



Public Schools of North Carolina

Education Oversight Committee Presentation

State Superintendent June Atkinson

Oct. 13, 2009

Recession's Impact on NC Public Schools, NCDPI

- NC Public Schools' FY 2009-10 State budget was reduced 9.5% (4.9% after federal stabilization funding is included).
- Reductions do not include the \$60 million in capital funds that were redirected.
- Reductions do not include local funding cuts.
- Major Line-Item Reductions:
 - FY 2009-10: \$759.2 million (actual net -\$787 million)
 - FY 2010-11: \$899.7 million (actual net -\$998 million)



Reductions in Four Major Areas

1) Elimination of Programs

- Improving Student Accountability
- Literacy Coaches

FY 2009-10
(\$50.4 million)

FY 2010-11
(\$50.4 million)



Reductions in Four Major Areas

2) Permanent Reductions to Programs

- Clerical/Custodians (\$10 million)
- Transportation (\$15 million)
- More @ Four (\$5 million)
- Limited English (\$2 million)
- Mentoring (\$2 million)

FY 2009-10

(\$34 million)

FY 2010-11

(\$34 million)



Reductions in Four Major Areas

3) Non-Recurring Reductions to Programs

- Clerical/Custodians
- Technology
- Textbooks
- Staff Development

FY 2009-10
(\$449.8 million)

FY 2010-11
(\$510.3 million)



Reductions in Four Major Areas

4) Recurring LEA Adjustment (negative reserve)

79 percent of this adjustment taken from
classroom teachers, teacher assistants

FY 2009-10
(\$225 million)

FY 2010-11
(\$304.8 million)



Local Consequences

After reductions, public schools have fewer State paid personnel and less State funding.



Examples

<u>Funding category</u>	<u>Reduction</u>
Classroom teachers <i>(2,466 fewer teachers)</i>	-3.57%
Teacher assistants <i>(est. 1,521.5 fewer assistants)</i>	-8.75%
Instructional support <i>(est. 108 fewer counselors, social workers, etc.)</i>	-1.47%
Career Tech (CTE) <i>(est. 142 fewer CTE teachers)</i>	-2.74%



Examples continued

<u>Funding category</u>	<u>Reduction</u>
Funding for at-risk students	-15.21%
Textbook funding	-46.93%
Central Office funding	-12.09%
Charter Schools	-7.90%
<i>(an average dollar per student reduction of \$435)</i>	



District (LEA) Example 1 (50,000 ADM):

- Personnel reverted
 - 77 teacher positions (153 saved by ARRA)
 - 105 teacher assistants
 - 8 literacy coaches
 - 5 percent of custodial hours
- Other cuts
 - Textbooks: \$1.7 million
 - Staff development: \$321,000
 - Instructional technology: \$300,000



District (LEA) Example 1 (50,000 ADM):

- Non-personnel cuts with most impact
 - Public school building capital fund: \$2.5 million
 - Improving student accountability: \$1.5 million
 - Transportation: approx. \$500-700,000
- Recovery Funds
 - Besides the 153 teachers, they were able to hire additional pre-k teachers and instructional coaches



District (LEA) Example 2 (100,000 + ADM):

- Local Funding decreased \$34 million
- Personnel reverted
 - 181 teacher positions
 - 370 teacher assistants
 - Limited English (15 teachers & 15 assistants)
 - 36 CTE teaching positions and 19 CTE support positions



District (LEA) Example 2 (100,000 + ADM):

- Personnel reverted (cont.)
 - 37.5 assistant principals
 - 16 counselors
 - 15 literacy coaches
 - 58 school-based security positions
- Other cuts
 - Eliminated merit-based supplemental pay
 - 31 family/school advocacy positions
 - \$383,000 for AVID



District (LEA) Example 2 (100,000 + ADM):

- Other cuts
 - 54 custodians and 17 maintenance positions
 - \$4.3 million from transportation
- Recovery Funds
 - All stabilization (\$33.7 million) used for custodians and clerical
 - Pre-school teachers/transportation and additional Exceptional Children teachers
 - Very concerned about what happens when the \$47 million is gone



NCDPI Budget Actions

Budget actions with heaviest impact FY 2009-10:

		<u>Amount</u>
Position cuts	(64.0)	(\$4,625,856)
Support funding cuts		(\$2,087,638)
Additional 5% OSBM Hold-Back		(\$2,943,957) *

- The 5% OSBM Hold-Back is \$8.4 million:
 - \$2.9 DPI Operations (as included above)
 - \$4.0 More @ 4 (will require a reduction in slots . Current waiting list 1,900)
 - \$1.4 Non-Profits (Community in Schools, Teach for America, etc.)



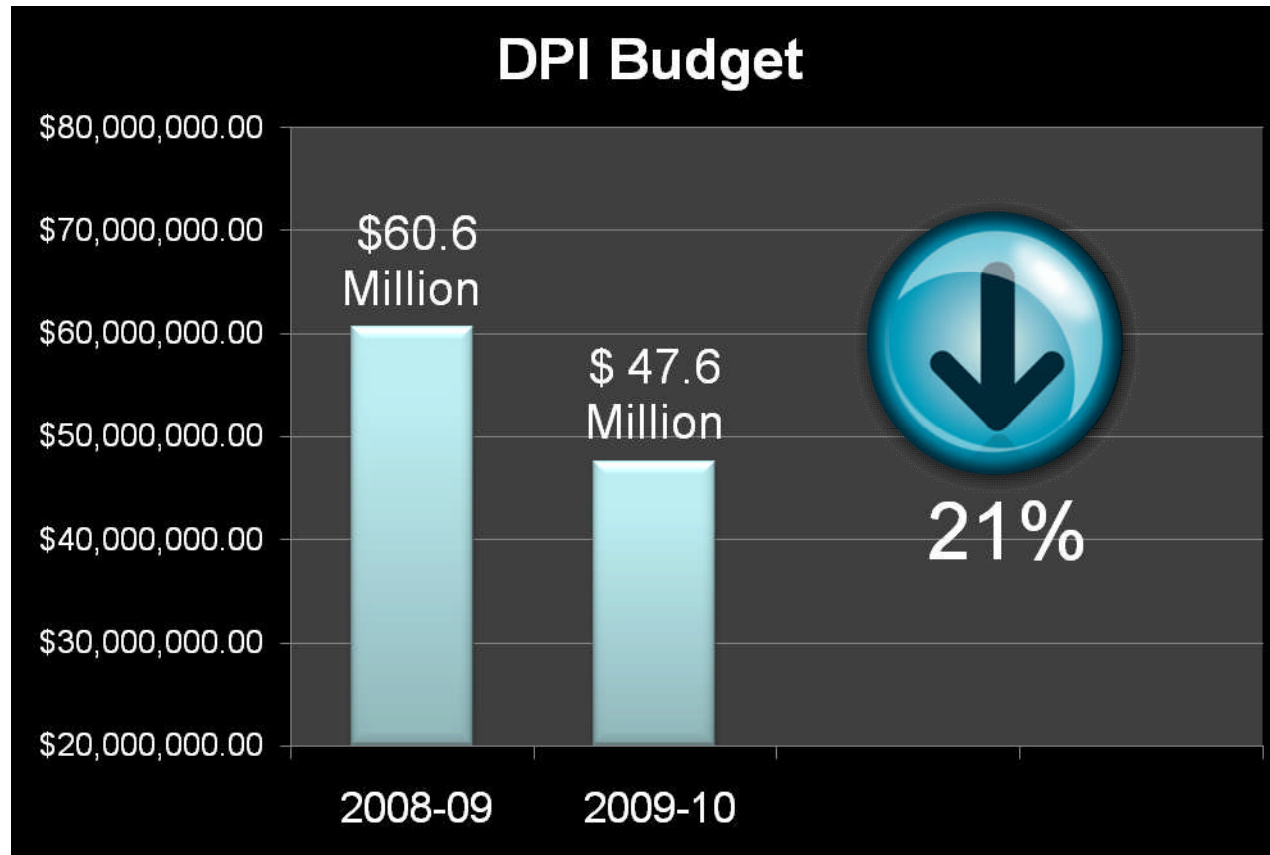
NCDPI Budget Actions

Budget actions with heaviest impact continued FY 2009-10:

	Positions	Amount
Transfer in of NCCAT	92.0	\$5.9 million
Expansion for District and School Transformation		\$2.5 million



Change in NCDPI Budget



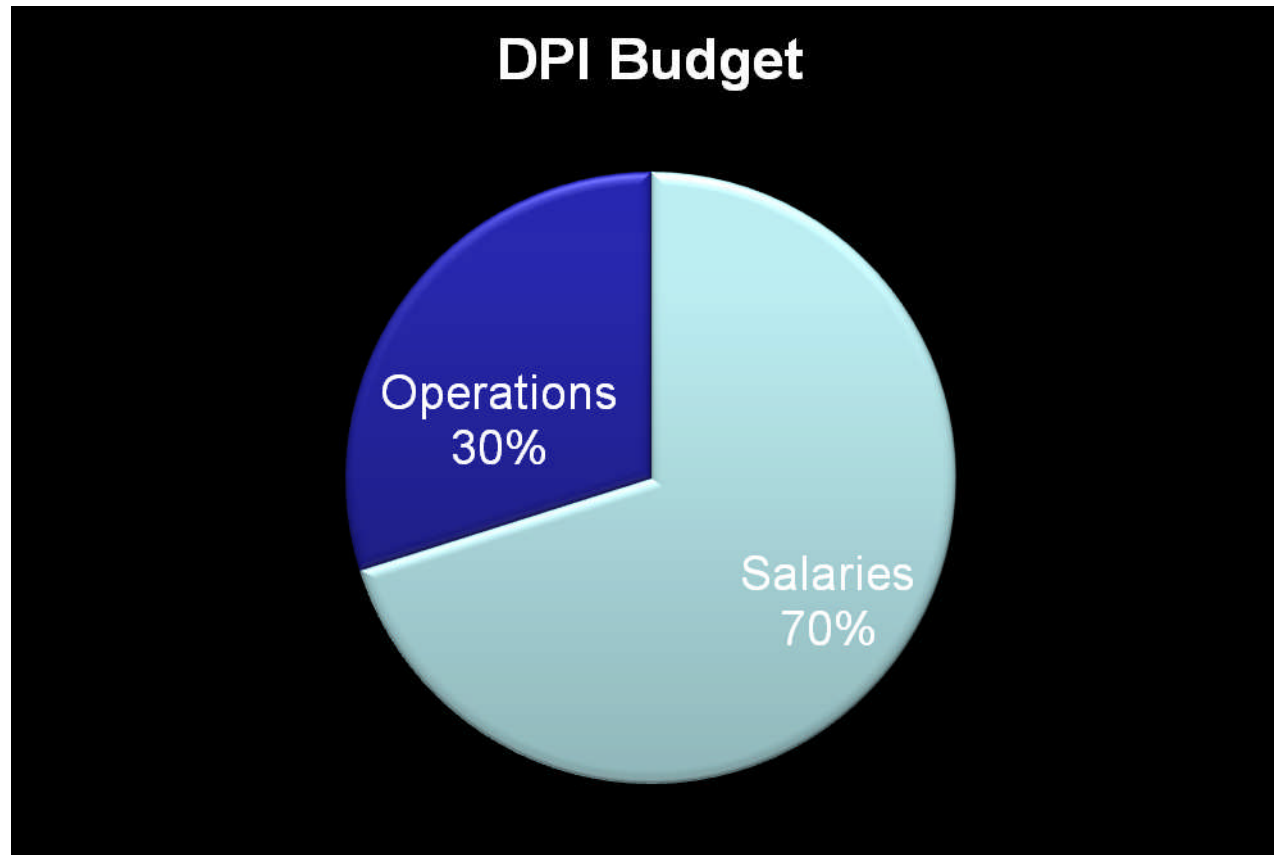
NCDPI Budget Actions

Budget actions with heaviest impact
FY 2010-11:

		<u>Amount</u>
Position cuts (an additional 11)	(75.0)	(\$5.4 million)
Support funding (an additional \$800,000)		(\$2.9 million)



NCDPI Budget



Travel has been reduced 20% and contracts 25%

Change in NCDPI Budget – How this Reduction has Impacted Public Schools

- Fewer services available for schools
- Less flexibility to respond to needs
- Inability to deliver some services at all



Change in NCDPI Budget – How this Reduction has Impacted Public Schools

- Specific examples
 - School transportation has lost ability to provide safety and maintenance training in LEAs.
 - Timeline to implement new accountability model aligned with new curriculum jeopardized.



Change in NCDPI Budget – How this Reduction has Impacted Public Schools

- Specific examples continued
 - Professional development is limited to only the most essential needs, such as the new teacher evaluation tool.
 - DPI revenues supporting the agency's Web site are down 54 percent. The site is used by 3.2 million people annually.



Change in NCDPI Budget – How this Reduction has Impacted Public Schools

- Specific examples continued
 - No funding for IT solutions consolidation, resulting in old, outdated, hard-to-maintain applications.
 - IT Hardware maintenance costs are higher because hardware is not replaced on schedule.



Federal Recovery Funds

Federal Recovery Funds are in 4 parts and available for 2 years (through 2010-11).

Limited administrative support funds for DPI are provided with Recovery dollars.



Federal Recovery Funds

1. Categorical funding: \$600.4 million

(One-time supplemental funding for continuing federal grants.
IDEA, Title I Ed. Technology, and Homeless)

2. Stabilization: \$379.7 million

*(Distributed by the General Assembly to cover non-recurring
reductions.)*



Federal Recovery Funds

3. Other: \$3.8 million
 - Child nutrition equipment: \$3.3 million
 - Clean diesel fund: \$0.5 million

4. Competitive: \$?? Million
 - Race to the Top
 - Teacher incentive



Federal Recovery Funds - Restrictions

- Federal Recovery categorical funding must adhere to the grant rules that apply to the standard federal grant.
- If an activity is an allowable expenditure for a specific federal grant and State (or local) funding has been eliminated for that activity, it is not supplanting to use the federal grant money to cover that activity.



Federal Recovery Funds - Restrictions

- Federal Recovery Stabilization Funds can be utilized by a local education agency or charter school for whatever purpose they identify (not to construct gyms or athletic facilities).



Federal Recovery Funds - Key Points

While some federal recovery funds cover some of the state funding cuts, remember that:

- funding cannot be used to cover all state and local reductions
- funding is nonrecurring and will be gone in 2 years
- funding comes with significant monitoring and reporting requirements (no admin funding to support this requirement)



Federal Recovery Funds - How Funds have Been Used

- Teachers: 2,859
- Teacher Assistants: 699
- Custodian Positions: 2,099
- Clerical: 1,209
- Other Non-Certified: 186
- Instructional Support and Other: 513



Watch Out for the Cliff!



Optimal Funding



Funding Needed



Funding without Federal Recovery



With all the reductions and the elimination of the federal recovery funding in FY 2011-12, there is a very real possibility of a major funding gap occurring.

