615,749
B. School and Student Support Services	-	3,672,426	-	-	3,672,426
C. Literacy Initiative Expansion	-	1,066,504	-	1,409,404 ^A	2,475,908
Sub-Total	244,421	8,193,821	45,000	2,959,404	11,442,646
TOTAL 2014-2015 PROPOSED CURRENT EXPENSE BUDGET	<u>\$ 749,327,262</u>	<u>\$ 388,236,594</u>	<u>\$ 153,673,260</u>	<u>\$ 20,658,033</u>	<u>\$ 1,311,895,149</u>

* Includes state revisions, reduction for prior year one-time fund balance appropriation and anticipated revenue adjustments to 2013-14 Adopted Budget.

A Includes a one-time increase in fund balance appropriation of \$7.5 million, Teacher Assistant shortfall (\$1.5m), Movement of mobile units (\$3m), Portfolio of Options (\$1.6m) and Literacy Initiative Expansion (\$1.4m).

CHARLOTTE-MECKLENBURG BOARD OF EDUCATION
2014-15 PROPOSED PROGRAM CHANGES

I. Redirections/Reductions

Change Reference: I.A

<u>Explanation of Change</u>	<u>Description</u>	<u>State Cost</u>	<u>Local Cost</u>
A. Redirection of Funds			
1. <u>Redirect Academically Gifted and IB Program Costs to State</u> In accordance with the state's adopted budget, additional funding is allocated to cover the cost of AP and IB student fees. As a result, we redirected the AP and IB exam costs to state funding. In addition, seven locally funded IB teachers were redirected to available state funding.	Salaries & Benefits		(\$463,862)
	Supplies & Materials		(\$1,079,548)
	Total		<u>(\$1,543,410)</u>
2. <u>Unemployment Insurance</u> Due to a change in the unemployment insurance payment process during 2013-14, we had to pay the prior year unemployment claims expense for local and federal employees and in addition were required to pay an estimated quarterly payment for the current year estimated claims. This resulted in a one time budget impact since we had typically paid annually in arrears. The one-time increase in expense is not recurring so funding was reduced.	Salaries & Benefits		<u>(\$1,700,000)</u>
3. <u>Transportation</u> The transportation department continues to focus on efficiency and cost saving efforts. As a result of these efforts, the operating costs for maintaining the buses are anticipated to be lower next year; therefore funding was reduced.	Supplies & Materials		<u>(\$300,000)</u>
4. <u>Redirect Classroom Materials/Supplies to State</u> In accordance with state policy, districts can transfer 1.2% of the funding in the state's Career and Technical Education allotment to other programs. The district will exercise this option and transfer additional funding to classroom materials and supplies. As a result of this transfer, local expenses for classroom materials and supplies were redirected to state and the local funding was reduced.	Supplies & Materials		<u>(\$311,983)</u>
5. <u>Employment Services</u> Pre-employment costs for the Child Nutrition and After School Enrichment programs will be redirected to each program respectively. Local funding previously used to cover these employment costs was reduced.	Purchased Services		<u>(\$44,000)</u>
6. <u>Partnership Initiative</u> Included in the 2013-14 new partnership initiative was one-time funding for the cost to develop a technology tool to measure partner involvement and engagement. The development of this tool will be completed this year; therefore, funding for this expense was reduced.	Supplies & Materials		<u>(\$75,000)</u>

CHARLOTTE-MECKLENBURG BOARD OF EDUCATION
2014-15 PROPOSED PROGRAM CHANGES

Change Reference: I.A (Continuation)

Explanation of Change	Description	State Cost	Local Cost
7. <u>Central Office Administration</u> In accordance with the state's approved budget, the allocation to support central office administration was reduced. Local funds were redirected to absorb this cut.	Salaries & Benefits	<u>(\$98,450)</u>	
8. <u>Teacher Assistants</u> In accordance with the state's approved budget, the allocation to support teacher assistants was reduced. The cut to teacher assistants (TA) was partially offset with the addition of classroom teacher positions. A "gap" in funding for teacher assistants of \$2.6M remained. CMS closed our remaining "gap" by reducing our budget by \$1.1M (eliminating an increase in funding called for in the biennial budget) and by using fund balance of \$1.5M. The end result being no current CMS teacher assistants jobs were eliminated.	Salaries & Benefits	<u>(\$10,558,100)</u>	
8. <u>Transportation</u> In accordance with the state's approved budget, the funding for transportation services was reduced. Transportatin expenses will be reduced by reducing expenses for fuel and other materials.	Supplies & Materials	<u>(\$621,479)</u>	
8. <u>At-Risk Student Services</u> In accordance with the state's approved budget, the funding for At-Risk student services was reduced. Fewer teachers will be paid extended employment during the school year and summer school offerings will be reduced.	Salaries & Benefits	<u>(\$874,520)</u>	
Total Redirection of Funds		<u>(\$12,152,549)</u>	<u>(\$3,974,393)</u>

II. Sustaining Operations

Change Reference: II.A

Explanation of Change	Description	State Cost	Local Cost
A. Salaries and Benefits			
1. <u>State Funded Salary Increase</u> The state approved budget provided a salary increase for certified staff ranging from less than 1% to 18%, with an average of 7%-9%. The increase was offset by the elimination of the longevity payment. The approved budget also includes a 2% for school based administrators, \$500 for all non-certified staff and 5.5% for board members. Local funds are needed to provide an equivalent increase for our locally funded employees and to cover the county supplement for state and locally funded certified staff.	Salaries & Benefits	<u>\$35,896,440</u>	<u>\$12,255,422</u>

CHARLOTTE-MECKLENBURG BOARD OF EDUCATION
2014-15 PROPOSED PROGRAM CHANGES

Change Reference: II.A (Continuation)

Explanation of Change	Description	State Cost	Local Cost
<p>2. <u>Health Insurance Rate Increase</u> The employer-paid portion of the state health insurance rate increased from \$5,285 to \$5,378 annually, which represents a 1.8% increase. Funds are needed to provide the state mandated increase for all full-time positions.</p>	Salaries & Benefits	<u>\$1,156,906</u>	<u>\$255,449</u>
<p>3. <u>Retirement Rate Increase</u> The employer-paid portion of the state retirement plan increased from 14.69% to 15.21% annually. Funds are needed to provide the state mandated increase on all retirement eligible earnings.</p>	Salaries & Benefits	<u>\$2,467,675</u>	<u>\$983,329</u>
Total Salaries and Benefits		<u>\$39,521,021</u>	<u>\$13,494,200</u>

Change Reference: II.B

Explanation of Change	Description	State Cost	Local Cost
B. Program Continuation			
<p>1. <u>Communities in School Cost Adjustment</u> In order to sustain our existing partnership with Communities in Schools and support 16 school sites with a full-time site coordinator and wrap around support services, an adjustment was needed to more accurately reflect actual costs of the program. The mission of Communities in Schools is to decrease the dropout rate, increase the on-time graduation rate and close the achievement gap.</p>	Purchased Services		<u>\$71,669</u>
<p>2. <u>Preventive Maintenance - Security Measures</u> To increase the level of security in our schools, CMS installed additional cameras, electronic locks and other security hardware and equipment in all schools. Funds are needed to provide for the ongoing preventive maintenance and repair of all the equipment installed. In addition, funds are needed for supplies used in connection with the security measures such as badges, labels, etc.</p>	Purchased Services		\$387,000
	Supplies & Materials		\$284,000
	Total		<u>\$671,000</u>
<p>3. <u>School Resource Officer Contracts Increase</u> Funds are needed to cover an approximate two percent increase in cost for the school resource officer contract provided by the city of Charlotte and a five percent cost increase for the officers provided by the towns of Mint Hill, Huntersville, Matthews and Cornelius.</p>	Purchased Services		<u>\$110,178</u>
<p>4. <u>Utilities Rate Increase</u> Utility costs for the school district are expected to increase approximately 11% for gas and four percent for water and sewage over the prior year due to price increases. Therefore, funding is required to increase the utilities budget for 2014-15 to cover the projected rate increase.</p>	Purchased Services		<u>\$585,815</u>

CHARLOTTE-MECKLENBURG BOARD OF EDUCATION
2014-15 PROPOSED PROGRAM CHANGES

Change Reference: II.B (Continuation)

Explanation of Change	Description	State Cost	Local Cost
<p>5. <u>Utilities Sales Tax Increase</u> Due to the recent legislative changes in taxation on services, effective July 1 the tax charged on electricity will increase by four percent and on natural gas will increase by about three percent. Therefore, funding is required to increase the utilities budget for 2014-15 to cover the projected tax increase.</p>	Purchased Services		<u>\$802,794</u>
<p>6. <u>Affordable Care Act - Insurance Cost</u> The Affordable Health Care Act requires employers to offer health insurance coverage to any eligible employee who works an average of 30 hours per week during their work year. This change will require that CMS offer insurance to any employee who meets this requirement which may include some interim employees, temporary employees and substitutes. This new law provision is effective January 1, 2015 so funding is required to cover the six month cost from January through June 2015.</p>	Salaries & Benefits		<u>\$189,133</u>
<p>7. <u>Homebase - \$4 Per Student</u> Homebase is the statewide, instructional improvement (IIS) and student information system (SIS) for teachers, students, parents and administrators. The system includes state required and district optional components. The state requires the use of PowerSchool, Educator Evaluation System, and Summative Assessment components. The optional components include formative assessments, student/teacher collaboration, and professional development components. Funding is requested to cover the cost of the optional components available at \$4 per student cost.</p>	Supplies & Materials		<u>\$586,000</u>
<p>8. <u>Talent Management Team Support</u> In collaboration with the Wallace Foundation, CMS began an initiative for talent management. This initiative involved developing and computing multiple measures, institutionalizing measures of effective teaching, training on the use of performance data, benchmarking best practices across education for evaluation instruments and conducting analyses on evaluations to inform professional development opportunities. An essential component required to continue the work of the Wallace grant, is employing a Leader Tracking System (LTS). The LTS will enable and support data-driven decision making throughout multiple components of our principal pipeline: pre-service training, selective hiring, on-the-job support, and evaluation. Funding is requested for consultants to support the development of the system, training of CMS staff, hardware to support the sustainability of the system, and travel to help us benchmark other systems and to support the continuous improvement of the system implementation. Funds are also requested for a human resources analyst position to support this work.</p>	Salaries & Benefits		\$68,952
	Purchased Services		<u>\$100,000</u>
	Total		<u>\$168,952</u>

CHARLOTTE-MECKLENBURG BOARD OF EDUCATION
2014-15 PROPOSED PROGRAM CHANGES

Change Reference: II.B (Continuation)

Explanation of Change	Description	State Cost	Local Cost
<p>9. <u>The New Teacher Project - Teach Charlotte</u> Under the federal RT3 grant and in partnership with The New Teacher Project (TNTP), CMS launched a teacher certification pilot in which licensure is granted after teachers prove their effectiveness in the classroom. The partnership called for TNTP to recruit teachers for specified content areas, provide professional development, hire and place Teach Charlotte graduate teachers in CMS and provide a six week pre-service orientation to new hire teacher candidates. The RT3 funding will expire in September, therefore, funding is requested for the continuation of this partnership.</p>	Purchased Services		<u>\$862,500</u>
<p>10. <u>JROTC - Air Force Teacher Positions</u> We were recently notified in a letter from the United States Air Force Director of Junior ROTC that beginning in July 2014, the Air Force would limit reimbursement to 10 months of minimum instructors pay. The Superintendent responded stating that CMS would continue the employment of our instructors for 12 months due to the value of the program as evident by 76% of graduating cadets attend a two or four year college program. The 12 months of employment is needed for the instructor's support during summer camps and student recruitment. Funding is required to cover the cost of the additional two months.</p>	Salaries & Benefits		<u>\$151,263</u>
<p>11. <u>Technology Wireless Maintenance & Support Staff</u> In order to provide uninterrupted connectivity for our students and staff, a maintenance agreement is needed to cover high-cost hardware failures, a form of insurance. Funding will provide for minimal interruption and impact to the instructional program. Funding is also required for two additional engineers due to the growth in mobile devices and the build out of the wireless infrastructure for all brick and mortar school buildings, as well as wireless connectivity in our mobile classrooms.</p>	Salaries & Benefits		\$151,312
	Purchased Services		<u>\$538,232</u>
	Total		<u>\$689,544</u>

CHARLOTTE-MECKLENBURG BOARD OF EDUCATION
2014-15 PROPOSED PROGRAM CHANGES

Change Reference: **II.B (Continuation)**

Explanation of Change	Description	State Cost	Local Cost
<p>12. <u>Other State Adjustments</u> Based on the state's approved budget, the budget adjusts funding for guaranteed classroom teacher positions, modifying the allotment ratio in grades K-3. These positions will be used to offset the state teacher assistant reductions stated in 1A.8 above. The budget was also adjusted for state funding of the categorical allotments for textbooks, classroom teachers, central office administration, non-instructional support, instructional support, driver education, CTE, summer reading, high school learn and earn, disadvantaged student supplemental funding, teacher assistants, exceptional children, academically gifted, limited english proficiency, transportation and instructional supplies. Instructional Technology and At Risk Student Services carryover funding was also adjusted.</p>	<p>Salaries & Benefits Purchased Services Supplies & Materials Total</p>	<p>\$7,531,845 \$1,058,463 <u>\$2,333,925</u> <u>\$10,924,233</u></p>	
<p>Total Program Continuation</p>		<p><u>\$10,924,233</u></p>	<p><u>\$4,888,848</u></p>

CHARLOTTE-MECKLENBURG BOARD OF EDUCATION
2014-15 PROPOSED PROGRAM CHANGES

III. Student Growth and Additional Space

Change Reference: III.A

Explanation of Change	Description	State Cost	Local Cost																											
A. Enrollment Increases																														
1. Enrollment – Additional Allotments																														
<p>Student enrollment is projected to increase by approximately 754 students in 2014-15, which represents moderate growth in our student population. Additional positions, as outlined below, are needed in order to maintain our current staffing formulas and to staff classrooms that will be needed to accommodate the growth in enrollment. Funds are also included for the county supplement for state and locally paid positions and to provide purchased services, supplies and materials for the additional classrooms.</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>State</u></th> <th style="text-align: center;"><u>Local</u></th> </tr> </thead> <tbody> <tr> <td>Teachers</td> <td style="text-align: center;">33</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Assistant Principals</td> <td style="text-align: center;">1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Media Assistants</td> <td style="text-align: center;">0</td> <td style="text-align: center;">2</td> </tr> <tr> <td>Counselor</td> <td style="text-align: center;">3</td> <td style="text-align: center;">0</td> </tr> <tr> <td>AISA Assistants</td> <td style="text-align: center;">1</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Secretaries</td> <td style="text-align: center;">5</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Bus Drivers</td> <td style="text-align: center;">11</td> <td style="text-align: center;">0</td> </tr> <tr> <td></td> <td style="text-align: center;"><u>54</u></td> <td style="text-align: center;"><u>2</u></td> </tr> </tbody> </table>		<u>State</u>	<u>Local</u>	Teachers	33	0	Assistant Principals	1	0	Media Assistants	0	2	Counselor	3	0	AISA Assistants	1	0	Secretaries	5	0	Bus Drivers	11	0		<u>54</u>	<u>2</u>	Salaries & Benefits	\$2,594,313	\$61,653
		<u>State</u>	<u>Local</u>																											
	Teachers	33	0																											
	Assistant Principals	1	0																											
	Media Assistants	0	2																											
Counselor	3	0																												
AISA Assistants	1	0																												
Secretaries	5	0																												
Bus Drivers	11	0																												
	<u>54</u>	<u>2</u>																												
	Local Supplement		\$316,795																											
	Purchased Services		\$4,654																											
	Supplies & Materials	<u>\$265,416</u>	<u>\$74,671</u>																											
Total Enrollment - Additional Allotments		<u>\$2,859,729</u>	<u>\$457,773</u>																											
2. Charter School - Pass-through Cost																														
<p>Based on projected increases in the charter-school student enrollment, additional funding is requested to increase our charter-school pass-through budget. Charter-school enrollment is expected to increase by 2,396 students in Mecklenburg County. Funds are also needed for the ongoing budget impact of the projected 2013-14 cost adjustment for the change in the per pupil allocation and the additional students in the current year.</p>	Other		<u>\$6,668,711</u>																											
Total Enrollment Increases		<u>\$2,859,729</u>	<u>\$7,126,484</u>																											

CHARLOTTE-MECKLENBURG BOARD OF EDUCATION
2014-15 PROPOSED PROGRAM CHANGES

Change Reference: **III.B**

Explanation of Change	Description	State Cost	Local Cost
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B. Additional Space - Including New and Replacement Schools, Renovations and Admin

1. Additional Staffing Allotments for New Schools

One elementary school is opened in August 2014. The school requires staffing to provide instruction and support services. This request also includes the local supplement for state and locally paid positions. Estimated additional positions are as follows:

Salaries & Benefits	\$83,022	\$171,254
Local Supplement		\$47,348

	<u>State</u>	<u>Local</u>
Principal	1	0
Counselor	0	1
Media Specialist	0	1
Sr. Admin. Secretary	0	1
	<u>1</u>	<u>3</u>

In addition, two new elementary schools are scheduled to open as well as two elementary schools will reopen in August 2015. Key positions needed for planning, teacher recruitment, scheduling and other issues will require funding during fiscal year 2014-15.

Salaries & Benefits		\$460,398
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Total Additional Staffing Allotments

<u>\$83,022</u>	<u>\$679,000</u>
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2. Maintenance and Operating Costs for All Additional Space

Maintenance:

The opening of one new elementary school in August 2014, an administration building and major facility renovations coming on line will result in the addition of 340,777 total square feet in our facilities. In order to properly maintain this additional square footage, funds are required at \$3.70 per square foot to cover staffing, utilities, contract services and supplies.

Salaries & Benefits		\$435,009
Utilities		\$288,394
Purchased Services		\$500,000
Supplies		\$37,350

	<u>State</u>	<u>Local</u>
Head Custodian	0	11
Custodian	0	1
	<u>0</u>	<u>12</u>

<u>\$1,260,753</u>

Non-personnel Support:

Funding is requested for various technology needs not covered by bond funds to open new facilities such as telephone service (lines and installation) and associated systems support, data network connectivity, hardware repair and maintenance of critical systems, data connectivity and video conferencing.

Purchased Services		\$23,333
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Total Maintenance and Operating

<u>\$1,284,086</u>

Total Enrollment Increases and Additional Space

<u>\$83,022</u>	<u>\$1,963,086</u>
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CHARLOTTE-MECKLENBURG BOARD OF EDUCATION
2014-15 PROPOSED PROGRAM CHANGES

IV. Program Expansion and New Initiatives

Change Reference: **IV.**

Explanation of Change	Description	State Cost	Local Cost	
A. Academic Choice & Personalized Learning: <u>Portfolio of Options:</u> To increase the number of options from which parents and students can choose, CMS is investing in bringing promising new school models to the district as well as in replicating proven models already in the district for which we are seeing increasingly high demand. In the 2014-15, CMS will launch two new school models. The first, iMeck at Cochrane Collegiate Academy and the second, an early college high school on the campus of UNC Charlotte. CMS is also responding to demand as demonstrated by wait lists and community requests, by replicating STEM, Montessori and Middle College schools to further increase access for students to these programs of study. Increasing the number of high quality school and program options is well-aligned with Goal 6 of the Strategic Plan 2018, inspire and nurture learning, creativity, innovation and entrepreneurship through technology and strategic school design. The county funding required will support the launch of a total of 12 new programs and schools across the district. Specifically, the funding will provide four counselors, one psychologist, four secretaries, and one media specialist plus the county supplement for four additional principals. In addition, funding is required for technology upgrades, thematic instructional materials and furniture, as well as upgrades to bring facilities (e.g., science labs) into alignment with program specific needs.	Salaries & Benefits	\$244,421	\$931,439	
	Purchased Services		\$529,860	
	Supplies & Materials		\$422,843	
	Total		<u>\$244,421</u>	<u>\$1,884,142</u>

- iMeck Academy
- Hawthorne Academy of Health Sciences
- Manufacturing Entrepreneurship High School
- Middle College program expansion with CPCC
- Early College program on UNCC campus
- Long Creek Pre-K-6 Montessori
- Numerous science, technology, engineering and math (STEM) schools and programs

CHARLOTTE-MECKLENBURG BOARD OF EDUCATION
2014-15 PROPOSED PROGRAM CHANGES

Change Reference: **IV. (Continuation)**

Explanation of Change	Description	State Cost	Local Cost
A. Academic Choice & Personalized Learning (Continuation):			
<u>Personalized Learning:</u>			
To prepare our students for their world, being college or career ready, we must personalize their learning. Through technology, we can now create a personalized plan for each student's progress that is student driven and teacher facilitated with a focus on mastery learning. This is an intentional mind-shift in the way teachers have previously instructed. Their ability to use data to identify students' needs and to reach students in an even more dynamic, engaging manner is improved when they integrate technology into learning. This initiative aligns directly with Goal 1 and Goal 6 of the Strategic Plan 2018, maximize academic achievement in a personalized 21st-century learning environment for every child to graduate college- and career-ready and inspire and nurture learning, creativity, innovation and entrepreneurship through technology and strategic school redesign. To support the mind-shift to personalized learning, funding is required to provide a platform for personalized learning, corresponding software and specialized professional development.	Salaries & Benefits		\$70,749
	Purchased Services		\$1,500,000
	Total		<u>\$1,570,749</u>
B. School and Student Support Services			
Goal 1 of the Strategic Plan 2018 is to maximize academic achievement in a personalized 21st-century environment for every child to graduate college- and career-ready. A growing body of evidence shows that social and emotional well-being is the foundation for emerging cognitive abilities. In the school setting, student services staff are key personnel in the development of healthy social and emotional mindsets for children. To best prepare students for academic growth and development, CMS must have counselors, psychologists and social workers in schools to support all students. Another district priority that is impacted by student services is Goal 4 which focuses on ensuring all schools are safe places where every child feels welcome, engaged and nurtured.	Salaries & Benefits		\$2,832,426

CHARLOTTE-MECKLENBURG BOARD OF EDUCATION
2014-15 PROPOSED PROGRAM CHANGES

Change Reference: **IV. (Continuation)**

Explanation of Change	Description	State Cost	Local Cost
<p>B. School and Student Support Services (Continuation) The CMS staffing ratio for student services is significantly lower than recommended by professional organizations for each discipline. Currently the counselor ratios are one counselor per elementary school; one counselor to 525 middle school students and one counselor for 425 high school students. The recommended counselor to student ratio and social worker to student ratio are one to 250 students. We have 35 school-wide social workers and 9 social workers dedicated to McKinney-Vento Services. The recommended ratio for school psychologists is one to 1,000; however, our current itinerant model for psychological services has most psychologists serving two or three schools. Such high ratios of staff to students prevent the delivery of comprehensive services to meet all students' needs for social and emotional well-being. CMS is launching a four year plan to increase student services staffing to allow implementation of curriculum, counseling, and behavioral supports that will improve the social and emotional health of our students and the overall safety of our schools. Funding is required in the first year of the plan for 33 school counselors, four psychologists and three social workers.</p>	Salaries & Benefits		\$840,000
<p>In addition within Goal 5 of the Strategic Plan 2018, focus area four - School Performance Improvement - calls for the identification of tiered levels of schools and appropriate supports for each level. Funding is required to provide additional support to targeted schools.</p>	Total		<u>\$3,672,426</u>

CHARLOTTE-MECKLENBURG BOARD OF EDUCATION
2014-15 PROPOSED PROGRAM CHANGES

Change Reference: **IV. (Continuation)**

Explanation of Change	Description	State Cost	Local Cost
C. <u>Literacy Initiative Expansion</u>	Salaries & Benefits		\$716,193
As Charlotte-Mecklenburg Schools (CMS) continues to focus on every child, every day and in every classroom supporting the professional learning of teachers around the components of balanced literacy is critical. The need for Balanced Literacy across our district is supported and found in the strategic plan. Goal 1, "Maximize academic achievement in a personalized 21st-century learning environment for every child to graduate college- and career-ready" speaks directly to the need to personalize CMS' approach to literacy instruction in the classrooms. CMS is preparing to engage every teacher in grades 1, 2 and 3 with an infusion of training around balanced literacy. Teachers will spend their time with a focus on the The Continuum of Literacy Learning, to provide a common understanding and common language for assessment, evaluation, planning instruction, identifying specific needs for targeted intervention, and discussing progress and expectations with parents. The trainings will also provide a lens into the best practices around Reading Workshop, Writing Workshop, Word Work and structured planning. Funding is requested to support the training for all teachers in grades 1, 2 and 3 to become more skilled in teaching of reading to ensure more children will read on grade level in 2014-15 when compared with 2013-14 as a result of this intense teacher training. This request will complement our plans to provide leveled texts in classrooms, expand our PreK-program, and offer summer literacy camps for rising first through fourth graders via other funding sources (i.e. state funding for Read to Achieve program to support students not reading on grade level at the end of third grade.)	Purchased Services		\$40,000
	Supplies & Materials		\$310,311
	Total		<u>\$1,066,504</u>
Total Program Expansion and New Initiatives		<u>\$244,421</u>	<u>\$8,193,821</u>

CHARLOTTE-MECKLENBURG BOARD OF EDUCATION
CAPITAL REPLACEMENT BUDGET
SCHEDULE OF REVENUES AND EXPENDITURES

	2014-15 Proposed Budget	2013-14 Adopted Budget	2012-13 Adopted Budget	2011-12 Adopted Budget
REVENUES				
County	9,960,000	4,960,000	4,960,000	4,960,000
TOTAL CAPITAL REPLACEMENT REVENUES	<u>\$ 9,960,000</u>	<u>\$ 4,960,000</u>	<u>\$ 4,960,000</u>	<u>\$ 4,960,000</u>
EXPENDITURES				
<u>Buildings and Sites</u>				
Roofs	\$ 215,000	\$ 215,000	\$ 200,000	\$ 345,000
Heating and Air Conditioning	2,084,616	2,084,616	2,665,316	1,987,000
Asphalt Resurfacing	58,000	58,000	30,000	127,000
Carpeting	90,000	90,000	125,500	94,000
Stage Curtains	28,000	28,000	20,000	28,000
Sites	510,000	510,000	211,000	505,808
Renovations	489,000	489,000	230,000	419,808
Electrical	735,000	735,000	727,800	703,000
One-time Capital Projects	<u>5,040,000</u>			
Total Buildings and Sites	<u>\$ 9,249,616</u>	<u>\$ 4,209,616</u>	<u>\$ 4,209,616</u>	<u>\$ 4,209,616</u>
<u>Furniture and Equipment</u>				
Classroom and Office Equipment	\$ 550,384	\$ 550,384	\$ 550,384	\$ 550,384
Computer Equipment - Instructional	100,000	100,000	100,000	100,000
Insurance Claims	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total Furniture and Equipment	<u>\$ 750,384</u>	<u>\$ 750,384</u>	<u>\$ 750,384</u>	<u>\$ 750,384</u>
TOTAL CAPITAL REPLACEMENT EXPENDITURES	<u>\$ 10,000,000</u>	<u>\$ 4,960,000</u>	<u>\$ 4,960,000</u>	<u>\$ 4,960,000</u>

CHILD NUTRITION PROGRAM

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS

	FY 2014-15 Proposed Budget	FY 2013-14 Adopted Budget	FY 2012-13 Actual Expenditures	FY 2011-12 Actual Expenditures
OPERATING REVENUES:				
Student Meals	\$ 6,579,122	\$ 7,656,921	\$ 7,437,151	\$ 7,674,022
Supplemental Sales	<u>8,061,131</u>	<u>9,016,914</u>	<u>8,597,689</u>	<u>8,953,272</u>
Total Operating Revenues	<u>14,640,253</u>	<u>16,673,835</u>	<u>16,034,840</u>	<u>16,627,294</u>
OPERATING EXPENSES:				
Food and Commodities	26,439,828	26,405,692	26,263,617	23,427,976
Salaries	22,290,668	23,697,416	22,211,976	21,496,372
Employee Benefits	5,222,523	5,805,867	5,300,895	5,054,136
Materials and Supplies	2,522,376	2,708,276	2,495,342	2,276,071
Depreciation	1,751,419	1,987,790	1,708,266	1,724,760
Contracted Services	4,097,454	3,069,201	3,238,714	1,885,548
Other	<u>4,754,827</u>	<u>4,861,914</u>	<u>5,335,231</u>	<u>4,427,594</u>
Total Operating Expenses	<u>67,079,095</u>	<u>68,536,156</u>	<u>66,554,041</u>	<u>60,292,457</u>
OPERATING INCOME (LOSS)	(52,438,842)	(51,862,321)	(50,519,201)	(43,665,163)
U.S. Government Subsidy and Commodities	51,738,052	51,033,068	48,013,183	46,007,613
Interest Revenue and Other Misc. Revenue	<u>183,975</u>	<u>312,438</u>	<u>282,679</u>	<u>371,077</u>
Total Non-Operating Revenue	<u>51,922,027</u>	<u>51,345,506</u>	<u>48,295,862</u>	<u>46,378,690</u>
INCOME (LOSS) BEFORE OPERATING TRANSFER	(516,815)	(516,815)	(2,223,339)	2,713,527
OPERATING TRANSFER FROM GENERAL FUND	<u>516,815</u>	<u>516,815</u>	<u>516,815</u>	<u>516,815</u>
NET INCOME (LOSS)	-	-	(1,706,524)	3,230,342
INCREASE (DECREASE) IN RETAINED EARNINGS	-	-	(1,706,524)	3,230,342
RETAINED EARNINGS - Beginning of Year	23,961,314	23,961,314	25,667,838	22,437,496
RETAINED EARNINGS - End of Year	<u>\$ 23,961,314</u>	<u>\$ 23,961,314</u>	<u>\$ 23,961,314</u>	<u>\$ 25,667,838</u>

CHILD NUTRITION PROGRAM
COMPARISON OF MEAL PRICES

	BREAKFAST			LUNCH		
	Elementary	Secondary	Adult	Elementary	Secondary	Adult
2014-15 Proposed	No Charge	No Charge	A La Carte	\$2.25	\$2.50	A La Carte
2013-14	No Charge	No Charge	A La Carte	\$2.25	\$2.25	A La Carte
2012-13	\$1.25	\$1.25	A La Carte	\$2.15	\$2.15	A La Carte
2011-12	\$1.25	\$1.25	A La Carte	\$2.05	\$2.05	A La Carte
2010-11	\$1.25	\$1.25	A La Carte	\$2.00	\$2.00	A La Carte
2009-10	\$1.25	\$1.25	A La Carte	\$2.00	\$2.00	A La Carte
2008-09	\$1.25	\$1.25	A La Carte	\$2.00	\$2.00	A La Carte
2007-08	1.25	1.25	A La Carte	2.00	2.00	A La Carte
2006-07	1.25	1.25	A La Carte	2.00	2.00	A La Carte
2005-06	1.25	1.25	A La Carte	2.00	2.00	A La Carte
2004-05	1.25	1.25	A La Carte	2.00	2.00	A La Carte
2003-04	1.25	1.25	A La Carte	2.00	2.00	A La Carte
2002-03	1.25	1.25	A La Carte	2.00	2.00	A La Carte
2001-02	1.25	1.25	A La Carte	2.00	2.00	A La Carte
2000-01	1.00	1.00	1.75	1.75	1.90	2.50
1999-00	1.00	1.00	1.75	1.75	1.90	2.50
1998-99	1.00	1.00	1.50	1.50	1.65	2.25
1997-98	1.00	1.00	1.50	1.50	1.65	2.25
1996-97	1.00	1.00	1.50	1.50	1.65	2.25
1995-96	0.90	1.00	1.25	1.35	1.50	2.00

AFTER SCHOOL ENRICHMENT PROGRAM

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS

	2014-15 Proposed Budget	2013-14 Adopted Budget	2012-13 Actual Expenditures	2011-12 Actual Expenditures
OPERATING REVENUES:				
Participant Fees	\$ 13,354,706	\$ 13,670,094	\$ 13,425,888	\$ 13,156,022
21st Century Grant*				
Total Operating Revenues				
OPERATING EXPENSES:				
Food Costs	703,746	713,070	660,365	669,832
Salaries	8,290,700	8,564,162	8,087,001	7,472,034
Benefits	1,949,601	1,872,331	1,730,515	1,585,756
Material and Supplies	436,139	407,503	365,801	513,645
Contracted Services	434,431	419,873	248,552	255,592
Other	1,555,089	1,708,155	1,492,509	1,505,299
Total Operating Expenses	<u>13,369,706</u>	<u>13,685,094</u>	<u>12,584,743</u>	<u>12,002,158</u>
OPERATING INCOME (LOSS)	(15,000)	(15,000)	841,145	1,153,864
NON-OPERATING REVENUES:				
Interest Income	15,000	15,000	17,419	22,809
Contributions and Grants	-	-	-	-
Total Non-Operating Revenue	<u>15,000</u>	<u>15,000</u>	<u>17,419</u>	<u>22,809</u>
NET INCOME (LOSS)	-	-	858,564.00	1,176,673
RETAINED EARNINGS - Beginning of Year*	<u>4,154,310</u>	<u>4,154,310</u>	<u>3,295,746</u>	<u>2,119,073</u>
RETAINED EARNINGS - End of Year	<u>\$ 4,154,310</u>	<u>\$ 4,154,310</u>	<u>\$ 4,154,310</u>	<u>\$ 3,295,746</u>
Average number of participants students per week	<u>6,100</u>	<u>6,000</u>	<u>5,025</u>	<u>5,765</u>

* Based on prior year actuals

Fees will vary based on bell schedule: