



Date: May 21, 2013

To: Tom Forcella, Superintendent

From: Todd LoFrese, Assistant Superintendent for Support Services

Re: County Manager's Recommended Budget and Senate's Proposed Budget

Over the weekend, the County Manager's Recommended Budget and the Senate's version of the State Budget were posted publically. Both budgets reflect significant negative impacts on our school system and if passed will require us to make significant revisions and reductions to our operational plan for next year. A summary of the major impacts associated with each budget and the estimated financial impacts are described below. The recently released budgets are still being reviewed and analyzed; therefore it is important to recognize that some of the details below are estimates at this time.

County Manager's Recommended Budget

- Includes a per pupil increase of \$21 or an additional \$659,291 for our school system, however this is about \$4.6 million less than the Board's request.
- Does not provide funding to cover mandated cost increases or loss of grant funds.
- Does not provide funding to open Northside.
- Suggests the use of fund balance to help address these aforementioned needs. Fund balance has already been committed for next year's budget, and therefore is not available.

Senate Proposed State Budget (internal estimates based on Senate Committee Report dated 5-21-13)

- Eliminates the discretionary reduction, but does so by permanently reducing teachers and support to schools.
- Eliminates class size maximums and permanently changes the funding formulas resulting in the permanent loss of over 50 teacher positions.
- Eliminates funding for teacher assistants in grades 2-3 resulting in the loss of about \$1.3 million or about 37 teacher assistants.
- Eliminates funding for approximately 3 instructional support positions (ex. counselors, gifted specialists, instructional coaches, etc.).
- Does not provide a pay increase for staff. Staff have only received a single 1.2% pay increase since 2008-09.

- Eliminates pay differentials for teachers with advanced degrees in 2014-15.
- Eliminates teacher tenure.
- Reduces the number of spots available for NC Pre-K.
- Cuts instructional supplies by approximately \$70,000.
- Reduces support for ESL students.
- Delays the replacement of school buses.

Over the next few weeks, important local and state meetings will be held that will likely determine and finalize the amount of funding our school district receives next year. The trend of education reductions at the state level continues, and this further shifts the costs of public education to the local level. While we can hope that the final budgets improve, we need to be prepared to make some tough decisions in the coming weeks. It will be very difficult to hold onto most of our budget requests, along with the possible need to make other undesirable reductions. Based on what we know today, we could be faced with permanent state reductions of nearly \$5 million and additional local reductions of over \$4 million. Over the next few days, we will fine tune our estimates and prepare information and recommendations for the Board to consider at the June 6, 2013 Board meeting.