

Proposed Budget FY 2014-15

**Presented to the Board of Education
April 24, 2014**

Interim Superintendent's Message

- **Impact on students and schools**
 - Provide funding that directly impacts our students and teachers
 - Maintain current staffing formulas across the district and continue our investment in classroom teachers and staff
 - Maintain current non-salary allotments to individual schools
 - Review all contracts within the district for appropriateness and potential savings
- **Efficiency**
 - Provide accurate projections of student membership
 - Maintain current funding level in county appropriation
 - Absorb within current resources any fixed cost and inflationary increases for operational expenses
 - Absorb within current resources any increases in charter school growth
 - Absorb any state mandates to cover salary and benefit increases
- **Stewardship**
 - Review all operational expenditures to maximize efficiency and potential savings
 - Reduce the dependency on lapsed salaries to balance the budget
 - Reduce the dependency on committed fund balance to cover salary and benefits

Durham Public Schools
FY 2013–2014 Budget Calendar
(Budget Activities During FY 2013-14 to Prepare Budget for FY 2014-15)

September	<ul style="list-style-type: none"> Review and analyze 2013-14 first month membership (20-day ADM).
November	<ul style="list-style-type: none"> Budget Resolution presented.
December	<ul style="list-style-type: none"> Current budgets provided to Area Superintendents, Directors and Coordinators.
December	<ul style="list-style-type: none"> 2012-13 Comprehensive Annual Financial Report – Audit presented to Board of Education.
December	<ul style="list-style-type: none"> Contact members of the “Budget Advisory Committee” and let them know future meeting dates.
January	<ul style="list-style-type: none"> Meet with Department heads, Principals Advisory Group and Durham Association of Educators (DAE) representative to review budget process and begin planning for FY 2014-15. These meetings will be continuous throughout the process.
January	<ul style="list-style-type: none"> Student projections by schools finalized so that staffing allocations can be projected.
January	<ul style="list-style-type: none"> Budget Amendment #1 presented and projections of current budget balances.
February	<ul style="list-style-type: none"> Executive Leadership, Principal’s Advisory Group, DAE and Budget Advisory Committee provide their budget recommendations to the Superintendent.
February	<ul style="list-style-type: none"> BOE work session, budget review.
February	<ul style="list-style-type: none"> Budget Advisory Committee meeting.
February	<ul style="list-style-type: none"> Solicit additional feedback and suggestions from schools and departments on any proposed increases/reductions.
March	<ul style="list-style-type: none"> Develop FY 2014-15 budget and adjust allotment formulas based on initial state planning allotments.
March	<ul style="list-style-type: none"> Planning allotments for staffing and non-salary will be provided to schools.
March	<ul style="list-style-type: none"> Community engagement thru website and surveys on proposed budget increases\reductions and impacts.
March	<ul style="list-style-type: none"> Schools must have their staffing recommendations finalized (including EC, ESL and AIG) and submitted to Human Resource.
March	<ul style="list-style-type: none"> Budget Amendment #2 presented and projections of current budget balances.
March	<ul style="list-style-type: none"> Budget Advisory Committee meeting.
April	<ul style="list-style-type: none"> Staff will review and prepare related board materials.
April	<ul style="list-style-type: none"> Board of Education meeting presentation of Superintendent’s Budget. Board will take initial action related to contract non-renewals for FY 2014-15 school year.
May	<ul style="list-style-type: none"> Public Hearing & BOE Budget Work Session.
May	<ul style="list-style-type: none"> Budget Advisory Committee meeting.
May	<ul style="list-style-type: none"> Special Called Meeting to adopt the Board of Education’s Budget for FY 2014-15.
May	<ul style="list-style-type: none"> Board of Education’s Budget due to Commissioners per General Statute by May 15.
May/ June	<ul style="list-style-type: none"> Joint meeting with Commissioners. Date TBD.
June	<ul style="list-style-type: none"> Budget Amendment #3 presented.
June	<ul style="list-style-type: none"> Interim Budget Resolution presented for 2014-15 Budget.

Budget Terminology

Fund - Financial accounting group used to account for all revenues and expenses appropriated from a primary funding source. Durham Public Schools' budget is comprised of the following funds:

- State Public School Fund
- Local Current Expense Fund
- Federal Grants Fund
- Grant Fund
- Special Revenue Fund
- Local Capital Outlay Fund
- Child Nutrition Program Fund

Budget Terminology

Purpose - The reason for which something exists or is used. The Purpose includes the activities or actions that are performed in accomplishment of the program objective. The budgets of each individual PRC is broken down into segments that define the purpose for which the program expense will be used. The following are examples of expense purposes:

- Instructional Programs
- Supporting Services
- Community Services
- Capital Outlay

Budget Terminology

PRC - A plan of activities or funding designed to accomplish a predetermined objective. The overall budget for each Fund is broken down into smaller program budgets (PRCs) based on the cost objective of each program. The following are examples of PRCs found within each Fund:

- Classroom Teachers
- Exceptional Children
- Vocational Education
- Teacher Assistants
- Plant Operations

For example, all the costs associated with classroom teacher assistants are collected under the Teacher Assistant PRC.

Budget Terminology

Object - The service or commodity obtained as a result of a specific expenditure. There are five major categories of objects:

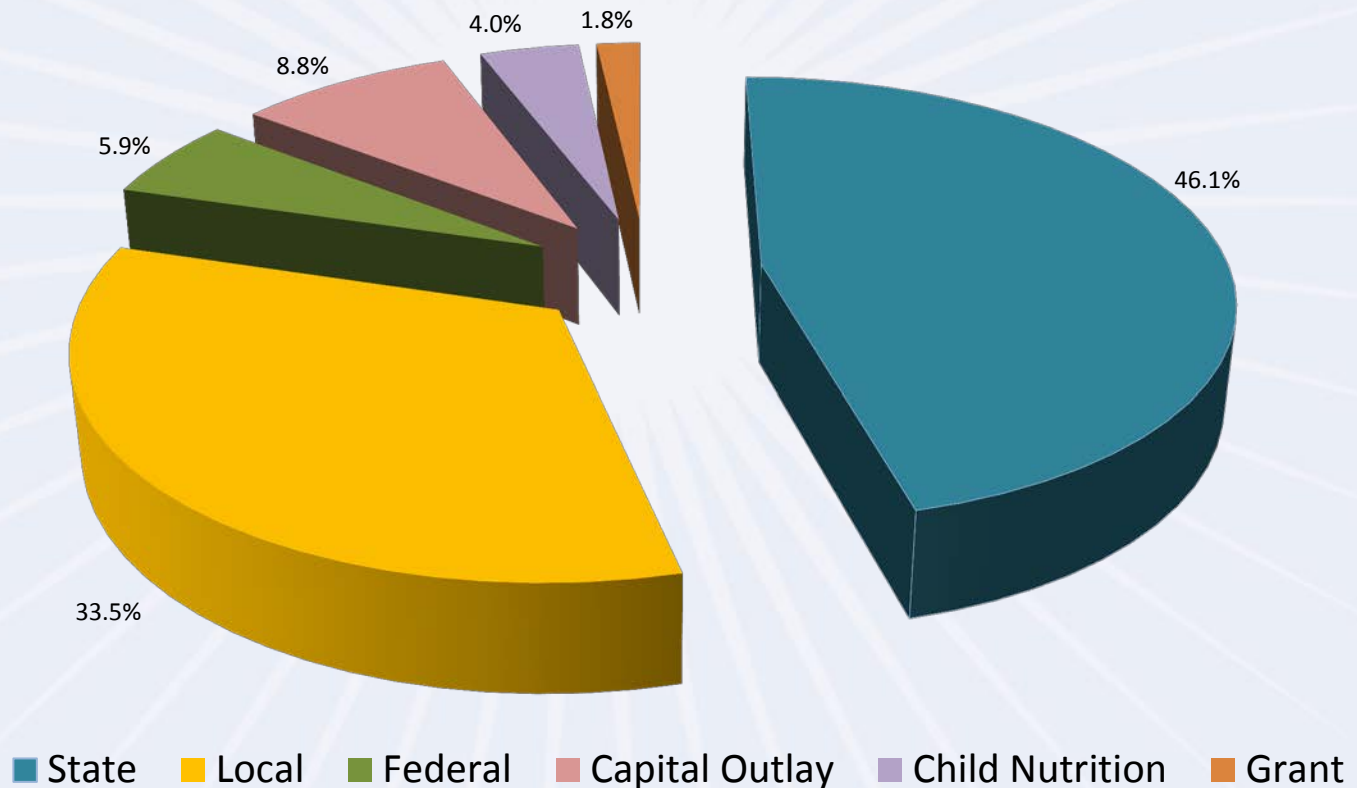
- Salaries
- Employer Paid Benefits
- Purchased Services
- Supplies and Materials
- Capital Outlay

Proposed Budget FY 2014-15 Summary

	FY 2013-2014	FY 2014-2015	Changes	%
Budget	422,854,868	407,932,920	(14,921,947)	-3.53%
FTE	4,658.65	4,668.25	9.60	0.21%

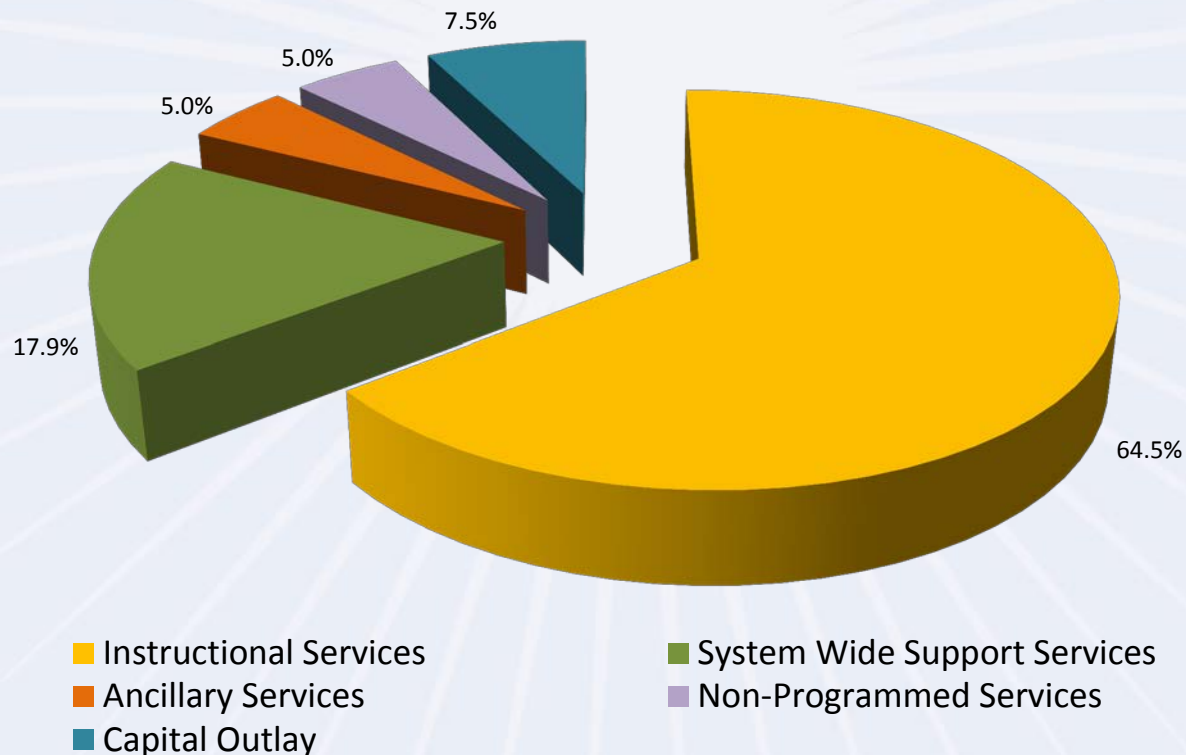
Proposed Budget 2014-15

Total Budget \$408M – What Are the Sources of Funds?



Proposed Budget 2014-15

Total Budget \$408M – Where Do We Spend It ?



Funding Sources (Estimated)	Amount	% of Total
Local - County	\$111,173,601	27%
¼ Cent Sales Tax Revenue for operations	6,644,880	2%
DPS Local Revenues - \$6.3M (E-Rate, Medicaid, Fines and Forfeitures)	8,002,135	2%
DPS Local Revenues - Fund Balance	10,899,427	3%
Capital Outlay (Includes \$1M State Lottery)	2,496,927	1%
School Construction Bonds	33,249,229	8%
State Revenue	187,862,981	46%
Federal Revenue	23,905,184	6%
Child Nutrition	16,473,386	4%
Community Ed/ Grants (includes \$414,830 of ¼ cent sales tax)	7,225,171	2%
Total- All Funding Sources	\$407,932,921	100%

Summary of Increases

- State Classroom Teaching Positions \$3.6M
- State Teacher Assistant \$480K
- Local Salary Pay Raise \$1.8M
- Benefit Increases - FICA, Retire, HI \$660K
- Utilities – Electric, Gas, Other CPI \$462K
- Facility Services \$725K
- Charter School Payments \$716K

Summary of Reductions

- Local Operational Reductions \$1.1M
- Federal School Improvement Grants \$5.5M
- Race to the Top Grant \$1M
- Capital Outlay – Bonds 2003 & 2007 \$14.8M
- Other Capital Funding \$2.3M

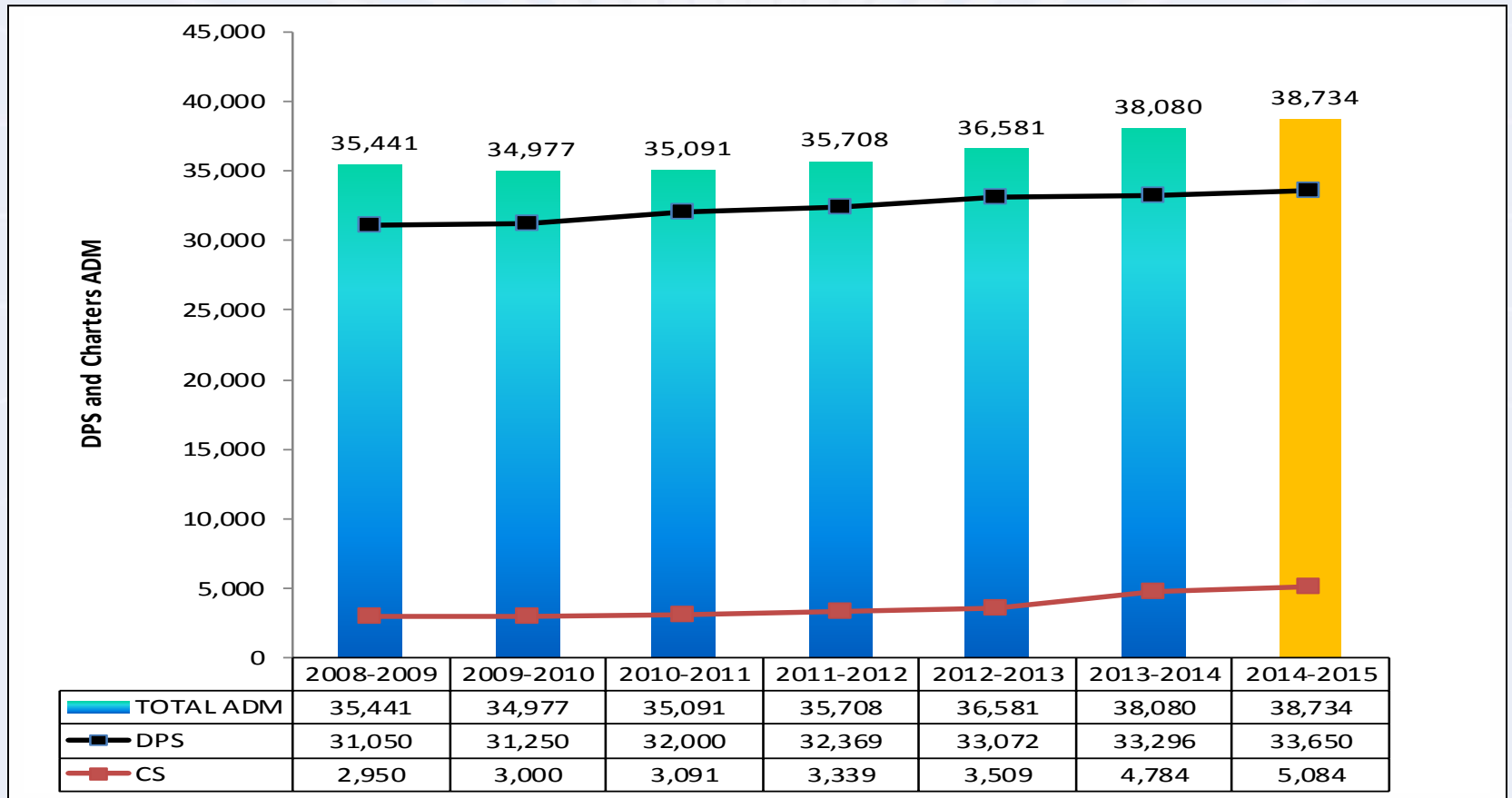
Local Operational Reductions - \$1.1M

- Travel 25% Reduction \$100K
- Utilities \$300K
- Contracted Services \$225K
- Telephone/T1 Lines \$350K
- Central Office Position \$89K

Average Daily Membership(ADM)

Student Demographics – DPS and Charters

Average Daily Membership (ADM)



Charter School Enrollment - Expected 5,084

- Durham Based Schools (10) Enrollment 13-14 4,476
- Out of District Schools (20) Enrollment 13-14 306
- 1 New Durham Based Approved for 2014-15

Fund Balance

Fund Balance

Year	Unassigned Fund Balance	Committed / Assigned Fund Balance
2006-07	2,854,518.00	6,221,672.00
2007-08	4,125,689.00	5,108,664.00
2008-09	805,634.00	8,580,908.00
2009-10	2,812,309.00	7,927,319.00
2010-11	13,638,468.00	15,982,383.00
2011-12	9,395,228.00	20,386,456.00
2012-13	19,747,754.00	12,914,169.00
Estimated 2013-14	8,848,327.00	16,357,621.00

Budget Proposal

State Budget

	FY 2013-2014	FY 2014-2015	Changes	%
Budget	182,452,120	187,862,981	5,410,861	2.97%
FTE	3,164.57	3,203.17	38.60	1.22%

State Budget Overview

- Projected ADM increase from 33,263 to 33,907(District holding back 257 for projected charter growth)
- Teacher, Teacher Assistant and other program increases for ADM or headcount increases
- Classroom Teacher allotment lowered in Grades 2 and 3 from 1-18 to 1-17.

Local Budget

	FY 2013-2014	FY 2014-2015	Changes	%
Budget	133,281,871	136,720,043	3,438,172	2.58%
FTE	981.93	974.33	(7.60)	-0.77%

Local Budget Overview

- Maintain current County Appropriation of \$111,173,601 and ¼ cent sales tax of \$6,644,880 for a total of \$117,818,481
- DPS projected 355 ADM increase from 33,295 to 33,650. (no additional funding)
- Charter school projected enrollment increase of 300 students(no additional funding)
- Charter school funding increase projected at \$716,000
- Maintain current salary and non-salary allotments to schools

Local Budget Overview

- Matching Governor pay raises for new teachers
- 2 % salary increase calculated for all other local employees
- Cover increased inflationary increases
- Provides additional funding for Facility Services
- Additional 3.4 million committed out of fund balance.
Total committed fund balance for 2014-15 projected \$10,899,427

Local Operational Reductions - \$1.1M

- Travel 25% Reduction \$100K
- Utilities \$300K
- Contracted Services \$225K
- Telephone/T1 Lines \$350K
- Central Office Position \$89K

Federal Budget

	FY 2013-2014	FY 2014-2015	Changes	%
Budget	31,112,312	23,905,183	(7,207,128)	-23.16%
FTE	260.73	239.33	(21.40)	-8.21%

Federal Budget Overview

- Various school improvement, teacher quality, race to the top funds ending \$7.2 million

Capital Outlay Budget

	FY 2013-2014	FY 2014-2015	Changes	%
Budget	52,872,378	35,746,156	(17,126,222)	-32.39%
FTE	-	-	-	0.00%

Capital Outlay Overview

- Completion of projects from 2003 and 2007 bonds
- Spending down of approved Public School Building Funds projects
- Other local capital program funds reduced

Child Nutrition Budget

	FY 2013-2014	FY 2014-2015	Changes	%
Budget	15,911,016	16,473,386	562,370	3.53%
FTE	202.41	202.41	-	0.00%

Grant Budget

	FY 2013-2014	FY 2014-2015	Changes	%
Budget	7,225,170.69	7,225,170.69	-	0.00%
FTE	49.01	49.01	-	0.00%

One Time Money Proposal

• One Time Classroom Teacher Bonus - \$500	\$1.5M
• Read to Achieve	\$530K
• Support Funds for the Arts	\$250K
• Facility Maintenance for Schools	\$725K
• Contractual Agreements for Schools	\$800K
• School Technology/ 1 to 1 Initiatives	\$200K
• Summer Staff Development	\$725K
Request Total	\$4.7 Million

One time funding is from 2013-14 Budget (Lapsed Salaries)

Proposed Budget 2014-15

Timeline

Date	Time	Event
April 24, 2014	6:30pm	Presentation of Proposed Budget FY 2014-15 to Board of Education (BOE)
May 1, 2014	6:30pm	Budget Public Hearing with BOE/BOE Work Session
May 8, 2014	TBD	Budget Work-session with BOE(Optional)
May 12, 2014	3:00pm	Special Called Board Meeting to adopt 2014-15 Budget
May 15, 2014		Adopted BOE Proposed Budget for 2014-15 is delivered to the County

Next Steps:

- County Commissioner approval of funding level
- State Budget(Governor, House, Senate, Final Budget)
- Monitor ADM for DPS students and charter schools
- Continued review of expenditures and programs
- Practices in place to fill all vacant positions
- Steps to reduce the dependency on committed fund balance

Additional Information

- DPS Budget Website:
<http://www.dpsnc.net/about-dps/budget/fy-2014-15-budget-page>
- N.C. Department of Public Instruction
www.ncpublicschools.org/fbs

Questions:



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