



Budget Advisory Committee

Preparation for the FY 2012-13 Budget Cycle

November 30, 2011

State Economic Outlook



- **Current revenue analysis reflects:**
 - Revenues through October are above target by \$115 million
 - Revenues for the second quarter are projected to show some improvement over the first quarter.
 - Employment ramp up is slow and is the key to North Carolina's recovery.

State Funding a Historical Perspective



- **The State General Fund is slated to be \$19.96 Billion:**
 - State public school fund has steadily grown from fiscal year (FY)1984-85 until FY 2008-09.
 - Based on average daily membership (ADM) growth,
 - Salary and benefit increases, and
 - New programs/increased funding for existing programs.

State Funding a Historical Perspective



- **K-12 Percent of the State General Fund Budget in FY 2012-13 is 37.3%:**
 - **Reasons for Erosion:**
 - Medicare costs,
 - Other program initiatives,
 - Infusion of receipt funding into the K-12 budget, and
 - Continued reductions in education funding by GA.

Current State of the State



- **Beginning the Development of FY 2012-13 Budget**
 - **Concerns:**
 - Uncertainty of General Assembly's actions to the \$19.96 billion budget passed in June of 2011.
 - Assuming the Governor's approach to existing budget is to enhance/reinstate education funding.
 - Expiration of federal Ed Jobs dollars, \$6.2 million for DPS.

➤ Budget Development for FY 2012-13



- **State begins 2nd year budget cycle**
 - **Process:**
 - State Agencies develop continuation and expansion budget requests to submit to Governor,
 - Governor prepares a revised budget to submit to the General Assembly, and
 - The General Assembly returns in late May to adjust 2nd year of the budget passed last year and pass budget by June 30.

Local Budget Development for FY 2012-13



- **Durham Public Schools (DPS) Budget Development is required by General Statute**
 - **Process:**
 - March - DPS administration prepares preliminary budget request for the board of education (BOE),
 - April/May - BOE after discussion and changes approves and submits budget to county commissioners (CC) by May 15, and
 - June - CC finalizes county budget and provides DPS funding.

Strategies Used in FY 2011-12 to Prepare for FY 2012-13



- Utilization of Funding
 - Ed Jobs \$6.2 million used for school level staffing as prescribed in legislation.
 - Reviewing Federal Programs to maximize funding usage for schools/saving local \$s.
 - Applying for grants available for exceptional children and magnet school funding.
 - Maximizing state resources allocated to DPS.

Strategies Used in FY 2011-12 to Prepare for FY 2012-13



- Utilization of Funding - continued
 - Review of systems and programs within DPS budgets.
 - Ensure competitive bidding of contracts.
 - Continued conservation of utilities and other efficiency opportunities.

Projected Budget Deficit



\$14 Million

- \$1.1 million in Federal carryover.
- \$6.4 million in fund balance use.
- \$1.3 million in Transportation - State funding.
- \$1.6 million in State Discretionary Reduction (LEA Adjustment).
- \$3.6 million in Inflationary Increases.

Projected Budget Deficit

- Itemized Inflationary Increases:
 - Utilities and Maintenance/Supplies- expanded square footage TBD,
 - Retirement Increase from 13.12% -14.31% \$500K,
 - Hospital Insurance Increase from \$4,931- \$5,192, \$1.1M and an employee co-pay, and
 - Student Growth - Increase in DPS and in Charter students \$2M.
- Does not include staff raises for 4th consecutive year.



1/4 Cent Sales Tax

- Approved by the voters in November
- FY 2012-13 Collections Projected \$9.2M
 - Collections to begin in April of 2012
 - Projected collections \$2.3M (escrow for FY 2013 DPS budget)
 - \$2 million to be used by County for DPS debt service.
 - \$6.4 million to be used for DPS needs
 - Assist with expiring Federal Ed Jobs and State funding cuts, and
 - Preschool program needs - base of \$400,000.



Budget Advisory Committee

- **Established to Collaborate with DPS Administration on School Priorities for FY 2012-13 Budget**

➤ **Process:**

- Presentations for education of the committee on
 - Instructional programs,
 - Infrastructure requirements, and
 - Financial resources.
- Engage in collaborative discussion to develop a budget that supports the community and business needs, while enhancing student performance.