

Date: August 10, 2009

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| AREA: General Administration |
| AGENDA ITEM(S): Budget Update |
| CONTACT PERSON(S): Robert L. Logan, Superintendent |
| <input checked="" type="checkbox"/> ACTION <input type="checkbox"/> FOR INFORMATION |

I. Synopsis of Agenda Item (Overview & Purpose)

As of the time of preparation of this information a budget decision still had not been reached by the North Carolina General Assembly. The longer the delay in adopting a state budget the more challenging it will be to have everything ready for the start of the new school year. The delay stems around the Governor's insistence that "LEA Discretionary Cuts" be a part of the mechanism used to balance the state budget. It is estimated that \$111 million in discretionary cuts may be adopted. A second concern is whether or not state allocated classroom positions will be protected or allowed to be used as a part of LEA's discretionary cuts.

II. Organizational Impact (Academic, Fiscal & Personnel)

The longer the delay in adopting a state budget the more challenging it will be to have the district ready for the first day of school. If cuts in teaching positions or TA positions are necessary, another board meeting may be necessary (for personnel matters) the third or fourth Monday in August. We have taken every preparatory activity possible. When a state budget decision is reached staff is prepared to do what is necessary to make our adjustments and finalize personnel positions.

III. Superintendent's Recommendation (For Information Only)

Check the State School Boards Association website daily for budget updates. The NCSBA has done an outstanding job of getting information out regarding the status of the state's budget. I continue to contact state legislators, especially Speaker Hackney, encouraging them not to select discretionary cuts as a budget balancing tool, but the Governor has dug in on this one. Hopefully a decision will be reached soon.

IV.

Suggested Motion: For Information Only, no action needed.

Chatham County Schools State School Fund Budget Reduction Possibilities 2009-2010

Last week the Governor signed the 2009-10, 2010-11 bi-annual budget into law. We now have a state education budget for this year and an idea of funding for 2010-11 as well. The 2009-10 state education budget contains \$782,755,797 less funding for education than last year. The major reduction to the state education budget is the \$225,000,000 Discretionary/Flexibility Reduction. This reduction is based on the average daily membership of the 115 school districts in North Carolina. Chatham County Schools portion of this reduction is \$1,182,345. The school district must report to DPI within 30 days how we have facilitated the cuts. Unfortunately, the discretionary cuts do not represent the total state funding reductions. During the Board meeting we will discuss the other funds which have been cut. At the time of this writing we do not have our portion of the other cuts but for the purpose of discussion we have made some conservative estimations of the additional reductions. Some of the funds include Central Office, Children with Disabilities, Improving Student Accountability, School Buses, School Technology, Staff Development, and others. For the purpose of budget reduction discussion, I am suggesting we use the figure \$1,282,000. This figure includes our known \$1,182,345 plus \$100,000 reduction estimate from the other state funds. Along with the suggested reductions, I have included information regarding the educational impact of the reduction.

1) Reduce K-8 Spanish Program from 9 teachers to 4.5 Reduction \$213,851.00

At the conclusion of the 2008-09 school year CCS had 9 Spanish teachers who provided second language instruction to grades K-8. Due to the size of the K-8 membership and the small number of teachers, instructional time was very minimal. Anticipating a loss of funding, we had already discussed this option with principals and decided to cut the K-8 program by 4.5 positions. I shared this with you in an email in July. This reduction has been absorbed with no displacement of teachers. In fact, we have two Spanish vacancies in the remaining 4.5 positions. The focus of our program will now shift to providing a middle school Spanish course which meets the rigor of issuing high school credit for the course at the 6-8 level. Any instructional time not used for the Spanish course can be redirected to teach additional 6-8 students Spanish.

2) Reduce 6-8 CTE program from 9 to 7 teachers Reduction \$92,613.00

As discussed during our local budget cuts in March, Chatham County Schools provides 100 man months (M/M) of CTE funding above the state allocation. The 100 M/M equates to 10 locally paid CTE positions. Many of these positions are assigned to grades 6-8 (the state allocates CTE for grades 8-12). Again, in preparation for the pending reductions we were able to reduce the 6-8 CTE

Conclusions:

The aforementioned transfers and reductions total \$1,282,000 to be used to cover state education fund cuts. The teacher reductions have already been absorbed this summer by not refilling vacancies due to retirements and resignations. NO TEACHERS HAVE BEEN CUT, positions reduced, but with no loss of currently employed teachers. Fewer K-8 students will receive Spanish instruction, but the students who do, will receive a higher quality of instruction due to an increase of instructional time. Although, fewer middle school students in grades 6 & 7 will receive middle school CTE services, 8th graders will continue to receive full services as state allocated. Again, no currently employed teachers have been lost.

This approach will also allow us to offset state reductions in other state allocations such as staff development and student accountability. Schools will not have to make another round of teacher cuts and class size will not increase substantially from this solution (there will not be a one student increase to class size ratios). Schools had class size exceptions when we had expected levels of funding and we may still have a few class size exceptions as the year starts, but this solution will allow us to effectively address the exceptions. Our greatest challenge to class size is our small K-8 schools.

If our portion of cuts to the other state education fund allocations is greater than \$100,000, these recommendations can be amended.

Thank you