

Charlotte-Mecklenburg Board of Education

Agenda Item

Meeting Date

July 26, 2011

Item

Recommend approval of Charlotte-Mecklenburg Board of Education 2011-12 Operating Budget

Staff Member(s) Present

Sheila W. Shirley, Chief Financial Officer

Main Points

On May 10, 2011 the Board of Education approved the 2011-12 Proposed Budget. Since that time the Board of County Commission (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

County Current Expense	\$ 328,339,101
State Current Expense	662,331,403
Federal Current Expense	160,473,882
Other Local Current Expense	<u>18,254,240</u>
Total Operating Budget	\$1,169,398,626

Capital Replacement	4,960,000
Child Nutrition	66,499,202
After School Enrichment	<u>14,960,621</u>
Total Proposed Budget	<u>\$1,255,818,449</u>

Type of Item

Action

Motion

Recommend approval to adopt the budget resolution for the Current Expense, Capital Replacement, After School Enrichment, and Child Nutrition Budgets for FY 2011-2012.

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Charlotte-Mecklenburg Schools

Office of the Superintendent

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Charlotte-Mecklenburg Government Center
600 East Fourth Street, Fifth Floor
Charlotte, North Carolina 28202

July 26, 2011

To the Charlotte-Mecklenburg Board of Education:

The budget process for Charlotte-Mecklenburg Schools is never an easy one. This year was unusually difficult because it has been one of the longest and most unpredictable budget-development processes in recent memory. We began the process last fall with the prospect of multimillion-dollar cuts from our two primary funders, North Carolina and Mecklenburg County. We developed a budget that had more than \$100 million in cuts, many of them arranged in tiers to allow us maximum flexibility in decision-making.

Late in the process, we learned that both of our funding sources were able to give us more money than expected. Mecklenburg County provided \$26 million more than we had anticipated, and the state cuts were smaller than we anticipated. As a result, we have been able to restore some of the cuts we planned in the tiers, as well as some of the cuts we made a year ago that most directly affected the classroom. In 2011-2012, our teacher allotments from the state will increase. We will also be able to restore some of the teaching-assistant positions we cut for 2010-2011 and restore assistant principals to an 11-month schedule.

All of these budgetary decisions are based on what is best for students. We have put the classroom first. But this year's budget cannot undo the cuts and the damage from earlier years. We continue to operate our district with less money while we also continue to grow. Our budget for the 2011-2012 school year includes \$47 million in cuts because of reduced funding.

Reduced funding has been the norm for CMS for several years. A quick historical perspective: CMS has increased in size by 30 percent over the last decade, but per-student spending grew by only 18 percent. So, although the budget this year is larger than we expected, this year continues a troubling pattern of less money being allocated to Charlotte-Mecklenburg Schools.

Also troubling is the uncertainty that surrounds our budget development process almost until the end. CMS does not control the budget timeline for the state and county. We have to estimate and plan conservatively each year. This creates uncertainty that affects CMS employees, our students, their families and the public.

Despite these and other challenges, we remain committed to providing the best education to all our students. We believe that public education deserves public support in order to help our community continue to grow and prosper. The budget we propose to you for 2011-2012 reflects that commitment and deserves your approval.

Sincerely,

Hugh Hattabaugh
Interim Superintendent

Phone: 980-343-6270 ■ Fax: 980-343-7135 ■ www.cms.k12.nc.us ■ CMS TV

In compliance with federal law, Charlotte-Mecklenburg Schools administers all education programs, employment activities and admissions without discrimination against any person on the basis of gender, race, color, religion, national origin, age or disability. Americans with Disabilities Act (ADA) Accessibility: If auxiliary aids for communication are necessary for participation in a CMS program or service, participants are encouraged to notify the ADA coordinator at least one week prior to program commencement at 980-343-6661 (voice) or accessibility@cms.k12.nc.us.



MECKLENBURG COUNTY
Office of the County Manager

July 1, 2011

Hugh Hattabaugh, Interim Superintendent
Charlotte-Mecklenburg Schools
600 E. Fourth Street
Charlotte, NC 28202

Dear Hugh:

On June 7, 2011, the Mecklenburg County Board of County Commissioners (BOCC) approved funding for the Charlotte-Mecklenburg Schools for FY 2011-2012 as follows:

\$326,039,101 - Current Expense
120,557,000 - CMS Debt Service
4,960,000 - School Capital Replacement
2,300,000 - Operating Expense (funded via Court Fines & Forfeitures)

The BOCC approved these funds with the following restrictions as outlined in the FY 2011-2012 Budget Ordinance, Section XVIII, "The appropriations to the Charlotte-Mecklenburg Board of Education have been allocated by purpose, function and project as defined in the uniform budget format, as shown on Schedule No. 2. The Charlotte-Mecklenburg Board of Education must obtain the approval of the Board for any amendment to the Board of Education's budget which would (a) increase or decrease expenditures from the capital outlay funds appropriated by the Board of County Commissioners for projects listed in G.S. 115C-426(f) (1) or (2), or (b) increase or decrease the amount of the County appropriation allocated to a purpose of function by more than ten (10%) percent."

The process for obtaining the Board of County Commissioners' approval for amendment to Schedule No. 2. is a written memo from the Superintendent to the County Manager, articulating the business case for amendment and identifying the proposed changes to purpose, function, and/or project.

Since the BOCC did not approve the full amount requested by CMS, it is customary for CMS to revise its budget to reflect the BOCC's allocation for CMS and submit a revised budget by purpose, function and project. Please advise as to when CMS will be able to submit a revised budget.

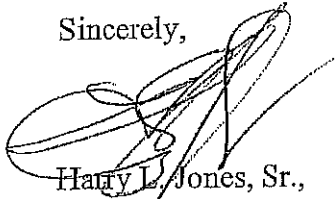
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Hugh Hattabaugh
July 1, 2011
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Should you have any questions, please contact Hyong Yi, Management and Budget Director at 704-336-6945.

Sincerely,



Harry L. Jones, Sr.,
County Manager

Attachment

Cc: Hyong Yi, Management and Budget Director
Dena Diorio, Mecklenburg County Finance Director
Sheila Shirley, CMS Finance Director

**MECKLENBURG COUNTY, NORTH CAROLINA
 CHARLOTTE-MECKLENBURG BOARD OF EDUCATION PROPOSED BUDGET
 FISCAL YEAR 2011-2012**

5000	Instructional Services	
5100	Regular Instructional	\$ 121,317,536
5200	Special Populations	18,483,390
5300	Alternative Programs	8,542,171
5400	School Leadership Services	21,797,518
5500	Co-Curricular	3,952,103
5800	School-Based Support	<u>18,638,877</u>
5800	Subtotal Instructional Services	\$ 192,731,595
6000	System-Wide Support Services	
6100	Support and Development	\$ 4,922,584
6200	Special Population Support and Development	1,689,586
6300	Alternative Programs Support and Developmen	1,375,533
6400	Technology Support	11,011,904
6500	Operational Support	67,701,666
6600	Financial and Human Resource Services	14,648,767
6700	Accountability	4,768,871
6800	System-wide Pupil Support	3,299,523
6900	Policy, Leadership and Public Relations	<u>8,373,915</u>
	Subtotal System-Wide Support Services	\$ 117,792,349
7000	Ancillary Services	
7100	Community Services	\$ -
7200	Nutrition Services	<u>276,063</u>
	Subtotal Ancillary Services	\$ 276,063
8000	Non-Programmed Charges	
8100	Payments to Charter Schools	16,956,358
8300	Debt Service	<u>582,736</u>
	Subtotal Non-Programmed Charges	\$ 17,539,094
	TOTAL OPERATING EXPENDITURES	<u>\$ 328,339,101</u>
9000	Capital Outlay	
9100	Category I Projects	\$ 4,209,616
9200	Category II Projects	750,384
9300	Category III Projects	<u>-</u>
	TOTAL CAPITAL OUTLAY	<u>\$ 4,960,000</u>

Submitted for Board Approval on July 26, 2011

**CHARLOTTE-MECKLENBURG BOARD OF EDUCATION
CHARLOTTE, NORTH CAROLINA
BUDGET RESOLUTION FY 2011-12**

BUDGET RESOLUTION FY 2011-12

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, 2011 and ending June 30, 2012:

Current Expense

(A) Instructional Services

5100	Regular Instructional Services	\$ 576,091,576
5200	Special Populations Services	138,807,339
5300	Alternative Programs Services	81,389,556
5400	School Leadership Services	69,093,935
5500	Co-Curricular Services	4,219,525
5800	School-Based Support Services	<u>52,478,716</u>
	Total Instructional Programs	<u>\$ 922,080,647</u>

(B) System-Wide Support Services

6100	Support and Development Services	\$ 5,775,133
6200	Special Population Support and Development Services	3,761,758
6300	Alternative Programs Support and Development Services	4,973,907
6400	Technology Support Services	12,501,587
6500	Operational Support Services	158,250,476
6600	Financial and Human Resource Services	18,481,301
6700	Accountability Services	6,644,484
6800	System-wide Pupil Support Services	3,322,052
6900	Policy, Leadership, and Public Relations Services	<u>11,129,865</u>
	Total Supporting Services	<u>\$ 224,840,563</u>

(C) Ancillary Services

7100	Community Services	560,811
7200	Nutrition Services	<u>925,815</u>
	Total Ancillary Services	<u>\$ 1,486,626</u>

(D) Non-Programmed Charges

Payments to Other Governmental Units and Transfer of Funds	\$ 16,956,358
Unbudgeted Funds	3,451,696
Debt Service	<u>582,736</u>
Total Supporting Services	<u>20,990,790</u>
Total Current Expense	\$ <u>1,169,398,626</u>

Capital Replacement

(A) Buildings and Sites	\$ 4,209,616
(B) Furniture and Equipment	650,384
(C) Vehicles	<u>100,000</u>
Total Capital Replacement	\$ <u>4,960,000</u>

Child Nutrition Program

(A) Salaries and Benefits	\$ 30,150,348
(B) Food and Operational Costs	<u>36,348,854</u>
Total Child Nutrition Program	\$ <u>66,499,202</u>

After School Enrichment Program

(A) Salaries and Benefits	\$ 11,076,662
(B) Operational Costs	<u>3,883,959</u>
Total After School Enrichment Program	\$ <u>14,960,621</u>

Total Expenditures	\$ <u><u>1,255,818,449</u></u>
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Section II The following revenues are estimated to be available for the fiscal year beginning July 1, 2011 and ending June 30, 2012:

Current Expense

County Appropriation	\$ 328,339,101
State Funds	662,331,403
Federal and Other Grant Funds	160,473,882
Other and Special Revenue Funds	18,254,240

Total Current Expense \$ 1,169,398,626

Capital Replacement

County Appropriation \$ 4,960,000

Total Capital Replacement \$ 4,960,000

Child Nutrition Program

Sales and Operating Transfer from General Fund	\$ 20,192,614
Federal and Other Revenues	<u>46,306,588</u>

Total Child Nutrition Program \$ 66,499,202

After School Enrichment Program

Participant Fees	\$ 14,928,621
Interest Income	<u>32,000</u>

Total After School Enrichment Program \$ 14,960,621

Total Revenues \$ 1,255,818,449

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.

**2011-2012 PROPOSED CURRENT EXPENSE BUDGET:
COMPARISON TO PRIOR YEAR**

	2011-12 Proposed Budget	2010-11 Adopted Budget	% Change
REVENUES			
State of North Carolina	\$ 662,331,403	\$ 634,731,052	4.3%
Federal and Other Grants	160,473,882	185,891,151	-13.7%
Mecklenburg County Appropriation	328,339,101	302,250,000	8.6%
Other and Special Revenue	18,254,240	27,313,842	-33.2%
TOTAL REVENUES	<u>\$ 1,169,398,626</u>	<u>\$ 1,150,186,045</u>	<u>1.7%</u>
EXPENDITURES			
Instructional			
Regular Instructional	\$ 576,091,576	\$ 544,928,307	5.7%
Special Populations	138,807,339	142,853,116	-2.8%
Alternative Programs and Services	81,389,556	73,317,415	11.0%
Co-Curricular	4,219,525	4,395,591	-4.0%
School-Based Support	52,478,716	58,430,618	-10.2%
Total Instructional	852,986,712	823,925,047	3.5%
Instructional Support			
Support and Development	5,775,133	6,001,391	-3.8%
Special Population Support and Development	3,761,758	3,754,351	0.2%
Alternative Programs Support and Development	4,973,907	4,767,902	4.3%
System-wide Pupil Support	3,322,052	3,200,621	3.8%
Total Instructional Support	17,832,850	17,724,265	0.6%
Operations			
Technology Support	12,501,587	16,536,513	-24.4%
Operational Support	158,250,476	159,766,388	-0.9%
Financial and Human Resource Services	18,481,301	17,070,266	8.3%
Accountability	6,644,484	10,109,351	-34.3%
Community Services	560,811	549,162	2.1%
Nutrition Services	925,815	691,596	33.9%
Debt Service	582,736	582,736	-
Other	3,451,696	4,852,437	-28.9%
Total Operations	201,398,906	210,158,449	-4.2%
Leadership			
Policy, Leadership and Public Relations	11,129,865	11,871,800	-6.2%
School Leadership Services	69,093,935	71,715,444	-3.7%
Total Leadership	80,223,800	83,587,244	-4.0%
Charter School Funds	16,956,358	14,791,040	14.6%
TOTAL EXPENDITURES	<u>\$ 1,169,398,626</u>	<u>\$ 1,150,186,045</u>	<u>1.7%</u>

**2011-2012 PROPOSED CURRENT EXPENSE BUDGET:
SUMMARY OF CHANGES TO 2010-2011 BASE BUDGET**

	State	County	Federal and Other Grants	Other and Special Revenue	Total
2010-2011 ADOPTED BUDGET	\$ 634,731,052	\$ 302,250,000	\$ 185,891,151	\$ 27,313,842	\$ 1,150,186,045
REVISIONS TO 2010-2011 ADOPTED BUDGET					
A. Revisions to Base Budget*	(1,836,719)	-	(66,333,454)	(13,926,364)	(82,096,537)
Sub-Total	(1,836,719)	-	(66,333,454)	(13,926,364)	(82,096,537)
2010-2011 BASE BUDGET	632,894,333	302,250,000	119,557,697	13,387,478	1,068,089,508
I. REDIRECTIONS/REDUCTIONS					
A. Operationalized & Efficiency Reductions	(12,328,131)	(2,453,141)	(464,051)	-	(15,245,323)
B. Tier 1-4 Reductions	(30,881,730)	(1,733,340)	-	-	(32,615,070)
Sub-Total	(43,209,861)	(4,186,481)	(464,051)		(47,860,393)
II. SUSTAINING OPERATIONS					
A. Salaries and Benefits	11,804,625	4,573,153	1,184,534	14,522	17,576,834
B. Program Continuation	52,396,736	7,486,550	19,321,324 ^A	4,852,240 ^B	84,056,850
C. Replacement of ARRA Funding**	-	14,781,272	20,874,378	-	35,655,650
Sub-Total	64,201,361	26,840,975	41,380,236	4,866,762	137,289,334
III. STUDENT GROWTH					
A. Enrollment Increases	8,445,570	3,434,607	-	-	11,880,177
Sub-Total	8,445,570	3,434,607	-	-	11,880,177
IV. CRITICAL FUNDING					
A. Remainder of Reductions from Proposed Budget	(27,082,768)	(26,099,236)			(53,182,004)
B. Reallocation of Reductions	27,082,768	(27,082,768)			-
C. Restore Previous Cuts (Tier 4 w/ new County Dollars)	-	26,089,101	-	-	26,089,101
D. Reinstate Remainder of Tier 4 Reductions	-	27,092,903	-	-	27,092,903
Sub-Total	-	-	-	-	-
TOTAL 2011-2012 PROPOSED CURRENT EXPENSE BUDGET	<u>\$ 662,331,403</u>	<u>\$ 328,339,101</u>	<u>\$ 160,473,882</u>	<u>\$ 18,254,240</u>	<u>\$ 1,169,398,626</u>

* Includes state revisions, reduction of one-time fund balance appropriation and anticipated revenue adjustments to 2009-10 Adopted Budget.

** Includes funds to replace a portion of the American Recovery and Reinvestment Act (ARRA) funding expiring in 2011. This funding (federal EduJobs and county) will be used for school based-clerical and custodial positions, a portion of the Bright Beginnings program, teacher-level positions for the Midwood program at Hawthorne High School and school based Exceptional Children positions.

2011-2012 BUDGET REDUCTIONS REMAINING

	Amount	Total
Operationalized & Efficiencies		
Comprehensive review - School Closures	\$ (5,210,576)	
Average salary adjustment	(2,176,485)	
Midwood relocation	(969,617)	
Redirect contracted services to state technology funds	(651,321)	
Eliminate annual maintenance fee for AAL NC WISE	(245,000)	
Utilities (reducing consumption)	(1,903,552)	
Eliminate prior year extended employment	(79,713)	
Transportation - Bell schedule and 7 hour instructional day for all students	(4,009,059)	(15,245,323)
Tier 1		
Central Office Reductions	\$ (8,785,421)	
DSSF funding for high school plans	(1,229,914)	
Achievement Zone - school based positions	(689,290)	
Media Specialists - 1 position	(69,019)	
Bonuses- Incentive, Critical Needs, Signing	(4,293,933)	(15,067,577)
Tier 2		
Reduce funds for equitable supplies and materials	\$ (125,000)	
CTE - 38 teachers	(2,504,830)	
Alternative Ed	(1,146,108)	
CSA's - 10 Rapid Response	(362,880)	
SQR training	(135,000)	
Building Services - trade positions	(712,422)	
Custodians	(1,734,753)	
Academic Competitions	(87,559)	(6,808,552)
Tier 3		
Extended Day allotment to schools	\$ (1,052,532)	
CTE - 10 teachers	(659,170)	
107 teacher-level positions for Zones and leave	(6,338,359)	
Talent Development - 6 teachers	(412,380)	
CSA's - 16 positions	(543,160)	(9,005,601)
Tier 4		
Bright Beginnings Centers' administrative, clerical and custodial costs	\$ (1,733,340)	(1,733,340)
Grand Total		\$ (47,860,393)

CHARLOTTE-MECKLENBURG BOARD OF EDUCATION
2011-12 PROPOSED PROGRAM CHANGES

I. Redirections/Reductions

Change Reference: I.A

Explanation of Change	Description	State Cost	Local Cost
A. Operationalized and Efficiency Reductions			
1. Comprehensive Review – School closures			
<p>The Charlotte-Mecklenburg Board of Education launched a comprehensive review of Charlotte-Mecklenburg Schools in June of 2010. The review was intended to help the Board align decision-making in multiple areas with the goals of the district's strategic plan as well as take a consistent, strategic approach to individual issues. The Board voted in November to adopt proposed changes to more than 60 of the district's 178 schools following the five-month comprehensive review of Charlotte-Mecklenburg Schools in the midst of a severe funding shortage.</p> <p>The changes include closing 11 school buildings; consolidating students and programs at five schools; relocating two programs; expanding eight schools to pre-kindergarten through eighth grade and one to K-12; expanding one school to grades six through 12; adjusting boundaries for 13 schools; providing targeted assistance to nearly 30 schools and creating two new home schools and two new magnet programs.</p> <p>These school closures and consolidations resulted in the elimination of seventy-seven positions and the reduction of utilities, phone lines and custodial supplies.</p>	Salaries & Benefits	(\$3,732,974)	(\$566,524)
	Purchased Services	(134,500)	(739,481)
	Supplies & Materials		(37,097)
	Total		<u>(\$3,867,474)</u>
2. Average Salary Adjustment			
<p>The budgeted average salary was compared to the actual average salary paid in the current fiscal year for certified staff. This evaluation revealed that the actual average for some certified staff is declining, thus an adjustment to budgeted average salary was made resulting in a savings to the local budget.</p>	Salaries & Benefits	<u>(\$2,176,485)</u>	
3. Midwood Relocation			
<p>In conjunction with the comprehensive review school closures, the decision was made to relocate the Midwood High School program to Hawthorne High School. This resulted in the elimination of sixteen positions and the reduction of utilities and phone lines.</p>	Salaries & Benefits	(\$99,816)	(\$222,125)
	Purchased Services	(33,625)	(150,000)
	Total		<u>(\$133,441)</u>
4. Redirect Contracted Services to State Technology Funds			
<p>In 2009-10, local funding was requested to cover the shortfall in school technology funding. This funding was primarily used for software licenses and</p>			

CHARLOTTE-MECKLENBURG BOARD OF EDUCATION
2011-12 PROPOSED PROGRAM CHANGES

Change Reference: I.A (Continuation)

Explanation of Change	Description	State Cost	Local Cost
<p>4. <u>Redirect Contracted Services to State Technology Funds (continued)</u> contracted services for the Dibels program. It is anticipated that funding for state technology, mostly from fines and forfeitures will be sufficient to cover these expenses in 2011-12. Therefore the local funding will be eliminated.</p>	Purchased Services		(\$76,839)
	Supplies & Materials		
	Total		(574,482)
			<u>(\$651,321)</u>
<p>5. <u>Maintenance Fee for AAL NCWise</u> As part of the Department of Public Instruction's plan to consolidate all school districts under one central data repository in school year 2011-12, CMS will be converted as of July 1, 2011. With this migration, the NCWise application will be hosted and supported by DPI who will assume all license cost at this point in time. As a result, CMS will not need funding for NCWise after this school year.</p>	Supplies & Materials	<u>(\$245,000)</u>	
<p>6. <u>Reduce Utilities Consumption</u> In 2009-10, the district adopted the Energy Star Model in efforts to reduce the annual expenses for electric, gas and water utilities. These efforts will continue for the 2011-12 year. Additionally, other efforts to reduce consumption will be implemented for 2011-12. These efforts include the removal of personal appliances, the elimination of custodial services at elementary schools past 6:15 pm (unless for community use), shutting down all utilities at school locations on mandated teacher leave days, and monitoring the utility usage during night hours.</p>	Purchased Services	<u>(\$1,896,672)</u>	<u>(\$6,880)</u>
<p>7. <u>Eliminate Prior Year Extended Employment</u> Funding was requested in 2010-11 for extended employment for some 10-month staff to ensure a smooth opening at each of the new schools. This amount was a one-time expense and can be eliminated.</p>	Salaries & Benefits		<u>(\$79,713)</u>
<p>8. <u>Transportation</u> Funding for transportation services has been reduced. Transportation expenses will be reduced by adjusting bell schedules and implementing a seven hour instructional day at elementary schools for the 2011-12 school year. This will result in the elimination of 155 bus driver positions and the reduction of expenses for fuel and bus parts.</p>	Salaries & Benefits	(\$1,387,988)	
	Supplies & Materials	(2,621,071)	
	Total	<u>(\$4,009,059)</u>	

CHARLOTTE-MECKLENBURG BOARD OF EDUCATION
2011-12 PROPOSED PROGRAM CHANGES

Change Reference: I.B

Explanation of Change	Description	State Cost	Local Cost
B. <u>Tier 1-4 Reductions</u> (See page 12 for details of Tier 1-4 Reductions)			
Tier 1 Reductions		<u>(\$15,067,577)</u>	<u>(\$0)</u>
Tier 2 Reductions		<u>(\$6,808,552)</u>	<u>(\$0)</u>
Tier 3 Reductions		<u>(\$9,005,601)</u>	<u>(\$0)</u>
Tier 4 Reductions		<u>(\$0)</u>	<u>(\$1,733,340)</u>
Total Redirections/Reductions		<u>(\$43,209,861)</u>	<u>(\$4,186,481)</u>

II. Sustaining Operations

Change Reference: II.A

Explanation of Change	Description	State Cost	Local Cost
A. <u>Salaries and Benefits</u>			
1. <u>Increase in Health Insurance Rate</u>			
It is anticipated at this time that the employer-paid portion of the state health insurance rate will increase from \$4,929 to \$4,931 annually, which represents a .04% increase. Funds are needed to provide the state mandated increase for all full-time affected positions.	Salaries & Benefits	<u>\$22,876</u>	<u>\$4,933</u>
2. <u>Increase in Retirement Rate</u>			
The employer-paid portion of the state retirement plan will increase from 10.51% to 13.12% annually. Funds are needed to provide the state mandated increase for all affected positions.	Salaries & Benefits	<u>\$11,781,749</u>	<u>\$4,568,220</u>
Total Salaries and Benefits		<u>\$11,804,625</u>	<u>\$4,573,153</u>

Change Reference: II.B

Explanation of Change	Description	State Cost	Local Cost
B. <u>Program Continuation</u>			
1. <u>School Crossing Guards</u>			
In previous years the city of Charlotte funded school crossing guards at several school locations to ensure the safety of the children that walk to school. For 2011-12, the city will no longer provide this service and CMS will contract with an outside vendor. This vendor will provide approximately 35 school crossing guards at 32 schools for 2011-12. Therefore, funding is requested to cover the cost of this expense.	Purchased Services		<u>\$231,428</u>

CHARLOTTE-MECKLENBURG BOARD OF EDUCATION
2011-12 PROPOSED PROGRAM CHANGES

Change Reference: II.B

Explanation of Change	Description	State Cost	Local Cost
<p>2. <u>Utilities Rate Increase</u> Utility costs for the school district are expected to increase 3.9% for electric, 3% for gas, and 7% for water and sewage over the prior year due to price increases. Therefore, funding is requested to increase the utilities budget for 2011-12 cover the projected rate increase.</p>	Purchased Services		<u>\$1,063,790</u>
<p>3. <u>Charter Schools Enrollment Increase</u> Based on projected increases in the charter-school student enrollment, additional funding is requested to increase our charter-school budget. Charter-school enrollment is expected to increase by 1,268 students over the 2010-11 projected enrollment in Mecklenburg County based on state projections for 2011-12.</p>	Other		<u>\$2,165,318</u>
<p>4. <u>Mileage Rate Increase to IRS Standard Rate</u> Due to increase in costs to operate and properly maintain a vehicle, funding is requested to increase the reimbursement rate from 50 cents to the IRS standard mileage reimbursement rate of 55.5 cents as of July 2011. This will provide appropriate reimbursement to all of our itinerant teachers and other staff.</p>	Purchased Services		<u>\$89,551</u>
<p>5. <u>Lease Payments Increase</u> Lease payments for the district are expected to increase at Bond Street warehouse and Music Factory for the Northwest School of the Arts locations. Therefore, funding is requested to cover the projected increase.</p>	Purchased Services		<u>\$93,696</u>
<p>6. <u>Intervention Team Specialists Cost Share Increase</u> Six Intervention Team Specialists were funded 100% in 2009-10 by the System of Care grant with Mecklenburg County. Intervention Team Specialists ensure that every school has an intervention team that functions with fidelity in alignment with the CMS model. CMS intervention teams are multidisciplinary teams of staff (school and community agency), parents and students that meet to identify strategies to improve behavior and academic achievement of students who are performing below expectations. Specialists are assigned to schools by zone to provide technical assistance through training, data collection, intervention team observations, and feedback to the teams. In 2010-11 these positions were funded at 75% by the System of the Care grant and 25% by CMS and in 2011-12 these positions will be funded 100% by CMS. Funding is requested to fully fund these positions locally.</p>	Salaries & Benefits		<u>\$258,867</u>

CHARLOTTE-MECKLENBURG BOARD OF EDUCATION
2011-12 PROPOSED PROGRAM CHANGES

Change Reference: **II.B**

Explanation of Change	Description	State Cost	Local Cost
<p>7. <u>State K-3 Class Size</u> The final state approved 2011-12 budget includes funding to reduce the class size in grades K-3. These additional teaching positions are intended to reduce the classroom teacher allotment ratios for grades K-3 from 1 teacher per 18 students to 1 teacher per 17 students. As a result, CMS will receive 114 additional teacher positions.</p>	Salaries & Benefits	<u>\$5,973,520</u>	<u>\$707,056</u>
<p>8. <u>Utilities Consumption Increase</u> Utilities consumption for the school district is expected to increase due to the addition of mobile units. Additional mobile units will be needed for movement of Pre-K students to existing school sites as well as the additional classrooms need for the state's K-3 class size reduction initiative. Therefore, funding is requested to increase the utilities budget for this increase in usage.</p>	Purchased Services		<u>\$350,000</u>
<p>9. <u>Reinstate Formula Changes from Prior Year</u> Due to budget reductions in 2010-11, the allotment formulas for teachers and teacher assistants were changed and positions were eliminated. With additional state funding we are able to reinstate 145 teacher positions and 164 teacher assistant positions eliminated in 2010-11. The formula changes are as follows:</p>	Salaries & Benefits	<u>\$12,530,903</u>	<u>\$960,235</u>
<p><u>Current Elementary ADM Formula</u> K-3rd: 1:22 teacher/student ratio* 4th-5th: 1:28.5 teacher/student ratio*</p>	<p><u>New Elementary ADM Formula</u> K-3rd: 1:22 teacher/student ratio* 4th-5th: 1:27.5 teacher/student ratio*</p>		
<p><u>Current Middle School ADM Formula</u> 1:25.5 teacher/student ratio*</p>	<p><u>New Middle School ADM Formula</u> 1:24.5 teacher/student ratio*</p>		
<p><u>Current High School ADM Formula</u> 9th: 1:26 teacher/student ratio* 10th-12th: 1:29.5 teacher/student ratio*</p>	<p><u>New High School ADM Formula</u> 9th: 1:25 teacher/student ratio* 10th-12th: 1:28.5 teacher/student ratio*</p>		
<p>* These teacher student ratios are based on weighted student population (EDS students receive weight of 1.3)</p>			
<p><u>Current Teacher Assistant Formula</u> K: 1:31 teacher/student ratio 1st- 2nd 1:44 teacher/student ratio</p>	<p><u>New Teacher Assistant Formula</u> K: 1: 25 teacher/student ratio 1st- 2nd 1:38 teacher/student ratio</p>		

CHARLOTTE-MECKLENBURG BOARD OF EDUCATION
2011-12 PROPOSED PROGRAM CHANGES

Change Reference: II.B

<u>Explanation of Change</u>	<u>Description</u>	<u>State Cost</u>	<u>Local Cost</u>
10. <u>Transportation - No Child Left Behind (NCLB) Choice</u> Board policy states that if the school from which a student was reassigned ceases to be a Title I Choice School, transportation will be provided for the immediately subsequent school year. There are 3 schools that will no longer be NCLB choice schools and therefore the transportation costs will not be funded with Title I funds. Funding is requested for the cost of transporting the students from these schools.	Salaries & Benefits		<u>\$125,000</u>
11. <u>Additional Support Staff for Pre-K Enrollment</u> Effective in 2011 -12, stand alone Pre-k centers will be closed. The Pre-k students in those centers will be served in elementary schools. Pre-k will now be included in the formula for computing support staff allotments. Additional funding is requested for eight instructional support, ten custodial, eight clerical and two support positions as a result of this change.	Salaries & Benefits	<u>\$502,673</u>	<u>\$828,059</u>
12. <u>Teachers for Zones/Leave</u> With additional state funding, 140 teacher positions will be added for allocation to zones and to replace teachers on leave. Zones will have the ability to allocate these additional teacher positions to schools.	Salaries & Benefits	<u>\$6,051,520</u>	<u>\$2,064,046</u>
13. <u>Campus Security Associates</u> With additional state funding, sixteen additional campus security associates will be funded for 2011-12 to help address safety in middle and high schools.	Salaries & Benefits	<u>\$538,000</u>	<u>\$5,160</u>
14. <u>Talent Development Teachers</u> With additional state funding, six additional talent development teachers will be funded for 2011-12.	Salaries & Benefits	<u>\$362,396</u>	<u>\$49,984</u>
15. <u>Redirect Non-Instructional Support Positions to State</u> The state provided additional funding to reinstate prior year non-recurring reductions. This additional revenue allowed the district to redirect 675 non-instructional support positions to state funding.	Salaries & Benefits	<u>\$28,081,520</u>	<u>(\$28,081,520)</u>
16. <u>Modification of Employment Terms - Assistants</u> The school day has been extended by 45 minutes per day at elementary schools. Therefore, assistants including teacher assistants work schedule has been adjusted from 37.5 hours per week to 40 hours per week.	Salaries & Benefits	<u>\$1,076,191</u>	<u>\$711,625</u>

2011-12 PROPOSED PROGRAM CHANGES

Change Reference: II.B

<u>Explanation of Change</u>	<u>Description</u>	<u>State Cost</u>	<u>Local Cost</u>
17. <u>Modification of Employment Terms – Asst. Principals</u> The district modified the employment term for assistant principals by adjusting the months of employment. Assistant principals will move from 10 month to 11 month employees.	Salaries & Benefits		<u>\$1,413,581</u>
18. <u>One – time Projects</u> The redirection of non-instructional support positions to state funding allowed for local funding to be available. For 2011-12 this funding will be used for one-time projects such as technology for schools, deferred maintenance projects on school buildings and movement of administrative offices out of leased space. This funding will be redirected in 2012-13 to permanently fund the remaining ARRA cliff which is being funded in 2011-12 with EduJobs funds.	Salaries & Benefits		\$100,000
	Purchased Services		12,489,859
	Supplies & Materials		8,284,519
	Total		<u>\$20,874,378</u>
19. <u>Technology Funds</u> The allotment for state technology funds was eliminated. Therefore local funding will be used to cover the state shortfall. In addition, funding will be used for off-site technology storage facilities and additional software licensing cost.	Purchased Services		\$633,900
	Supplies & Materials		991,321
	Total		<u>\$1,625,221</u>
20. <u>Instructional Supplies</u> In previous years, FOCUS schools received 30% more in instructional supply allotment per student than non-FOCUS schools. For 2011-12, all schools will receive a weight of 1.3 in instructional supply funds for each Economically Disadvantaged Student (EDS) enrolled. In addition, the per pupil allotment for instructional supplies has been increased.	Supplies & Materials		<u>\$520,626</u>
21. <u>Funding for Federal Title II Shortfall</u> The Improving Teacher Quality (Title II) grant was reduced for 2011-12. This grant funds teacher professional development as well as teaching positions. Local funding will be used to restore funds for professional development and seven teacher positions.	Salaries & Benefits		\$521,906
	Purchased Services		423,066
	Total		<u>\$944,972</u>
22. <u>Human Resources Positions</u> Funds will be used to hire six human resource positions for the hiring, placement and development of school based positions that were previously eliminated and reinstated in the 2011-12 school year.	Salaries & Benefits		<u>\$485,477</u>
23. <u>Textbooks</u> The adopted state budget provided additional funding for textbooks.	Supplies & Materials	<u>\$1,076,191</u>	

CHARLOTTE-MECKLENBURG BOARD OF EDUCATION
2011-12 PROPOSED PROGRAM CHANGES

Change Reference: II.B

Explanation of Change	Description	State Cost	Local Cost
24. <u>At-Risk Funding</u> The adopted state budget provided additional funding for at-risks students. This funding will be used for extended day and credit recovery programs..	Salaries & Benefits	<u>\$2,929,619</u>	
25. <u>Other State Adjustments</u> The budget was adjusted for state funding for school technology funds (fines and forfeiture revenue). At-risk and technology carryover funding was also provided.	Salaries & Benefits	\$3,326,429	
	Supplies & Materials	2,664,907	
	Total	<u>\$5,991,336</u>	
26. <u>State Average Salary Adjustment</u> After analysis of 2010-11 salary costs paid for state funded positions, it was determined that the budgeted salary should be adjusted. The state will pay the actual salary cost for position allotments in accordance with the state salary schedule.	Salaries & Benefits	<u>(\$13,445,893)</u>	
Total Program Continuation		<u>\$52,396,736</u>	<u>\$7,486,550</u>

Change Reference: II.C

Explanation of Change	Description	State Cost	Local Cost
C. <u>Replacement of ARRA Funding</u> Funding is required to replace a portion of the American Recovery and Reinvestment Act (ARRA) funding expiring in 2011. This funding will be used to fund school-based clerical and custodial positions, a portion of the Bright Beginnings program; teacher-level positions for the Midwood program at Hawthorne High School and school based Exceptional Children positions.	Salaries & Benefits		\$12,729,784
	Purchased Services		1,461,896
	Supplies & Materials		589,592
	Total		<u>\$14,781,272</u>
Total Sustaining Operations		<u>\$64,201,361</u>	<u>\$26,840,975</u>

CHARLOTTE-MECKLENBURG BOARD OF EDUCATION
2011-12 PROPOSED PROGRAM CHANGES

III. Student Growth

Change Reference: III.A

Explanation of Change	Description	State Cost	Local Cost
A. Enrollment Increases			
1. <u>Enrollment – Additional Allotments</u>			
Student enrollment is projected to increase by approximately 2,543 students in 2011-12, which represents a 2% increase 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 this growth in enrollment. Funds are also included for the local pay supplement for state and locally paid positions. Funds also are needed for purchased services and supplies and materials.	Salaries & Benefits	\$8,312,198	\$2,297,346
	Local Supplement		\$1,059,264
	Supplies & Materials	\$133,372	\$43,897
	Total	<u>\$8,445,570</u>	<u>\$3,400,507</u>
	<u>State</u>	<u>Local</u>	
Teachers	116.0	38.5	
Teacher Assistants	29.0	0.0	
Assistant Principals	2.6	0.0	
Media Specialists	2.0	0.0	
Support Staff	6.0	0.0	
Bus Drivers	0.0	25.0	
	<u>155.6</u>	<u>63.5</u>	
2. <u>Graduation at New High Schools</u>			
Graduation costs are projected to increase due to the addition of 2 new high schools in 2010-11. The two high schools will have their first graduating classes in 2011-12. Therefore, funding is requested to cover these costs.	Purchased		<u>\$34,100</u>
	Services		
Total Enrollment Increases		<u>\$8,445,570</u>	<u>\$3,434,607</u>

IV. Critical Funding

Additional county funding of \$26 million and lower than expected cuts from the state of \$27 million allowed the district to reinstate Tier 4 reductions from the 2011-12 Proposed Budget not including Bright Beginning administration costs.

2011-2012 PROPOSED CAPITAL REPLACEMENT BUDGET

SCHEDULE OF REVENUES AND EXPENDITURES

	2011-12 Proposed Budget	2010-11 Adopted Budget	2009-2010 Adopted Budget	2008-2009 Adopted Budget
REVENUES				
State Public School Building Capital Fund	\$ -	\$ -	\$ -	\$ -
Other	4,960,000	4,960,000	5,200,000	5,200,000
TOTAL CAPITAL REPLACEMENT REVENUES	<u>\$ 4,960,000</u>	<u>\$ 4,960,000</u>	<u>\$ 5,200,000</u>	<u>\$ 5,200,000</u>
EXPENDITURES				
<u>Buildings and Sites</u>				
Roofs	\$ 345,000	\$ 345,000	\$ 175,250	\$ 175,250
Heating and Air Conditioning	1,987,000	1,987,000	3,189,750	3,250,000
Asphalt Resurfacing	127,000	127,000	85,000	79,350
Carpeting	94,000	94,000	150,000	150,000
Stage Curtains	28,000	28,000	25,000	20,600
Sites	505,808	505,808	625,000	574,800
Renovations	419,808	419,808	400,000	375,000
Electrical	703,000	703,000	300,000	325,000
Total Buildings and Sites	<u>\$ 4,209,616</u>	<u>\$ 4,209,616</u>	<u>\$ 4,950,000</u>	<u>\$ 4,950,000</u>
<u>Furniture and Equipment</u>				
Classroom and Office Equipment	\$ 550,384	\$ 550,384	\$ 150,000	\$ 150,000
Computer Equipment - Instructional	100,000	100,000	-	-
Insurance Claims	100,000	100,000	100,000	100,000
Total Furniture and Equipment	<u>\$ 750,384</u>	<u>\$ 750,384</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>
TOTAL CAPITAL REPLACEMENT EXPENDITURES	<u>\$ 4,960,000</u>	<u>\$ 4,960,000</u>	<u>\$ 5,200,000</u>	<u>\$ 5,200,000</u>

CHARLOTTE-MECKLENBURG BOARD OF EDUCATION

CHILD NUTRITION PROGRAM

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS

	FY 2011-12 Proposed Budget	FY 2010-11 Adopted Budget	FY 2009-10 Actual Expenditures	FY 2008-09 Actual Expenditures
OPERATING REVENUES:				
Student Meals	\$ 9,624,443	\$ 9,436,803	\$ 9,150,968	\$ 10,310,675
Supplemental Sales	<u>10,051,356</u>	<u>11,437,487</u>	<u>11,150,063</u>	<u>12,531,612</u>
Total Operating Revenues	<u>19,675,799</u>	<u>20,874,290</u>	<u>20,301,031</u>	<u>22,842,287</u>
OPERATING EXPENSES:				
Food and Commodities	24,256,189	21,924,236	20,659,164	21,920,474
Salaries	24,713,400	24,544,042	23,203,846	23,844,001
Employee Benefits	5,436,948	5,154,249	4,715,309	4,799,999
Materials and Supplies	2,704,973	2,858,958	2,432,502	2,475,666
Depreciation	1,862,268	1,666,859	1,436,887	1,323,134
Contracted Services	1,832,210	1,840,579	1,585,431	1,511,218
Other	<u>5,693,214</u>	<u>5,755,520</u>	<u>4,861,851</u>	<u>4,811,340</u>
Total Operating Expenses	<u>66,499,202</u>	<u>63,744,443</u>	<u>58,894,990</u>	<u>60,685,832</u>
OPERATING INCOME (LOSS)	(46,823,403)	(42,870,153)	(38,593,959)	(37,843,545)
U.S. Government Subsidy and Commodities	46,101,756	40,289,395	40,542,022	38,015,858
Interest Revenue and Other Misc. Revenue	<u>204,832</u>	<u>2,063,943</u>	<u>1,896,276</u>	<u>1,721,284</u>
Total Non-Operating Revenue	<u>46,306,588</u>	<u>42,353,338</u>	<u>42,438,298</u>	<u>39,737,142</u>
INCOME (LOSS) BEFORE OPERATING TRANSFER	(516,815)	(516,815)	3,844,339	1,893,597
OPERATING TRANSFER FROM GENERAL FUND	<u>516,815</u>	<u>516,815</u>	<u>516,815</u>	<u>534,605</u>
NET INCOME (LOSS)	-	-	4,361,154	2,428,202
INCREASE (DECREASE) IN RETAINED EARNINGS	-	-	4,361,154	2,428,202
RETAINED EARNINGS - Beginning of Year	19,389,319	19,389,319	15,028,165	12,599,963
RETAINED EARNINGS - End of Year	<u>\$ 19,389,319</u>	<u>\$ 19,389,319</u>	<u>\$ 19,389,319</u>	<u>\$ 15,028,165</u>

CHARLOTTE-MECKLENBURG BOARD OF EDUCATION

CHILD NUTRITION PROGRAM

COMPARISON OF MEAL PRICES

	BREAKFAST			LUNCH		
	Elementary	Secondary	Adult	Elementary	Secondary	Adult
2011-12 Proposed	\$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
1994-95	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

	FY2011-12 Proposed Budget	FY2010-11 Adopted Budget	FY2009-10 Actual Expenditures	FY2008-09 Actual Expenditures
OPERATING REVENUES:				
Participant Fees	\$ 14,928,621	\$ 14,643,001	\$ 14,582,630	\$ 15,646,846 *
OPERATING EXPENSES:				
Food Costs	877,813	799,203	768,441	808,592
Salaries	9,117,881	9,728,714	9,307,985	10,454,265 *
Benefits	1,958,781	1,880,280	1,862,095	2,004,390 *
Material and Supplies	679,848	421,371	334,944	441,893 *
Contracted Services	553,478	195,272	171,873	136,566
Other	1,772,820	1,650,161	1,639,053	1,733,399
Total Operating Expenses	<u>14,960,621</u>	<u>14,675,001</u>	<u>14,084,391</u>	<u>15,579,105</u>
OPERATING INCOME (LOSS)	(32,000)	(32,000)	498,239	67,741
NON-OPERATING REVENUES:				
Interest Income	32,000	32,000	35,493	62,589
Contributions and Grants	-	-	-	-
Total Non-Operating Revenue	<u>32,000</u>	<u>32,000</u>	<u>35,493</u>	<u>62,589</u>
NET INCOME (LOSS)	-	-	533,732	130,330
RETAINED EARNINGS - Beginning of Year**	<u>1,051,181</u>	<u>1,051,181</u>	<u>1,051,181</u>	<u>920,851</u>
RETAINED EARNINGS - End of Year	<u>\$ 1,051,181</u>	<u>\$ 1,051,181</u>	<u>\$ 1,584,913</u>	<u>\$ 1,051,181</u>
Average number of participants students per week	<u>5,765</u>	<u>5,765</u>	<u>6,263</u>	<u>6,086</u>

* Includes revenue and associated costs for the SES program

** Based on prior year actuals

Total Program fee for Before School and After School programs will increase from \$81 to \$86 per week.

Fees will vary based on bell schedule:

2:45 - 3:15 bell schedule: After School fee will remain at \$56 per week; Before School fee will increase from \$25 to \$30 per week.

3:30 - 3:45 bell schedule: After School fee will decrease from \$56 to \$45 per week; Before School fee will increase from \$25 to \$41 per week.

4:15 bell schedule: After School fee will decrease from \$56 to \$30 per week; Before School fee will increase from \$25 to \$56 per week.